

Financial Report

Terrebonne Parish Recreation District No. 11

Houma, Louisiana

For the year ended December 31, 2017

Financial Report

Terrebonne Parish Recreation District No. 11

Houma, Louisiana

For the year ended December 31, 2017

TABLE OF CONTENTS

Terrebonne Parish Recreation District No. 11

For the Year Ended December 31, 2017

	<u>Exhibit</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 10
Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	12
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	C	13
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	D	14
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual - General Fund	E	15
Notes to Financial Statements	F	16 - 42

TABLE OF CONTENTS
(Continued)

	<u>Exhibit</u>	<u>Page Number</u>
Required Supplementary Information		
Schedule of Funding Progress for the OPEB Plan	G	43
Schedule of the District's Proportionate Share of the Net Pension Liability	H	44
Schedule of District Contributions	I	45
	<u>Schedule</u>	
Supplementary Information Section		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	1	46
Special Reports Of Certified Public Accountants		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		47 - 48
Schedule of Findings and Responses		49 - 50
Reports By Management		
Schedule of Prior Year Findings and Responses		51
Management's Corrective Action Plan		52
Agreed-Upon Procedures		
Independent Accountant's Report on Agreed-Upon Procedures		53
Schedule of Procedures and Associated Finding of the Statewide Agreed-Upon Procedures	2	54 - 72

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11 as of December 31, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Schedule of Funding Progress for the OPEB Plan on page 43, and the Schedule of the District's Proportionate Share of Net Pension Liability on page 44 and the Schedule of the District's Contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 46 is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2018 on our consideration of Terrebonne Parish Recreation District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.
Certified Public Accountants.

Houma, Louisiana
May 17, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 11

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 11's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$5,761,592 (net position), which represents a 20.75% increase from last fiscal year.

The District's revenue decreased \$5,546 (or 0.26%) primarily due to decreases in ad valorem tax revenues.

The District's expenses increased \$8,040 (or 0.69%) due to increases in general government expenses associated with uncollected ad valorem taxes receivable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of

Government-wide Financial Statements (Continued)

the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is to engage in activities which would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The District maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 11 -15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,761,592.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Receivables and due from other governmental units total \$1,232,493 and primarily represent receivables for ad valorem taxes assessed in November 2017 and state revenue sharing to be collected in 2018. Deferred outflows of resources are related to pensions.

The liabilities associated with the District are accounts payable and accrued expenditures, due to Terrebonne Parish Consolidated Government and long-term obligations. Long-term obligations consist of net pension liabilities and other post-employment benefits. Deferred inflows of resources include unavailable revenue related to ad valorem taxes assessed in 2017 which will be recognized as revenue in 2018 and pensions.

Condensed Statements of Net Position

	December 31,		Dollar Change	Total Percent Change
	2017	2016		
Current and other assets	\$ 3,687,590	\$ 3,028,472	\$ 659,118	21.76%
Capital assets	3,651,270	3,393,369	257,901	7.60%
Deferred outflows of resources	19,182	26,561	(7,379)	-27.78%
Total assets and deferred outflows of resources	<u>7,358,042</u>	<u>6,448,402</u>	<u>909,640</u>	14.11%
Current liabilities	75,595	116,766	(41,171)	-35.26%
Long-term obligations	158,259	149,287	8,972	6.01%
Deferred inflows of resources	<u>1,362,596</u>	<u>1,411,018</u>	<u>(48,422)</u>	-3.43%
Total liabilities	<u>1,596,450</u>	<u>1,677,071</u>	<u>(80,621)</u>	-4.81%
Net position:				
Net investment in capital assets	3,651,270	3,393,369	257,901	7.60%
Unrestricted	2,110,322	1,377,962	732,360	53.15%
Total net assets	<u>\$ 5,761,592</u>	<u>\$ 4,771,331</u>	<u>\$ 990,261</u>	20.75%

Current and other assets increased due to an increase in the amount of cash and cash equivalents at the end of the year. Capital assets increased primarily due to additions for design and engineering and upcoming capital building and improvement projects and the completion of the Mechanicville multi-purpose building in the current year. The decrease in current liabilities is due to unpaid capital expenditures incurred on the Mechanicville multi-purpose building in the prior year. The increase in long-term obligations is due to the increase in other postemployment benefit obligations in the current year.

Governmental Activities

Governmental activities increased the District's net position by \$990,261. Key elements of this increase are reported as follows:

Condensed Statement of Activities

	For The Year Ended December 31,		Dollar Change	Total Percent Change
	2017	2016		
Revenues:				
Ad valorem taxes	\$ 1,418,181	\$ 1,450,346	\$ (32,165)	-2.22%
Intergovernmental	661,469	654,607	6,862	1.05%
Charges for services	45,430	48,891	(3,461)	-7.08%
Miscellaneous	35,107	11,889	23,218	195.29%
Total revenues	<u>2,160,187</u>	<u>2,165,733</u>	<u>(5,546)</u>	-0.26%
Expenses:				
General government	66,803	55,156	11,647	21.12%
Culture and recreation	1,103,123	1,106,130	(3,007)	-0.27%
Debt Service	-	600	(600)	-100.00%
Total expenses	<u>1,169,926</u>	<u>1,161,886</u>	<u>8,040</u>	0.69%
Increase in net position	990,261	1,003,847	(13,586)	-1.35%
Net position beginning of year	<u>4,771,331</u>	<u>3,767,484</u>	<u>1,003,847</u>	26.65%
Net position end of year	<u>\$ 5,761,592</u>	<u>\$ 4,771,331</u>	<u>\$ 990,261</u>	20.75%

In 2017, there was a decrease from prior years' ad valorem tax revenue recognized by the District. The decrease in 2017 ad valorem tax revenue is a result of the 2016 ad valorem tax assessment being less than the 2015 and less prior year tax was collected in 2017 than in 2016.

Charges for services decrease primarily due to a decrease in swimming lesson fees, beer sales, and concession sales.

Miscellaneous revenue increased primarily due to an increase in interest revenue on investments held and the gains from sale of capital assets.

The increase in general government was due primarily to the District's ad valorem tax adjustments for uncollected taxes.

Debt service decreased due to paying off their long-term debt in 2016 and thus incurring no interest expense in 2017.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental fund reported an ending unassigned fund balance of \$1,481,765 a decrease of \$22,219 in comparison with the prior year. The unassigned balance is available for spending at the District's discretion. The decrease in unassigned fund balance is largely the result of the assignment of the 2018 budgeted spending deficit of \$770,900.

General Fund Budgetary Highlights

The budget was amended twice during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Decreased taxes by \$13,468 to better approximate cash receipts.
- Decreased intergovernmental by \$42,704; \$409,330 decrease for less expected recoveries from FEMA; \$370,696 increase for reimbursement for the Mechanicville multi-purpose building capital outlay; and \$4,070 decrease for what Terrebonne Parish Consolidated Government's assisted with summer camps.
- Charges for services decreased \$13,084 to reflect pool admissions and concession sales collected.
- Miscellaneous amounts increase by \$18,500 to reflect interest income received.

Expenditures

- Decreased capital outlay by \$11,580 to adjust for projects completed before year end.
- Decreased personal services by \$67,072 to adjust for Terrebonne Parish Consolidated Government monitoring payroll and needing less employees for the summer camps.
- Decreased supplies and materials by \$3,400 due to needing less materials than anticipated.
- Other services and charges increased \$8,722 because of more than expected utility costs.
- Repairs and maintenance increased \$44,400 due to more repairs and maintenance costs incurred around the gyms and parks than anticipated.

During the year, revenues exceeded and expenses were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of December 31, 2017, amounts to \$3,651,270 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures and vehicles (see table below).

	<u>2017</u>	<u>2016</u>
Land	\$ 175,021	\$ 175,021
Construction in process	160,050	783,006
Buildings	3,434,570	2,483,522
Improvements other than buildings	2,564,164	2,434,945
Machinery and equipment	569,622	578,959
Furniture and fixtures	95,481	94,881
Vehicles	<u>26,490</u>	<u>27,415</u>
Totals	<u>\$ 7,025,398</u>	<u>\$ 6,577,749</u>

Major capital asset events during the current fiscal year included the following:

- Completion of Mechanicville multi-purpose building
- Kubota diesel tractor purchase
- Parking lot expansion at Williams Walking Track
- Resurfacing of three tennis courts
- Lighting fixtures at various locations
- Dodge Durango purchase
- Construction in process for playground equipment at Voisin, Mechanicville, and Dumas Parks
- Disposals of various equipment and vehicles

Additional information on the District's capital assets can be found in Note 5, Exhibit F of the financial statements.

Long-term Obligations

As of December 31, 2017, the District had \$158,259 in long-term obligations. This includes the District's obligation of \$147,909 for other postemployment benefits and \$10,350 net pension liability. Other postemployment benefits increased by \$15,729 and the net pension liability was decreased by \$6,757 during 2017. More detailed information about the District's other postemployment benefits and the net pension liability is presented in Note 7 and 8, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted is the estimated amount of the November 2017 tax assessment, which the District will receive, for the most part, in January 2018. The District was notified by the Parish Assessor that its tax revenues for 2017 assessment would be reduced by approximately \$50,000 due to decrease in property assessments for the District.
- Interest revenues are budgeted with an anticipation of a decrease in interest rates due to investing in LAMP fund and with the expenditures of several large-dollar items in 2018 which can result in fewer funds available for investing purposes.
- Insurance/FEMA proceeds are not being budgeting in revenues for 2018. Due to the long delay of FEMA in paying the claims for the damages incurred during Hurricane Gustav, the District has chosen to recognize the income at which time actual proceeds are received and will amend the 2018 budget accordingly. The District still has several Work Project Reports with Homeland Security/LAPA and are awaiting the receipt of said revenues; however, past experience has been that the claims are not paid expediently, and payments are not made until a year or more after claim filing dates.
- Expenditures have been budgeted carefully to include the bare necessity of operating costs i.e., utilities, repairs, employee wages, etc. and are basically anticipated to remain in line with 2017 with the exception of capital expenditures and payroll.
- Capital expenditures include \$600,000 for specific items/projects designated by the Board for specific items/projects in addition to payments made to complete the renovations of the Mechanicville Gym Building.
- The Parish's cost of living increase guidelines are followed for any pay increase to the District employees for the year 2018. In addition, the District has hired three new labor workers as well as a full-time facility supervisor/manager which is reflected in the increase in budgeted salaries. The Board has budgeted for a normal year of repairs and maintenance. The insurance expenses have been adjusted to reflect increases in costs of providing necessary coverage as well as increased health insurance coverage for employees.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 11, P.O. Box 4294, Houma, Louisiana 70361.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

Terrebonne Parish Recreation District No. 11

December 31, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets and deferred outflows of resources			
Cash and cash equivalents	\$ 2,455,097		\$ 2,455,097
Receivables:			
Taxes	807,995		807,995
Due from other governmental units	424,498		424,498
Capital assets:			
Non-depreciable	-	\$ 335,071	335,071
Depreciable, net of accumulated depreciation	-	3,316,199	3,316,199
Total current assets	<u>3,687,590</u>	<u>3,651,270</u>	<u>7,338,860</u>
Deferred outflows of resources	-	19,182	19,182
Total assets and deferred outflows of resources	<u>\$ 3,687,590</u>	<u>3,670,452</u>	<u>7,358,042</u>
Liabilities and deferred inflows of resources			
Accounts payable and accrued expenditures	\$ 63,745	-	63,745
Due to Terrebonne Parish Consolidated Government	11,850	-	11,850
Long term obligations:			
Due in more than one year	-	158,259	158,259
Total liabilities	<u>75,595</u>	<u>158,259</u>	<u>233,854</u>
Deferred inflows of resources			
Unavailable revenues property taxes	1,359,330	-	1,359,330
Pensions	-	3,266	3,266
Total deferred inflows of resources	<u>1,359,330</u>	<u>3,266</u>	<u>1,362,596</u>
Total liabilities and deferred inflows of resources	<u>1,434,925</u>	<u>161,525</u>	<u>1,596,450</u>
Fund Balance/Net Position			
Fund Balance:			
Assigned - subsequent year expenditures	770,900	(770,900)	-
Unassigned	1,481,765	(1,481,765)	-
Total fund balance	<u>2,252,665</u>	<u>(2,252,665)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 3,687,590</u>		
Net position:			
Net investment in capital assets		3,651,270	3,651,270
Unrestricted		2,110,322	2,110,322
Total net position		<u>\$ 5,761,592</u>	<u>\$ 5,761,592</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Terrebonne Parish Recreation District No. 11

December 31, 2017

Fund Balance - Governmental Fund \$ 2,252,665

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported
in the governmental fund.

Governmental capital assets	\$ 7,025,398	
Less accumulated depreciation	<u>(3,374,128)</u>	3,651,270

Deferred outflows of resources used in governmental
activities are not financial resources and are not
reported in governmental funds.

19,182

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the
governmental fund.

Other postemployment benefit obligations	(147,909)	
Net pension liability	<u>(10,350)</u>	(158,259)

Deferred inflows of resources are not due and payable
in the current period and are not reported in
governmental funds.

(3,266)

Net Position of Governmental Activities

\$ 5,761,592

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 1,418,181		\$ 1,418,181
Intergovernmental:			
FEMA reimbursements	227,101		227,101
State of Louisiana:			
Capital grants	356,913		356,913
State revenue sharing	39,672		39,672
Terrebonne Parish Consolidated Government	37,783		37,783
Charges for services	45,430		45,430
Miscellaneous:			
Interest	27,040		27,040
Other	8,067		8,067
Total revenues	2,160,187		2,160,187
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	19,017		19,017
Ad valorem tax deductions	47,786		47,786
Total general government	66,803		66,803
Culture and recreation:			
Personal services	235,343	\$ 16,321	251,664
Supplies and materials	47,139	848	47,987
Other services and charges	225,824	-	225,824
Repairs and maintenance	332,783	-	332,783
Depreciation and impairment	-	244,865	244,865
Total culture and recreation	841,089	262,034	1,103,123
Capital outlay	503,614	(503,614)	-
Total expenditures/expenses	1,411,506	(241,580)	1,169,926
Excess of Revenues and Other Financing Sources Over Expenditures	748,681	(748,681)	-
Change in Net Position	-	990,261	990,261
Fund Balance/Net Position			
Beginning of year	1,503,984	3,267,347	4,771,331
End of year	\$ 2,252,665	\$ 3,508,927	\$ 5,761,592

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

Net Change in Fund Balance - Governmental Fund		\$ 748,681
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is		
Capital outlay	\$ 503,614	
Depreciation expense	<u>(244,865)</u>	258,749
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and dispositions, is to decrease net position		
		(848)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Other postemployment benefit obligations	(15,729)	
Pension Expense	<u>(592)</u>	<u>(16,321)</u>
Change in Net Position of Governmental Activities		<u>\$ 990,261</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,415,700	\$ 1,402,232	\$ 1,418,181	\$ 15,949
Intergovernmental:				
FEMA reimbursement	600,000	190,670	227,101	36,431
State of Louisiana:				
Capital grants	-	370,696	356,913	(13,783)
State revenue sharing	38,500	38,500	39,672	1,172
Terrebonne Parish Consolidated Government	33,000	28,930	37,783	8,853
Charges for services	54,000	40,916	45,430	4,514
Miscellaneous:				
Interest	8,000	23,500	27,040	3,540
Other	1,000	4,000	8,067	4,067
Total revenues	<u>2,150,200</u>	<u>2,099,444</u>	<u>2,160,187</u>	<u>60,743</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	20,000	-	19,017	(19,017)
Ad valorem tax deductions	25,000	47,786	47,786	-
Total general government	<u>45,000</u>	<u>47,786</u>	<u>66,803</u>	<u>(19,017)</u>
Culture and recreation:				
Personal services	304,000	236,928	235,343	1,585
Supplies and materials	32,500	29,100	47,139	(18,039)
Other services and charges	220,700	229,422	225,824	3,598
Repairs and maintenance	346,000	390,400	332,783	57,617
Total culture and recreation	<u>903,200</u>	<u>885,850</u>	<u>841,089</u>	<u>44,761</u>
Capital outlay	500,000	488,420	503,614	(15,194)
Total expenditures	<u>1,448,200</u>	<u>1,422,056</u>	<u>1,411,506</u>	<u>10,550</u>
Excess of Revenues Over Expenditures	702,000	677,388	748,681	71,293
Fund Balances				
Beginning of year	1,445,746	1,503,984	1,503,984	-
End of year	<u>\$ 2,147,746</u>	<u>\$ 2,181,372</u>	<u>\$ 2,252,665</u>	<u>\$ 71,293</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 11**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 11 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2017.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current position. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2017 property taxes which are being levied to finance the 2018 budget will be recognized as revenue in 2018. The 2017 tax levy is recorded as deferred inflows of resources in the District's 2017 financial statements. Charges for services are recorded when earned since they are measurable and available. Management has determined interest income earned in the current period is susceptible to the accrual method. Other miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditure must be approved by the Board. The District amended its budget twice during the year so actual revenues would not be less than budgeted and actual expenditures would not be greater than budgeted.

All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments during the year consisted of investments in Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC - registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with an estimated historical cost amounted to approximately \$515,275 or 7.33% of the total cost of capital assets. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 40 years
Improvements other than buildings	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Long-Term Obligations

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations (Continued)

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of other postemployment benefit obligations and net pension liability.

Fund Financial Statements:

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest are reported as expenditures.

j) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as expenditures in the fund financial statements of the period in which paid.

Employees can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry-forward provisions. Employees earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Sick leave does not vest with employees at separation of employment.

There is no material unpaid vacation and sick leave to be recognized in the government wide statements as of December 31, 2017.

k) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has pension related deferred outflows.

m) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from the collection of ad valorem taxes before the period for which levied as deferred inflows of resources. In addition, deferred inflows of resources related to pensions are reported in the District's government-wide statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

n) Fund Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2017 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes. Assigned amounts are determined by a majority vote of the Board. Assignment may be established, modified or rescinded by the Chairman of the Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as assigned and unassigned as of December 31, 2017.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ending December 31, 2017, the District implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the District's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did affect the District's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*" replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 354,014</u>	<u>\$ 238,585</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk, which reflects state law. As of December 31, 2017, \$104,014 of the District's bank balance of \$354,014 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2017, cash in excess of the FDIC insurance was adequately collateralized in accordance with state law, by securities held by an unaffiliated bank for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorizes the Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2017, amounted to \$2,216,512 and are reported as cash equivalents.

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Reported deposits	\$ 238,585
Reported investments	<u>2,216,512</u>
Total cash and cash equivalents	<u>\$ 2,455,097</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish of Terrebonne. Assessed values are established by the Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2017 was \$10.00 per \$1,000 of assessed valuation on property within Recreation District No. 11 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2017 consisted of the following:

State of Louisiana - State revenue sharing	\$ 25,992
Terrebonne Parish Consolidated Government	4,000
Terrebonne Parish Tax Collector - December, 2017 collections remitted to the District in January, 2018	
Ad valorem Taxes	381,511
State revenue sharing	<u>12,995</u>
 Total	 <u><u>\$ 424,498</u></u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 175,021			\$ 175,021
Construction in process	783,006	\$ 154,925	\$ (777,881)	160,050
Total capital assets not being depreciated	958,027	154,925	(777,881)	335,071
Capital assets being depreciated:				
Buildings	2,483,522	951,048	-	3,434,570
Improvements other than buildings	2,434,945	129,219	-	2,564,164
Machinery and equipment	578,959	22,194	(31,531)	569,622
Furniture and fixtures	94,881	600	-	95,481
Vehicles	27,415	23,509	(24,434)	26,490
Total capital assets being depreciated	5,619,722	1,126,570	(55,965)	6,690,327
Less accumulated depreciation for:				
Buildings	(1,806,939)	(59,261)	-	(1,866,200)
Improvements other than buildings	(936,507)	(139,902)	-	(1,076,409)
Equipment	(356,027)	(34,458)	30,866	(359,619)
Furniture and fixtures	(59,019)	(7,314)	-	(66,333)
Vehicles	(25,888)	(3,930)	24,251	(5,567)
Total accumulated depreciation	(3,184,380)	(244,865)	55,117	(3,374,128)
Total capital assets being depreciated, net	2,435,342	881,705	(848)	3,316,199
Total capital assets, net	\$ 3,393,369	\$ 1,036,630	\$ (778,729)	\$ 3,651,270

Major capital assets acquired in 2017 include the Mechanicville multipurpose building, Kubota diesel tractor, parking lot expansion at Williams Walking Track, resurfacing of three tennis courts, multiple light fixtures at various locations, and a Dodge Durango.

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

As of December 31, 2017, construction in progress consisted of architectural and engineering fees for the City Park renovations, door installation for the Mechanicville Gym, expenses to remove and replace the Mechanicville basketball court, and playground equipment at Voisin, Mechanicville, and Dumas Parks.

Major capital asset disposal in 2017 include various tractor and trailers and three vehicles.

Note 6 - LONG-TERM OBLIGATIONS

Through December 31, 2017, the District has recognized obligations in the amount of \$147,909 for other postemployment benefits as further described in Note 7.

Through December 31, 2017, the District has recognized obligations in the amount of \$10,350 for the defined benefit pension plans as further described in Note 8.

The following is a summary of the long-term obligation transactions of the District for the year ended December 31, 2017:

	Payable January 1, 2017	Issuances	Obligations Retired	Payable December 31, 2017
Other postemployment benefits	\$ 132,180	\$ 15,729	\$ -	\$ 147,909
Defined benefit pension plan	<u>17,107</u>	<u>-</u>	<u>6,757</u>	<u>10,350</u>
Total	<u>\$ 149,287</u>	<u>\$ 15,729</u>	<u>\$ 6,757</u>	<u>\$ 158,259</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits to employees. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule as adopted for retirements on or after January 1, 2005 and before January 1, 2013: 10 years of service, 27.5%; 11 to 15 years of service, 27.5% plus 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year of service between

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

16 and 20; 21 years or more of service, 60% plus 4.25% per year of service over 20, limited to 80.0% of the premium. For District employees retiring after December 31, 2012 eligibility shall be 30 years of service and age 55. The District's premium subsidy percentage for the year ending December 31, 2016 and thereafter shall be 80%. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 8. The District does not issue a publicly available financial report on the Plan.

Funding Policy

The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2017 the District did not pay any premiums for the retirees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB costs for the year, the premiums actually paid and the District's net OPEB obligation.

Annual required contribution (ARC)	\$ 15,825
Interest on net OPEB obligation	4,626
Adjustment to ARC	<u>(4,722)</u>
Annual OPEB cost	15,729
Contributions made	<u>-</u>
Increase in net OPEB obligation	15,729
Beginning of year	<u>132,180</u>
End of year	<u>\$ 147,909</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligation as of December 31, 2017, and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Paid</u>	<u>OPEB Obligation</u>
12/31/2015	\$14,913	0.00%	\$116,439
12/31/2016	\$15,741	0.00%	\$132,180
12/31/2017	\$15,729	0.00%	\$147,909

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$220,235. Covered payroll for eligible employees was \$101,815 and the total UAAL represents 216.31 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

In January 1, 2016 actuarial valuations, the entry age-normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (discount rate), a 3.0 percent expected increase in payroll and annual medical cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years. The annual dental cost trend was initially 3.5 percent, reduced by decrements to an ultimate rate of 3.0 percent after three years. Zero trends were assumed for valuing life insurance. Other assumptions include (1) expenses per participant per month are expected to increase with inflation at 2.5 percent per annum, (2) 60 percent of employees will choose to continue basic life insurance benefits, (3) family coverage includes a spouse and no children; and (4) male spouses are three years older than females. The RPH-2014 Employee Mortality Table was used for pre-retirement, while post-retirement used RPH-2014 Healthy Annuitant Mortality Table. Generational with protection scale MP-2015 was applied to the tables. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year. The remaining amortization period at January 1, 2016 was 21 years.

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During the three year period, employer contributions continue but employee contributions cease. The monthly service retirement allowance the employee would have received had the person elected to terminate is paid into the DROP Fund. The election to participate in DROP is irrevocable once participation begins. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who becomes disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2016, the actuarial employer contribution rate was 7.20% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2016 was 8.00%.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System were made at the rate of 8.00% of covered payroll and amounted to \$6,184 for the year ended December 31, 2017.

Pension Liabilities. As of December 31, 2017, the District reported a liability of \$10,350 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's share of

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2016, the District's proportion was 0.0797%, which was a decrease of 0.0064% from its proportion measured as of December 31, 2015.

Pension Expense. For the year ended December 31, 2017, the District recognized pension expense of \$6,776.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (3,262)
Net difference between projected and actual earnings on pension plan investments	11,672	-
Change in proportionate share	4	(4)
Change in assumptions	1,322	-
Contributions subsequent to the measurement date	<u>6,184</u>	<u>-</u>
	<u>\$ 19,182</u>	<u>\$ (3,266)</u>

The District reported \$6,184 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented on the following page:

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

For The Year Ending December 31,	Amount
2018	\$ 3,198
2019	4,129
2020	2,721
2021	(316)
Total	\$ 9,732

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% merit)
Mortality Rates	RP-2000 Healthy Annuitant Sex Distinct Tables projected to 2031 using Scale AA were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employees Sex Distinct Tables set back 4 years for males and 3 years for females was selected. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real assets	2.00%	0.12%
Total	100.00%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Rate		7.66%

Discount Rate. The discount rate used to measure the collective pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the collective net pension liability using the discount rate of 7.00%, as well as what the Office's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	<u>1.00%</u> <u>Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>(7.00%)</u>	<u>1.00%</u> <u>Increase</u> <u>(8.00%)</u>
District's proportionate share of the net pension (asset) liability	<u>\$39,348</u>	<u>\$10,350</u>	<u>(\$14,128)</u>

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on such factors as its operations and maintenance budget, exposure and claims experience. The Premiums for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

Note 9 - RISK MANAGEMENT (Continued)

Policy	Coverage Limits
Physical Plant	\$65,000,000
General and Automobile Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$5,208,857 for general liability, worker's compensation, and property insurance as of December 31, 2016, then secondly by the District. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2016 was \$19,880,318. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$238,436 as of December 31, 2016, then secondly by the District. Worker's compensation claims in excess of \$550,000 are covered under an insurance contact for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2017, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2017 totaled \$71,786.

Note 10 - RELATED PARTY FEES AND EXPENDITURES

In addition to the placement of various insurances, the District utilizes the Parish for the processing of payroll and purchasing of operating expenditures. The following is a summary of expenditures (excluding insurance) the District paid the Parish as reimbursement of costs:

Personal services	\$ 195,978
Supplies and materials	3,484
Repairs and maintenance	921
Total	\$ 200,383

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2017:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Vincent Fusilier	12	\$ 300
Randy Galliano	12	300
Amos Mosely	11	275
Arleen Simmons	12	300
C.J. Stoufflet	12	300
Jonathon Foret	12	300
Shannon Eaton	9	225
Kevin Eschete	8	200
Ronald Rainey	10	250
Misty Ruffin	8	<u>200</u>
Total		<u>\$ 2,650</u>

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$27,759 under agreements entered into with the State of Louisiana.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 17, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN

Terrebonne Parish Recreation District 11

December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	-	\$166,212	\$166,212	0.00%	\$192,127	91.7%
1/1/2014	-	\$163,422	\$163,422	0.00%	\$178,260	91.7%
1/1/2016	-	\$220,235	\$220,235	0.00%	\$101,815	216.3%

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Terrebonne Parish Recreation District No. 11

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0797%	0.0861%	0.1081%
District's proportionate share of the net pension liability	\$ 10,350	\$ 17,107	\$ 8,539
District's covered-employee payroll	\$ 86,235	\$ 106,032	\$ 135,554
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.002%	16.134%	6.299%
Plan fiduciary net position as a percentage of the total pension liability	94.15%	92.23%	99.15%

SCHEDULE OF DISTRICT CONTRIBUTIONS**Terrebonne Parish Recreation District No. 11**

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 6,184	\$ 6,899	\$ 9,543
Contributions in relation to the contractually required contribution	(6,184)	(6,899)	(9,543)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 77,303</u>	<u>\$ 86,235</u>	<u>\$ 106,032</u>
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	9.00%

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Terrebonne Parish Recreation District No. 11

December 31, 2017

Agency Head Name: Randy Galliano

Purpose	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	300
Reimbursements	72
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 372</u>

Note: The Chairman of the District's Board of Directors functions as Chief Executive Officer because the District did not have an employee in that position. The District did use an employee of the Terrebonne Parish Consolidated Government (the Parish) for a portion of the year to perform certain duties of the Chief Executive Officer for which the Parish was reimbursed \$6,000. Randy Galliano functions as the Chairman of the District's Board of Directors and receives per diem.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the District) a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2017-001.

Terrebonne Parish Recreation District No. 11's Response to Finding

The District's response to the finding identified in our audit is described in management's corrective action plan on page 52. The District's response was not subject to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 17, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not
 considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? X yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section II Financial Statement Findings

Compliance

2017-001 Public Notices

Criteria - Effective internal controls provide reasonable assurance that Board minutes will be advertised in the official journal (The Courier) upon adoption by the Board at the proceeding Board meeting.

Condition - The Board minutes for 21 out of 26 meetings for the year ended December 31, 2017 were not published in the official journal (The Courier).

Cause - An oversight by the administrative staff.

Section II Financial Statement Findings (Continued)

Compliance (Continued)

2017-001 Public Notices (Continued)

Effect - Board minutes were not available to the public.

Recommendation - We recommend the District publish Board meeting minutes for all meetings that occurred during the year ended December 31, 2017, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Views of Responsible Officials - We agree with the finding and recommended procedures have been implemented.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control.

No material weaknesses or significant deficiencies were reported during the audit for the year ended December 31, 2016.

No significant deficiencies were reported during the audit for the year ended December 31, 2016.

Compliance

2016-001 Budget Authority and Control

Recommendation - The financial statements and budgets should report all cash receipts and disbursements at gross value without offset.

Management's Response - We have stressed to the budget preparer to report the gross value of all cash receipts and disbursements in the financial statements and budgets. **Resolved.**

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses or significant deficiencies were reported during the audit for the year ended December 31, 2017.

No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

2017-001 Public Notices

Recommendation - We recommend the District publish Board meeting minutes for all meetings that occurred during the year ended December 31, 2017, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response - We will publish all Board meeting minutes that occurred during the year ended December 31, 2017, and continues to publish minutes immediately after adoption by the Board.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Recreation District No. 11 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.
Certified Public Accountants

Houma, Louisiana,
May 17, 2018.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the District's written policies and procedures:

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - b) Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing, and found it to contain the elements included above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - c) Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements, and found it to contain the requirements included above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - d) Receipts, including receiving, recording, and preparing deposits.
Performance: Obtained and read the written policy for receipts, and found it to contain the requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's written policies and procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Performance: Obtained and read the written policy for payroll and personnel, and found it contained all listed requirements.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process; and (5) monitoring process
Performance: Obtained and read written policy for contracting.
Exceptions: Management's policy on contracting does not include provisions for standard terms and conditions and legal review of the contracts entered into.
Management's response: Management will consider adding these provisions for the contracts entered into by the District.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers; and (5) monitoring card usage.
Performance: Obtained and read the written policy for credit cards, and found it contained all requirements listed above, except as noted below.
Exceptions: Management's policy on credit cards does not include provisions for required approvers.
Management's response: Management will consider adding this provision to their credit card policy.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers.
Performance: Obtained and read the travel and expense reimbursement policy, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
Performance: Obtained and read the ethics policy.
Exceptions: The District's ethics policy does not mention the requirement that all employees, including elected officials, should annually attest through signature verifications that they have read the entity's ethics policy.
Management's response: Management will consider adding the provision to the existing ethics policy.

Procedures performed on the District's written policies and procedures: (Continued)

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements; and (4) debt service requirements.
Performance: Inquired of management as to a debt service policy.
Exceptions: Management confirmed there was no policy for debt service.
Management's response: Management will consider drafting such a policy.

Procedures performed on the District's board:

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
Performance: Obtained and read the written minutes of board meetings.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
Performance: Inspected meeting minutes and budget-to-actual comparisons for the General Fund.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
Performance: Inspected the board's meeting minutes and budget-to-actual comparisons to note any deficit spending and/or deficit fund balances. There were no instances of deficit fund balances or deficit spending.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's board: (Continued)

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.
Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of awarding bids for disbursements.
Exceptions: There were no exceptions noted.
Management's response: Not applicable

Procedures performed on the District's bank reconciliations:

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- 4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
Performance: Inspected all three bank accounts held by District. Inspected management's documentation for accuracy of bank reconciliations.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
Performance: Inspected documentation for management or board member approvals of each bank reconciliation.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's bank reconciliations: (Continued)

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
Performance: Inspected documents for items outstanding for more than 6 months. There were none noted.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.
Performance: Inspected policy manuals, and inquired of client as to all of the requirements.
Exceptions: Each employee that is responsible for collecting cash is not bonded. At each of the cash locations, the persons who collect cash are also responsible for depositing cash.
Management's response: Management will consider adding the cash receiving employees to the list of bonded employees. Management will also consider better segregation of duties through the cash collection process.

Procedures performed on the District's collections: (Continued)

- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Inspected policy manual, as well as inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using District collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Inspected all documentation for the highest dollar week of cash collections for each of the five locations.

Exceptions: Through inspection of documentation and inquiry of the client, no evidence was documented as to when checks are received for some revenue types. Therefore, it cannot be determined if cash receipts are deposited within one day of collection. There were two instances of cash deposited three days after the receive date.

Management's response: Management will begin to adhere strictly to the policy to deposit all receipts within one day of their actual receipt. Management will also stamp the receive date on all checks received by the District.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's collections: (Continued)

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.
- Performance: Inspected policy and inquired of management as to separation of duties.
- Exceptions: There were no exceptions noted.
- Management's response: Not applicable.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

8. Obtain a listing of District disbursements from management or, alternately, obtain the general ledger and sort/filter for District disbursements. Obtain management's representation that the listing or general ledger population is complete.
- Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.
- Exceptions: There were no exceptions noted.
- Management's response: Not applicable.
9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- Performance: Purchases in excess or equal to \$3,500 were tested to obtain a 25 item disbursement sample. Requested requisitions, receiving documents, and related invoices, as well as inquired of the client.
- Exceptions: The Operations Supervisor or Facility Supervisor initiates purchases. The Administrative Assistant issues purchase orders, and purchases are approved by the Operations Supervisor. Then the purchase order is given to the District Accountant along with the invoice for disbursement. There were instances where no purchase order was utilized.
- Management's response: Management will consider using purchase orders at all times as noted in the policy.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Inquired of management as to purchase approval process.

Exceptions: There were instances where no purchase order was utilized and therefore no approval of purchase orders by a person who did not initiate the purchase. In instances where there were purchase orders, there was no evidence of a difference person initiating the purchase and approving the purchase.

Management's response: Management will work towards using a formal, written purchase order/requisition system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Inquired of management and observed approved invoices.

Exceptions: There were instances where payments for purchases were processed without approved requisition/purchase orders and receiving reports.

Management's response: Management will consider using purchase orders and receiving reports.

10. Using District documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties. The District's Accountant is responsible for processing payments. The Operations Supervisor and Facility Supervisor are authorized to add vendors to the purchasing/disbursement system.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

11. Using District documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Performance: Inspected documentation and inquired of management about signatory authority. The District requires dual signatures on all checks. Four of the Board Members are allowed to sign checks. The Operations Supervisor or Facility Supervisor can initiate purchases. The District's Accountant records purchases.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review District documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management where the supply of unused checks is held. Checks are kept in a locked cabinet at the District Accountant's office. The Accountant has the only key.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management as to whether there is a signature stamp or machine.

The chairman during the beginning of the year had a signature stamp. The stamp was maintained by the Operations Supervisor at the District's office and was only allowed to use it with his permission. The chairman was no longer a part of the board after the June 2017 meeting. Stamp was taken with him, and no other stamp was put into use. Signed checks were maintained at the District Accountant's office until mailed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Performance: Obtained monthly statements for all five cards and observed for supporting documentation, as well as approvals. The District did not provide monthly statements for months where there were no charges.

Exceptions: Approvals are performed by the Operations Supervisor whom is the authorized card user for four of the five cards.

Management's response: Management will consider having someone who is not an authorized card holder review and approve the monthly statements with evidence.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances.

Exceptions: There were no exceptions.

Management's response: Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
Performance: Observed documentation of the purpose of each transaction. There were no meal charges noted.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
Performance: Observed written approvals of credit card transactions. The Operations Supervisor reviews all transactions, and then traces each transaction to the back-up that is provided by the person incurring charge.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.
Exceptions: There were instances where purchase orders were not utilized.
Management's response: Management will consider using purchase orders at all times as stated in the purchasing policy.

- c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's travel and expense reimbursements:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the District's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Performance: Observed Management's policy related to travel and expense reimbursements.

Exceptions: Management's policy states that meals shall be reimbursed up to \$75 for any 24 hour period. This is higher than the GSA rates.

Management's response: Management will consider updating their policy to reflect rates comparable to the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: There was only one instance of a reimbursable expense. Compared expense documents to the written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Performance: Traced expense to the original itemized receipt with detail of purchase.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's travel and expense reimbursements: (Continued)

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
Performance: Traced expense to the original itemized receipt. There were no meal charges noted.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
Performance: Inspected all documents provided for the reimbursement selected.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
Performance: Inspected the business/public purpose of the reimbursement selected and compared them to Article 7, Section 14 of the Louisiana Constitution.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Performance: Inspected documentation of the expenditure selected for proper approvals
Exceptions: There was no evidence of approval in writing for the reimbursement.
Management's response: Management will consider reviewing and approving in writing all reimbursements by someone other than the person receiving the reimbursement.

Procedures performed on the District's contracts:

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's contracts: (Continued)

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained the listing of contract vendors and selected the five contract vendors that were paid the most money during the fiscal year. Inspected the written contract that supports the services arrangement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: Inspected supporting contract documentation and inquired about any contracts subject to Louisiana Public Bid Law. One contract was for the construction of the multipurpose building and complied with all legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

Performance: Inspected contract and inquired of client as to receipt of any other quotes.

The Commission did receive quotes as a best practice for other contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected contract to agree to the actual expenditure. The contract for construction had change orders totaling \$17,595. Original contract terms contemplated for such a change order.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's contracts: (Continued)

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Performance: Inspected board meeting minutes and confirmed the board approved the contract and the work performed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's payroll and personnel:

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

Performance: Observed the listing of the employees with their related salaries from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared hourly rates to the employer's rate structure for applicable positions and the employee contracts for others with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's payroll and personnel: (Continued)

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Traced hourly rate changes during the period to the pay rate structures and employee contracts. Pay rate increases were approved by the department head and human resources director.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Selected one pay period to test leave taken during that period. During the period selected, there were only six employees who were paid. Two of the six employees were allowed to take leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Inspected time sheets for pay period selected. All time sheets had evidence of supervisor approval for time worked.

Exceptions: All leave taken was documented on the time sheets, which are signed by supervisors; however, there was no evidence of a supervisor approving leave taken before it occurred.

Management's response: Management will consider ensuring that leave taken will be approved in writing by a supervisor before the leave occurs.

Procedures performed on the District's payroll and personnel: (Continued)

- c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Inquired of management of leave records for those employees selected.

Terrebonne Parish maintains the leave records for the District for those employees applicable to accrue and use leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Performance: Observed the listing of terminated employees during the period and inspected the personnel files for the two employees who had the two largest termination payments.

Management's representation of completeness was completed in a separate letter. All termination payments were made in strict accordance with the policy and approved wage rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inquired of management and payroll is processed through Terrebonne Parish Consolidated Government. Upon inspection of payroll documentation, all payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's ethics:

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the District maintained documentation to demonstrate that required ethics training was completed.

Performance: Inquired of management for ethics course completion certificates for the five employees tested.

Exceptions: There was one employee who had no ethics certification on file. There were two employees that had no ethics certification for the fiscal year.

Management's response: Management will consider having all employees have up to date completed ethics certifications.

27. Inquire of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the District's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's debt service:

28. If debt was issued during the fiscal period, obtain supporting documentation from the District, and report whether State Bond District approval was obtained.

Performance: Inquired of management as to issuance of debt during the fiscal year. No debt was issued during the fiscal period.

Exceptions: Not applicable.

Management's response: Not applicable.

29. If the District had outstanding debt during the fiscal period, obtain supporting documentation from the District and report whether the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Performance: Inquired of management for documentation on any outstanding debt during the period. Management states there was no outstanding debt for the District during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's debt service: (Continued)

30. If the District had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

Other procedures performed on the District:

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the District attorney of the parish in which the Commission is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: Not applicable.

Management's response: Not applicable.

32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired of management such notice posted on the premises (the District does not have a website).

Exceptions: Management states there was no notice posted.

Management's response: Management will consider posting the required notice.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.