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Financial Report

Lafourche Parish Recreation District No. 11

Bayou Blue, Louisiana

December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~APR 23 1999~~

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December 31, 1998

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Lafourche Parish Recreation District No. 11,
Bayou Blue, Louisiana.

We have audited the accompanying general-purpose financial statements of Lafourche Parish Recreation District No. 11 (the District), a component unit of the Lafourche Parish Council, as of December 31, 1998, and for the twelve-month periods ended December 31, 1998 and 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District did not adopt an annual budget for the General Fund for the twelve-month periods ended December 31, 1998 and 1997 as required by Louisiana Revised Statutes. Thus, statements of revenues, expenditures and changes in fund balances - budget and actual for this fund are not presented for the twelve-month periods ended December 31, 1998 and 1997.

In our opinion, except for the omission of the statements of revenues, expenditures and changes in fund balances-budget and actual which results in an incomplete presentation as explained in the preceding paragraph, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lafourche Parish Recreation District No. 11 as of December 31, 1998, and the results of its operations for the twelve-month periods ended December 31, 1998 and 1997 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 1999 on our consideration of Lafourche 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
June 3, 1999.

COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS

Lafourche Parish Recreation District No. 11

December 31, 1998

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Debt Service	General Fixed Assets	General Long-Term Debt	
	General	Debt Service	General Fixed Assets	General Long-Term Debt	
ASSETS AND OTHER DEBITS					
Assets					
Cash	\$ 22,729	\$ 56,994	\$ -	\$ -	\$ 79,723
Receivables - taxes	5,695	6,169	-	-	11,864
Due from Lafourche Parish					
Tax Collector	42,110	45,619	-	-	87,729
Due from other funds	-	19,185	-	-	19,185
Fixed assets	-	-	730,039	-	730,039
Other Debits					
Amount available in Debt					
Service Fund	-	-	-	127,967	127,967
Amount to be provided for retirement of general long-term debt	-	-	-	242,033	242,033
Total assets and other debits	\$ 70,534	\$ 127,967	\$ 730,039	\$ 370,000	\$ 1,298,540
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities					
Accounts payable and accrued expenditures	\$ 9			\$ -	\$ 9
Due to Lafourche Parish Council	7,998			-	7,998
Due to other funds	19,185			-	19,185
Bonds payable	-			370,000	370,000
Total liabilities	27,192			370,000	397,192
Equity and Other Credits					
Investments in general fixed assets	-	\$ -	\$ 730,039		730,039
Fund balances:					
Reserved for debt service	-	127,967	-		127,967
Unreserved	43,342	-	-		43,342
Total equity and other credits	43,342	127,967	730,039		901,348
Total liabilities, equity and other credits	\$ 70,534	\$ 127,967	\$ 730,039	\$ 370,000	\$ 1,298,540

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**

Lafourche Parish Recreation District No. 11

For the twelve-month periods ended December 31, 1998 and 1997

	Twelve months ended December 31, 1998		
	General	Debt Service	Total (Memorandum Only)
Revenues			
Taxes	\$ 49,317	\$ 53,759	\$ 103,076
Charges of services	4,490	-	4,490
Miscellaneous:			
Interest	359	759	1,118
Other	1,294	-	1,294
	55,460	54,518	109,978
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	-	-	-
Ad valorem tax deductions	1,458	1,579	3,037
	1,458	1,579	3,037
Culture and Recreation:			
Personal services	16,802		16,802
Supplies and materials	302		302
Other services and charges	9,339		9,339
Repairs and maintenance	2,116		2,116
Capital expenditures	4,252		4,252
	32,811		32,811
Debt Service:			
Principal retirement		25,000	25,000
Interest and fiscal charges		21,511	21,511
Payment to refund bond escrow agent		-	-
Refunding bond issuance costs		-	-
		46,511	46,511
Total debt service		46,511	46,511
Total expenditures	34,269	48,090	82,359
Excess (deficiency) of revenues over expenditures	21,191	6,428	27,619
Other Financing Sources (Uses)			
Proceeds of refunding bonds			
Payment to refund bond escrow agent			
Total other financing sources			
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	21,191	6,428	27,619
Fund Balances			
Beginning of period	22,151	121,539	143,690
End of period	\$ 43,342	\$ 127,967	\$ 171,309

See notes to financial statements.

Twelve months ended December 31, 1997

General	Debt Service	Total (Memorandum Only)
\$ 20,662	\$ 61,991	\$ 82,653
7,646	-	7,646
345	856	1,201
-	-	-
<u>28,653</u>	<u>62,847</u>	<u>91,500</u>
865	-	865
614	1,826	2,440
<u>1,479</u>	<u>1,826</u>	<u>3,305</u>
16,974		16,974
460		460
7,078		7,078
-		-
<u>2,709</u>		<u>2,709</u>
<u>27,221</u>		<u>27,221</u>
	20,000	20,000
	21,834	21,834
	58,162	58,162
	11,040	11,040
	<u>111,036</u>	<u>111,036</u>
<u>28,700</u>	<u>112,862</u>	<u>141,562</u>
<u>(47)</u>	<u>(50,015)</u>	<u>(50,062)</u>
	370,000	370,000
	(358,960)	(358,960)
	<u>11,040</u>	<u>11,040</u>
(47)	(38,975)	(39,022)
<u>22,198</u>	<u>160,514</u>	<u>182,712</u>
<u>\$ 22,151</u>	<u>\$ 121,539</u>	<u>\$ 143,690</u>

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

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lafourche Parish Recreation District No. 11 (the District) conform to generally accepted accounting principles (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 was created on October 28, 1996, by ordinance 17-19 of the Lafourche Parish Council. The District is a component unit of the Lafourche Parish Council.

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

b) Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Governmental Funds of the District:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Account Groups

Account groups are used to establish accounting control and accountability. The District's Account Groups are as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-Term Debt Account Group - This account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes (Intergovernmental revenues) are considered "measurable" at the time of levy. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District or in intermediary collecting agency 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. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

The District did not adopt a budget for the General Fund for the twelve-month periods ended December 31, 1998 and 1997, which is a violation of Louisiana Revised Statute 39:1303.

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

The District had no investments during the twelve-month periods ended December 31, 1998 and 1997.

h) Fixed Assets

Fixed assets used in governmental fund type operations (fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical cost.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Debt

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from unexpendable available financial resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

j) Vacation and Sick Leave

The District does not grant vacation and sick leave to its part-time employees.

k) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

l) Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific use.

m) Memorandum Only - Total Columns

The total column on the general-purpose financial statements is captioned "Memorandum Only" because it does not represent consolidated financial information and is presented only to facilitate financial analysis. The column does not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

Note 2 - CASH (Continued)

State law also requires that deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and 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.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end bank balances of deposits and the carrying amount as shown on the combined balance sheet are as follows:

	Bank Balances			Book
	Category			Balance
	1	2	3	
Cash	<u>\$79,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$79,723</u>

At December 31, 1998, cash was not in excess of the FDIC insurance.

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. Assessed values are established by the Lafourche 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, 1996. 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

Note 3 - PROPERTY TAXES (Continued)

have not been paid are sold for the amount of the taxes. The tax rates for the year ended December 31, 1998 were \$6.00 and \$6.50 for operations and debt retirement, respectively, per \$1,000 of assessed valuation on property within the District. The tax rates for the year ended December 31, 1997 were \$2.69 and \$8.00 for operations and debt retirement, respectively, per \$1,000 of assessed valuation on property within the District.

Note 4 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Building</u>	<u>Improve- ments</u>	<u>Equip- ment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
Balance, January 1, 1997	\$704,554	\$ -	\$18,524	\$ -	\$723,078
Additions	<u>-</u>	<u>-</u>	<u>2,099</u>	<u>610</u>	<u>2,709</u>
Balance, December 31, 1997	704,554	-	20,623	610	725,787
Additions	<u>-</u>	<u>3,023</u>	<u>879</u>	<u>350</u>	<u>4,252</u>
Balance, December 31, 1998	<u>\$704,554</u>	<u>\$3,023</u>	<u>\$21,502</u>	<u>\$960</u>	<u>\$730,039</u>

Note 5 - LONG-TERM DEBT

During the years ended December 31, 1998 and 1997, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance January 1, 1997	Debt Retired	New Issues	Balance December 31, 1997	Debt Retired	Balance December 31, 1998
General Obliga- tion Bonds	<u>\$445,000</u>	<u>\$420,000</u>	<u>\$370,000</u>	<u>\$395,000</u>	<u>\$25,000</u>	<u>\$370,000</u>

The District issued general obligation bonds dated February 1, 1988 totaling \$550,000 bearing interest from 10.0% to 7.1%, which were payable through February 1, 2008. The District refunded these bonds by issuing \$370,000 of general obligation refunding bonds dated June 3, 1997 bearing interest of 5.57% payable through February 1, 2008.

Note 5 - LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term obligations outstanding at December 31, 1998 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 28,000	\$ 19,829	\$ 47,829
2000	30,000	18,214	48,214
2001	32,000	16,487	48,487
2002	34,000	14,649	48,649
2003	35,000	12,727	47,727
2004-2008	<u>211,000</u>	<u>30,608</u>	<u>241,608</u>
Totals	<u>\$370,000</u>	<u>\$112,514</u>	<u>\$482,514</u>

Note 6 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members during the years ended December 31, 1998 and 1997.

Note 7 - 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 for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 8 - CURRENT PERIOD REFUNDING OF DEBT

On June 3, 1997, the District issued \$370,000 in General Obligation Refunding Bonds, Series 1997, with an interest rate of 5.57 percent to advance refund \$400,000 of outstanding General Obligation Bonds, Series 1988, with an average interest rate of 7.69 percent. The net proceeds of \$358,960 (after payment of \$11,040 of issuance costs) plus an additional \$58,162 of existing sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 Series bonds. As a result, the 1988 Series bonds are considered to be defeased and the liability for these bonds has been removed from the General Long-Term Debt Account Group. The District advance refunded the 1988 Series bonds to reduce its total debt service payments over the next eleven years by approximately \$62,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$31,653.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Lafourche Parish Recreation District No. 11,
Bayou Blue, Louisiana.

We have audited the general-purpose financial statements of Lafourche Parish Recreation District No. 11 (the District), a component unit of the Lafourche Parish Council, as of December 31, 1998, and for the twelve-month periods ended December 31, 1998 and 1997, and have issued our report thereon dated June 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings as items 98-1 and 98-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or

operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
June 3, 1999.

SCHEDULE OF FINDINGS

Lafourche Parish Recreation District No. 11

For the twenty-four month period ended December 31, 1998

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? X yes no

b) Federal Awards

Lafourche Parish Recreation District No. 11 did not receive federal awards during the twenty-four month period ended December 31, 1998.

Section II Financial Statement Findings

98-1 Criteria - Louisiana Revised Statute 44:36 requires that all persons and public bodies having custody or control of any public record, other than convenience, probable, mortgage, or other permanent records required by existing law to be kept for all time, shall exercise diligence and care in preserving the public record for the period or periods of time specified for such public records in formal records retention schedules developed and approved by the state archivist and director of the division of archives, records management and history of the Department of State. However, in all instances in which a formal retention schedule has not been executed, such public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made.

Condition - During the audit, it was noted that District did not maintain adequate documentation of expenditures. The District was unable to locate the twenty-four monthly bank statements for all three of its accounts. In order to perform the audit, documentation had to be obtained from third party sources. Also, the District does not appear to be performing bank reconciliations on any of its bank accounts.

SCHEDULE OF FINDINGS

(Continued)

Lafourche Parish Recreation District No. 11

For the twenty-four month period ended December 31, 1998

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

98-1 (Continued)

Questioned Cost - None

Context - Not applicable.

Effect - The District was unable to reproduce original transaction documentation for some expenditures.

Cause - The District failed to keep original documents to support transactions entered into by the District.

Recommendation - We recommend that the District implement a system that clearly reflects the financial position of the government, so that elected and appointed government officials can make proper decisions. The bookkeeping system must also permit a continuing comparison between revenues and expenditures estimated in the budget and those that actually occur. Four minimum requirements should be structured into any governmental bookkeeping system:

- The system must comply with local, state and federal legal provisions and maintain the ability to produce financial statements that comply with generally accepted accounting principles.
- The system should be an accurate reflection of the fiscal condition and results of operations of the government to provide a basis for decisions and control.
- Required financial reports should be easily extractable from the system.
- The system must be capable of being audited in a simple manner.

In addition, the system should be supported by written policies and procedures. This documentation provides for a consistent, uniform approach to accumulating financial information.

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Recreation District No. 11

For the twenty-four month period ended December 31, 1998

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

98-1 (Continued)

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

98-2 Criteria - Louisiana Revised Statutes require all political subdivisions to prepare budgets for their general fund and all special revenue funds. The budget document setting forth the proposed financial plan must include the following:

- A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives of the District.
- A consolidated statement showing the estimated fund balance at the beginning of the year, estimates of all receipts and revenues to be received, expenditures itemized by function, and estimated fund balance at the end of the fiscal year.

The budget must be accompanied by a proposed budget adoption instrument. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority.

The total of proposed expenditures must not exceed the total of estimated funds available for the ensuing fiscal year.

The proposed budget must be completed and submitted to the governing authority no later than fifteen days prior to the beginning of each fiscal year. All action necessary to adopt and finalize the budget for the ensuing fiscal year must be taken at an open meeting and completed prior to the end of the fiscal year in progress. The adopted budget must contain the same information as that required for the proposed budget.

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Recreation District No. 11

For the twenty-four month period ended December 31, 1998

Section II Financial Statement Findings (Continued)

Compliance (Continued)

98-2 (Continued)

The administrative officer must advise the governing authority when actual revenues are less than budgeted revenues by five percent or more or actual expenditures exceed budgeted expenditures by five percent or more. The governing authority should adopt budget amendments in an open meeting to reduce these variances.

Condition - The District did not comply with these provisions of state law for the twelve-month periods ended December 31, 1998 and 1997.

Questioned Cost - None

Context - Not applicable

Effect - The District violated these provisions of state law.

Cause - The District failed to prepare budgets.

Recommendation - We recommend that the District comply with these provisions of state law.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Lafourche Parish Recreation District No. 11

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-purpose Financial Statements

Internal Control

96-1 **Recommendation** - We recommend that the District implement a system that clearly reflects the financial position of government, so that elected and appointed government officials can make proper decisions. The bookkeeping system must also permit a continuing comparison between revenues and expenditures estimated in the budget and those that actually occur. Four minimum requirements should be structured into any governmental bookkeeping system:

- The system must comply with local, state and federal legal provisions and maintain the ability to produce financial statements that comply with generally accepted accounting principles.
- The system should be an accurate reflection of the fiscal condition, and results of operations, of the government to provide a basis for decisions and control.
- Required financial reports should be easily extractable from the system.
- *The system must be capable of being audited in a simple manner.*

In addition, the system should be supported by written policies and procedures. This documentation provides for a consistent, uniform approach to accumulating financial information.

Management's response - *The District failed to implement a system that clearly reflects the financial position of the government. Unresolved, see finding 98-1.*

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Recreation District No. 11

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-purpose Financial Statements

Internal Control

98-1 **Recommendation** - We recommend that the District implement a system that clearly reflects the financial position of the government, so that elected and appointed government officials can make proper decisions. The bookkeeping system must also permit a continuing comparison between revenues and expenditures estimated in the budget and those that actually occur. Four minimum requirements should be structured into any governmental bookkeeping system:

- The system must comply with local, state and federal legal provisions and maintain the ability to produce financial statements that comply with generally accepted accounting principals.
- The system should be an accurate reflection of the fiscal condition, and results of operations, of the government to provide a basis for decisions and control.
- Required financial reports should be easily extractable from the system.
- The system must be capable of being audited in a simple manner.

In addition, the system should be supported by written policies and procedures. This documentation provides for a consistent, uniform approach to accumulating financial information.

Management's corrective action - The District will implement steps to comply with local, state, and federal legal provisions such as performing an internal audit every six months and review its filing system after each monthly meeting to ensure that all information is available and extractable.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Lafourche Parish Recreation District No. 11

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-purpose Financial Statements (Continued)

Compliance

98-2 **Recommendation** - We recommend that the District comply with the provisions of state law relating to budgets.

Management's corrective action - The District has taken all necessary actions to comply with the provisions of state law by adopting a budget for the year ended December 31, 1999.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Recreation District No. 11 did not receive federal awards during the twenty-four period ended December 31, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the twenty-four period ended December 31, 1998.