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*Financial Report*

*Terrebonne Parish Recreation District No. 11*

*Houma, Louisiana*

*December 31, 1999*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 JUL 19 2000

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December 31, 1999

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**FINANCIAL SECTION**



**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 11 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1999, 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 general-purpose 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Recreation District No. 11 as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2000 on our consideration of the 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
June 6, 2000.

**COMBINED BALANCE SHEET -**  
**GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP**

**Terrebonne Parish Recreation District No. 11**

December 31, 1999

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<b>Assets</b>			
Cash	\$ 186,855	\$ -	\$ 186,855
Investments	70,000	-	70,000
Receivables:			
Taxes	492,646	-	492,646
Other	2,225	-	2,225
Due from State of Louisiana - revenue sharing	30,606	-	30,606
Fixed assets	-	420,291	420,291
 Total assets	 <u>\$ 782,332</u>	 <u>\$ 420,291</u>	 <u>\$ 1,202,623</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 6,283		\$ 6,283
Due to Terrebonne Parish Consolidated Government	33,483		33,483
Deferred revenue	570,734		570,734
 Total liabilities	 <u>610,500</u>		 <u>610,500</u>
<b>Equity and Other Credits</b>			
Investment in general fixed assets	-	\$ 420,291	420,291
Fund balance - unreserved	171,832	-	171,832
 Total equity and other credits	 <u>171,832</u>	 <u>420,291</u>	 <u>592,123</u>
 Total liabilities, equity and other credits	 <u>\$ 782,332</u>	 <u>\$ 420,291</u>	 <u>\$ 1,202,623</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 11**

For the year ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 516,040	\$ 516,040	\$ -
Intergovernmental:			
State of Louisiana:			
State revenue sharing	47,500	47,500	-
Charges for services	33,775	34,041	266
Miscellaneous - interest earned	14,000	14,650	650
Miscellaneous - other	3,400	3,451	51
	614,715	615,682	967
<b>Total revenues</b>			
<b>Expenditures</b>			
Current:			
General Government:			
Ad valorem tax adjustment	42,000	41,836	164
Ad valorem tax deductions	15,500	15,237	263
	57,500	57,073	427
<b>Total general government</b>			
Culture and Recreation:			
Personal services	157,700	158,037	(337)
Supplies and materials	43,950	39,060	4,890
Other services and charges	93,325	82,073	11,252
Repairs and maintenance	106,900	84,311	22,589
Capital expenditures	258,601	147,577	111,024
	660,476	511,058	149,418
<b>Total culture and recreation</b>			
<b>Total expenditures</b>	717,976	568,131	149,845
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(103,261)	47,551	150,812
<b>Fund Balance</b>			
Beginning of year	124,281	124,281	-
End of year	\$ 21,020	\$ 171,832	\$ 150,812

See notes to financial statements.

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

December 31, 1999

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Terrebonne Parish Recreation District No. 11 (the District) conform to generally accepted accounting principles (GAAP) as applied to the 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 the 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, 1999.

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 District 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.*

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Fund Accounting (Continued)**

**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 is the Governmental Fund of the District:

**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.

**Account Group**

An account group is used to establish accounting control and accountability. The District's Account Group is as follows:

**General Fixed Assets Accounts Group** - This account group is used to account for fixed assets not accounted for in 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 and the related state revenue sharing (Intergovernmental revenue) are recorded as revenue in the period for which levied, thus the 1999 property taxes which are being levied to finance the 2000 budget will be recognized in 2000. The 1999 tax levy is recorded as deferred revenue in the District's 1999 Financial Statements. 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 because they are generally not measurable until actually received.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Basis of Accounting (Continued)**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**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**

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 expenditures must be approved by the Board. The District amended its budget twice during 1999. 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 generally accepted accounting principles.

**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 consist of certificates of deposit which are stated at cost and approximates market value.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 only concerned 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 and estimated historical cost if actual historical cost is not available. Fixed assets held with the Parish with an estimated historical cost amounted to approximately \$193,475 or 12.3% of the total amount held with the Parish. Donated fixed assets are valued at their estimated fair value on the date donated.

**i) Vacation and Sick Leave**

Accumulated vacation and sick leave are recorded as an expenditures 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 carryforward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave can not be carried forward to future years.

There is no material unpaid vacation and sick leave at December 31, 1999.

**j) Encumbrances**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Memorandum Only - Total Column**

The total column on the general-purpose financial statement 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 - DEPOSITS**

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.

State law requires deposits (cash and certificates of deposit) 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.

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 agents but not in the District's name and deposits which are uninsured or uncollateralized.

**Note 2 - DEPOSITS (Continued)**

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

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$100,000	\$ -	\$87,375	\$186,855
Investments:				
Certificates of deposit	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Totals	<u>\$170,000</u>	<u>\$ -</u>	<u>\$87,375</u>	<u>\$256,855</u>

At December 31, 1999, certificates of deposit in excess of the FDIC insurance were collateralized with 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 uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, 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.

**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 Terrebonne 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 have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1999 was \$9.79 per \$1,000 of assessed valuation on property within Recreation District No. 11 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 1999 are for budgeted expenditures in 2000 and will be recognized as revenue in 2000.

**Note 4 - CHANGES IN FIXED ASSETS**

A summary of changes in fixed assets follows:

	Balance January <u>1, 1999</u>	<u>Adjustments</u>	<u>Additions</u>	Balance December <u>31, 1999</u>
Land and buildings	\$ 12,800	\$ -	\$ 25,686	\$ 38,486
Improvements other than buildings	17,167	4,025	61,811	83,003
Machinery and equipment	191,625	-	60,080	251,705
Furniture and fixtures	23,623	-	-	23,623
Vehicles	23,474	-	-	23,474
Construction in progress	<u>4,025</u>	<u>(4,025)</u>	<u>-</u>	<u>-</u>
Totals	<u>\$272,714</u>	<u>\$ -</u>	<u>\$147,577</u>	<u>\$420,291</u>

The adjustment is for costs associated with the construction of a walking track that was considered construction in progress in 1998 and was completed during 1999.

Assets acquired prior to 1996 totaling \$1,567,234 are included in the General Fixed Assets Account Group of the Parish. These amounts include assets for the following facilities: Barrios Park, Ernest C. Moss Park, Dumas Park, King Street Park, Southside Park, Harmon Park, Wright Avenue Park, Legion Park, Mechanicville Gym, East Houma Gym, Williams Avenue Park, Gym and walking track, and the Adult Softball Complex (Airbase). As of December 31, 1999, these assets consist of the following:

Land and building	\$1,561,276
Machinery and equipment	<u>5,958</u>
Total	<u>\$1,567,234</u>

There was no change in the fixed assets held by the Parish for the District in 1999.

**Note 5 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

**Funding Policy** - Plan members are required to contribute 2% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The current rate is 2.5% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 1999, 1998 and 1997 were \$1,719, \$1,394 and \$434, respectively, equal to the required contributions for each year.

**Note 6 - 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 carries commercial insurance and also 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 various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for auto liability are based on claims experience, vehicle type and mileage. The premiums for property are based on the District's percentage of property value to the total of all the Parish's 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 following page:

**Note 6 - RISK MANAGEMENT (Continued)**

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Group Insurance	\$1,125,000
Property	\$100,000,000
Auto Liability	\$6,250,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$122,294 for general liability, workers' compensation, property and auto liability and \$3,069,030 for group insurance at December 31, 1998, then secondly by the District. At December 31, 1999, the District had no claims in excess of the above coverage limits.

**Note 7 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 1999:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Wade Boquet	4	\$ 40
Charles Brown, Sr.	12	120
Tony Cavallo, Sr.	12	120
Reverend Henry Dabney	12	120
Clint Domangue	2	20
Kyle Faulk	8	80
Keith Gallicio	12	120
Janet Henry	12	120
Terrell Myles	11	110
Roosevelt Thomas	4	<u>40</u>
Total		\$890

**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,  
Terrebonne Parish Recreation District No. 11,  
Houma, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 11 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 6, 2000. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, La.,  
June 6, 2000.

**SCHEDULE OF FINDINGS**

**Terrebonne Parish Recreation District No. 11**

For the year ended December 31, 1999

**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?    \_\_\_\_\_ yes                    X   no
- Reportable condition(s) identified that are not considered to be material weaknesses?    \_\_\_\_\_ yes                    X   none reported

Noncompliance material to financial statements noted?                  \_\_\_\_\_ yes                    X   no

b) Federal Awards

Terrebonne Parish Recreation District No. 11 did not receive federal awards during the year ended December 31, 1999.

**Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended December 31, 1999.

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

### **Terrebonne Parish Recreation District No. 11**

For the year ended December 31, 1999

#### **Section I Internal Control and Compliance Material to the General-Purpose Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 1998.  
No reportable conditions were reported during the audit for the year ended December 31, 1998.

##### **Compliance**

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Recreation District No. 11 did not receive federal awards during the year ended December 31, 1998.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 1998.

**2) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1999. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**3) ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the general-purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general-purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements relate to the collectibility of accounts receivable and valuation of accrued expenditures. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole. Management has provided us with representations concerning estimates.

**4) SIGNIFICANT AUDIT ADJUSTMENTS**

We did not initiate any significant audit adjustments during our recent audit.

This information is intended for the information and use of the Board of Commissioners and management of the Terrebonne Parish Recreation District No. 11 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.

Houma, La.,  
June 6, 2000.