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Financial Report

Terrebonne Parish Recreation District No. 4

Dulac, Louisiana

December 31, 1997

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Release Date JUN 17 1998

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December 31, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 4,
Dulac, Louisiana.

We have audited the accompanying general purpose financial statements of Terrebonne Parish Recreation District No. 4, (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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. 4 as of December 31, 1997, 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 February 17, 1998 on our consideration of the Terrebonne Parish Recreation District No. 4'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.,
February 17, 1998.

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

Terrebonne Parish Recreation District No. 4

December 31, 1997

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
Assets			
Cash	\$ 18,745	\$ -	\$ 18,745
Investments	110,000	-	110,000
Receivables - taxes	18,163	-	18,163
Due from other governmental units	151,933	-	151,933
Fixed assets	-	453,511	453,511
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 298,841</u>	<u>\$ 453,511</u>	<u>\$ 752,352</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 3,407		\$ 3,407
Due to Terrebonne Parish Consolidated Government	386		386
	<u> </u>		<u> </u>
Total liabilities	<u>3,793</u>		<u>3,793</u>
Equity And Other Credits			
Investment in general fixed assets	-	\$ 453,511	453,511
Fund balance - unreserved	295,048	-	295,048
	<u> </u>	<u> </u>	<u> </u>
Total equity and other credits	<u>295,048</u>	<u>453,511</u>	<u>748,559</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, equity and other credits	<u>\$ 298,841</u>	<u>\$ 453,511</u>	<u>\$ 752,352</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. 4

For the year ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes - ad valorem	\$ 167,171	\$ 187,374	\$ 20,203
Intergovernmental:			
State of Louisiana:			
State revenue sharing	4,136	6,180	2,044
Charges for services	3,789	3,789	-
Miscellaneous - interest earned	8,940	8,852	(88)
	<u>184,036</u>	<u>206,195</u>	<u>22,159</u>
Total revenues			
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	8,000	1,400	6,600
Ad valorem tax deductions	8,100	9,618	(1,518)
	<u>16,100</u>	<u>11,018</u>	<u>5,082</u>
Total general government			
Culture and Recreation:			
Personal services	64,443	64,331	112
Supplies and materials	9,967	7,926	2,041
Other services and charges	37,154	37,297	(143)
Repairs and maintenance	20,752	13,756	6,996
Capital expenditures	31,556	45,956	(14,400)
	<u>163,872</u>	<u>169,266</u>	<u>(5,394)</u>
Total culture and recreation			
Total expenditures	<u>179,972</u>	<u>180,284</u>	<u>(312)</u>
Excess of Revenues Over Expenditures	<u>\$ 4,064</u>	25,911	<u>\$ 21,847</u>
Fund Balance			
Beginning of year		<u>269,137</u>	
End of year		<u>\$ 295,048</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 4

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 4 (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 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, 1997.

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.

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

The General Fixed Assets 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 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.

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

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 Board, as allowed by state law, does not obtain public participation in the budget process. 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 various times during the year. 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) Bad Debts

The financial statements for the District contain no allowance for bad debts. 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 are stated at cost, which approximates market.

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 concerned only 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 general fixed assets. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Fixed assets with an estimated historical cost amounted to approximately \$2,225 or .5% of the total General Fixed Assets Account Group.

i) Vacation and Sick Leave

Employees of the District receive vacation and sick leave at the discretion of the Board. Employees generally receive two weeks of vacation after one year of service. There were no material amounts of unpaid vacation at December 31, 1997.

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.

k) 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 - DEPOSITS

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

State law requires deposits (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligation 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.

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

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 19,753	\$ -	\$ -	\$ 18,745
Investments:				
Certificates of deposit	<u>100,000</u>	<u>-</u>	<u>10,000</u>	<u>110,000</u>
Totals	<u>\$119,753</u>	<u>\$-</u>	<u>\$10,000</u>	<u>\$128,745</u>

Note 2 - DEPOSITS (Continued)

At December 31, 1997, certificates of deposit in excess of the FDIC insurance was collateralized with securities held by an unaffiliated bank in the account of the depositor. 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, 1997 was \$6.94 per \$1,000 of assessed valuation on property within Recreation District No. 4 for the purpose of maintaining and operating recreational facilities within the District.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 1997 consisted of the following:

State of Louisiana -	
State revenue sharing	\$ 4,120

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS (Continued)

Terrebonne Parish Tax Collector - December, 1997 collections remitted to the District in January, 1998:		
Ad Valorem taxes		<u>147,813</u>
Total		<u>\$151,933</u>

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January <u>1, 1997</u>	Addit- tions	Dele- tions	Balance December <u>31, 1997</u>
Building	\$ 12,643	\$237,050	\$ -	\$249,693
Improvements - ball field	43,278	18,418	-	61,696
Office furniture, fixtures and equipment	21,987	872	1,342	21,517
Maintenance and recreational equipment	65,940	4,217	2,604	67,553
Construction in progress	<u>30,602</u>	<u>22,450</u>	<u>-</u>	<u>53,052</u>
Totals	<u>\$174,450</u>	<u>\$283,007</u>	<u>\$3,946</u>	<u>\$453,511</u>

Construction in progress is composed of \$53,052 expended primarily for costs associated with the construction of a walking trail.

The addition to building is the transfer of the former Grand Caillou branch library.

Note 6 - LEASE COMMITMENTS

The District entered into an operating lease on May 18, 1994 with the Harry Bourg Corporation for use of land for recreational purposes for a period of ten years ending May 31, 2004, for an annual rental of \$500. The District has the option to renew this lease for an additional ten year term for the sum of \$650.

Note 6 - LEASE COMMITMENTS (Continued)

The District does not have the right to assign or sublet this lease to anyone other than a public body who shall use the property for recreational purposes. At the termination of the lease, the District shall have the option for a period of 30 days to remove any and all buildings and/or improvements placed by the District on the premises. Failure to remove such items shall become property of the lessor without any obligation on its part to pay anything. Rent expense for the District during 1997 was \$500.

Minimum annual lease payments which become due before the first day of June of each year during the term of the lease are as follows:

1998	\$ 500
1999	500
2000	500
2001	500
2002	500
2003	<u>500</u>
Total	<u>\$3,000</u>

Note 7 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The District provides for the payment of hospitalization and life insurance premiums for its one retired employee. The District also provides for dependent coverage for its retired employee. The cost of providing this benefit is recognized as an expenditure as premiums are paid. For the year ended December 31, 1997, those costs amounted to \$4,672. Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available.

Note 8 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 1997:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Joseph Lodrigue, Sr.	16	\$120
Cheryl Blanchard	15	- *
Kirby Verrett	15	120
Donald Lirette	15	120
Frederic Boudreaux, Sr.	13	110
Johnny Duplantis	13	120
Pierre Solet	10	<u>100</u>
Total		<u>\$690</u>

* Cheryl Blanchard waived her right to receive a per diem.

Note 9 - RISK MANAGEMENT

The District participates in the Parish's (oversight entity) risk management internal service fund for general liability, workers compensation and group insurance. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability is based on various factors such as its operations and maintenance budget, exposure and claims experience. The premium for group insurance is based on a fixed rate per employee. 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 below:

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

Note 9 - RISK MANAGEMENT (Continued)

Coverage for claims in excess of the stated limits on the previous page are to be funded first by assets of the Parish's risk management internal service fund, \$2,481,697 for general liability and workers' compensation and \$3,603,662 for group at December 31, 1996, then secondly by the District and other participating funds and agencies. At December 31, 1997, the District had no claims in excess of the above coverage limits.

SPECIAL REPORT 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. 4,
Dulac, Louisiana.

We have audited the general purpose financial statements of the Terrebonne Parish Recreation District No. 4 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1997, and have issued our report thereon dated February 17, 1998. 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 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 judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings.

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, could not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be 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. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 17, 1998.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 1997

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? yes X no

b) Federal Awards

Terrebonne Parish Recreation District No. 4 did not receive federal awards during the year ended December 31, 1997.

Section II Financial Statement Findings

1997-1 **Criteria** - Internal controls should be in place that provides reasonable assurance that all transactions are occurring as approved by the Board and are recorded in the accounting records.

Reportable Condition - All accounting functions of the District are performed by the Secretary/Treasurer. The Secretary/Treasurer also co-signs checks.

Effect - The District has lack of segregation of duties.

Cause - The new secretary was unaware of the problem with internal control.

Recommendation - We recommend that a board member, that is the primary co-signer to most checks, review the unopened bank statements and the returned transactions. Indication of the review should be evidenced in writing.

SCHEDULE OF FINDINGS
(Continued)

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 1997

Section II Financial Statement Findings (Continued)

1997-1 (Continued)

Response - The Secretary/Treasurer reports to the Board monthly on all financial activities. All significant financial matters are approved by the Board. A board member will receive bank statements in the mail and review all cash transactions. Indication of the board members review is indicated on all bank statements.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 1997

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

Internal Control

1996-1 **Condition** - All accounting functions of the District are performed by the Secretary/Treasurer. The Secretary/Treasurer also co-signs checks.

Response - Unresolved, the Secretary/Treasurer reports to the Board monthly on all financial activities and all significant financial matters are approved by the Board. Comment repeated as reportable condition 1997-1 in the Schedule of Findings.

Compliance

No compliance findings material to the general purpose financial statements were reported during the year ended December 31, 1996.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not receive federal awards during the year ended December 31, 1996.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1996.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 1997

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

Internal Control

1997-1 **Recommendation** - We recommend the Board enhance its involvement in the District's financial affairs by having the primary check co-signer receive the monthly bank statements and review all transactions enclosed.

Corrective Action - A board member received the monthly bank statements and reviews all items. The reviewer then documents the review with his initials.

Compliance

No compliance findings material to the general purpose financial statements were reported during the year ended December 31, 1997.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not receive federal awards during the year ended December 31, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.

COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 4,
Dulac, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Recreation District No. 4 (the District) for the year ended December 31, 1997, and have issued our report thereon dated February 17, 1998. Professional standards require that we provide you with the following information related to our audit.

1) OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

2) SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies

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

was not changed during 1997. 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 historical value of certain fixed assets, 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. Year end adjustments and closing entries were prepared and provided to management.

This information is intended solely for the use of the Board of Commissioners and management of Terrebonne Parish Recreation District No. 4 and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 17, 1998.