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Financial Report
Terrebonne Parish Recreation District No. 3
Houma, Louisiana
December 31, 1995

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Release Date JUN 26 1996

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 3,
Houma, Louisiana.

We have audited the accompanying general purpose financial statements of Terrebonne Parish Recreation District No. 3, (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1995, 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.

Except as discussed in the following paragraph; we conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District did not record concession revenues in their accounting records nor expenditures for which these funds were purported to have been used. Because of these inadequacies in the accounting records, we were unable to form an opinion regarding concession revenues nor possible expenditures from these funds in the accompanying statement of revenues, expenditures and changes in fund balance.

In our opinion, except for the effects of such adjustments, as might have been determined to be necessary had concession revenue and possible expenditures from these funds been susceptible to satisfactory audit tests, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Recreation District No. 3 as of December 31, 1995, and the results of its operations for the year ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 1996 on our consideration of the Terrebonne Parish Recreation District No. 3's internal control structure and a report dated May 10, 1996 on its compliance with laws and regulations.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 10, 1996.

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

Terrebonne Parish Recreation District No. 3

December 31, 1995

	<u>Governmental Fund Type - General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS</u>			
Cash	\$ 2,150	\$ -	\$ 2,150
Receivables - taxes	5,493	-	5,493
Due from other governmental units	44,988	-	44,988
Deposit	70	-	70
Fixed assets	-	319,393	319,393
	<hr/>	<hr/>	<hr/>
Totals	\$ 52,701	\$ 319,393	\$ 372,094
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts payable	\$ 4,458		\$ 4,458
Due to Terrebonne Parish Consolidated Government	22,938		22,938
	<hr/>		<hr/>
Total liabilities	27,396		27,396
	<hr/>		<hr/>
<u>FUND EQUITY</u>			
Investment in general fixed assets	-	\$ 319,393	319,393
Fund balance - unreserved	25,305	-	25,305
	<hr/>	<hr/>	<hr/>
Total fund equity	25,305	319,393	344,698
	<hr/>	<hr/>	<hr/>
Totals	\$ 52,701	\$ 319,393	\$ 372,094
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes - ad valorem	\$ 45,000	\$ 49,135	\$ 4,135
Intergovernmental - State of Louisiana:			
State revenue sharing	5,000	6,701	1,701
Miscellaneous:			
Interest	200	266	66
Other	-	811	811
Total revenues	<u>50,200</u>	<u>56,913</u>	<u>6,713</u>
Expenditures			
General Government:			
Ad valorem tax adjustment	1,200	552	648
Ad valorem tax deductions	1,800	2,379	(579)
Total general government	<u>3,000</u>	<u>2,931</u>	<u>69</u>
Culture and Recreation:			
Personal services	9,880	18,174	(8,294)
Supplies and materials	10,850	12,077	(1,227)
Other services and charges	12,850	17,518	(4,668)
Repairs and maintenance	5,000	4,415	585
Capital expenditures	12,000	10,482	1,518
Total culture and recreation	<u>50,580</u>	<u>62,666</u>	<u>(12,086)</u>
Total expenditures	<u>53,580</u>	<u>65,597</u>	<u>(12,017)</u>
Deficiency of Revenues Over Expenditures	(3,380)	(8,684)	(5,304)
Fund Balance			
Beginning of year	<u>33,989</u>	<u>33,989</u>	-
End of year	<u>\$ 30,609</u>	<u>\$ 25,305</u>	<u>\$ (5,304)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 3**

December 31, 1995

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Terrebonne Parish Recreation District No. 3 (the District) conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain 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, 1995.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

Governmental Funds (Continued)

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.

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.

The General Fund is accounted for using the modified accrual basis of accounting. 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. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

d) Operating Budgetary Data

As required by Louisiana Revised Statute 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. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Bad Debts

The financial statements for the District contain no allowance for bad debts. Uncollectible amounts due for ad valorem taxes 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 operation of the General Fund.

f) Investments:

Investments are stated at cost, which approximates market.

g) General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset 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") general 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 general fixed assets.

All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated.

h) Vacation and Sick Leave

The District has one full-time employee. There is no accumulated unpaid vacation and sick leave at December 31, 1995. Salaries and related employee benefits are paid by the Parish and subsequently reimbursed by the District. All salaries and related employee benefit transactions are reflected as personal services.

i) 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)

j) Total Column on Combined Statement - Overview

The total column on the combined statement - overview is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH AND INVESTMENTS

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 also requires that deposits of all political subdivisions 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. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The District's cash at December 31, 1995 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 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, 1992. 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, 1995 was \$7.00 per \$1,000 of assessed valuation on

Note 3 - PROPERTY TAXES (Continued)

property within Recreation District No. 3 for the purpose of maintaining, constructing and operating recreational facilities within the District.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 1995 consisted of the following:

State of Louisiana - State revenue sharing	\$ 4,468
Terrebonne Parish Tax Collector - December, 1995 collections remitted to the District in January, 1996	<u>40,520</u>
Total	<u>\$44,988</u>

Note 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January <u>1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance December <u>31, 1995</u>
Land and building	\$162,839	\$ 247	\$ -	\$163,086
Improvements other than and building	71,809	5,276	-	77,085
Machinery and equipment	<u>76,898</u>	<u>4,959</u>	<u>2,635</u>	<u>79,222</u>
Totals	<u>\$311,546</u>	<u>\$10,482</u>	<u>\$2,635</u>	<u>\$319,393</u>

Note 6 - DUE TO TERREBONNE PARISH CONSOLIDATED GOVERNMENT

Amounts due to Terrebonne Parish Consolidated Government (the Parish) at December 31, 1995 consisted of the following:

Salary reimbursement	\$12,938
Loan	<u>10,000</u>
Total	<u>\$22,938</u>

Note 6 - DUE TO TERREBONNE PARISH CONSOLIDATED GOVERNMENT (Continued)

See Note 1(h) for details on salary reimbursement. The loan with the Parish is an interest free loan and is covered by an intergovernmental agreement. The loan was to be used for current operations of the District and to pay the general operating expenses. The loan is payable to the Parish when a certain piece of land is sold. The District anticipates the sale of this land within the next year.

Note 7 - PENSION EXPENSE

As previously mentioned, the District has one full-time employee. This employee is enrolled in the Parochial Employees Retirement System through Terrebonne Parish Consolidated Government (the Parish). The total pension expense for 1995 was \$104. Full disclosure of the pension plan will be made in the Parish's report.

Note 8 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 1995.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE 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. 3,
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Recreation District No. 3 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 10, 1996. In our report, our opinion was qualified because the District did not record concession revenues in their accounting records nor expenditures for which the funds were purported to have been used for.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the District for the year ended December 31, 1995, we obtained an understanding on the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed

control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design of operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

1. **Finding** - Some checks were being disbursed by the District that contain only one signature (two signatures are required); were not dated and/or with the payor information incomplete. Preprinted checks do not have a line for two signatures and the title has Recreation District # rather than Recreation District #3. Some checks are not being posted to the disbursement's journal in a timely manner. Several checks were written in which the check number sequence did not correspond to the check dates due to the fact that the Secretary-Treasury issues blank signed checks to the Chairwoman.

Recommendation - All checks should have the required two signatures and be completely filled out. Preprinted checks should have lines for two signatures and the proper title of the District should be shown. No checks should be signed without all information being shown on the check. Checks should be posted to the disbursement journal in a timely manner.

Response - Checks are being recorded to show proper information. The check writing system is being changed. All checks and invoices will be handled at the meeting of the board. All information will be recorded and posted at this time.

2. **Finding** - Expenditures in some instances were posted to incorrect accounts. Some invoices were not properly canceled to prevent the duplication of payments. The District is not paying its bills in a timely manner and in some instances were assessed late charges. Invoices from Terrebonne Parish were not paid for a period of four to five months. Some expenditures are made in the form of reimbursements to individuals which causes sales taxes to be charged.

Recommendation - Expenditures on all invoices should be broken down and posted to the correct accounts. For budget and comparative purposes this is extremely important. All invoices should be paid in a timely manner in order to eliminate late charges. As a political subdivision the District is exempt from sales taxes. Proper forms for the exemption should be filed with all vendors and reimbursement's limited to emergencies.

Response - Same as above. This will be handled at the board meeting. All vendors will be given sales tax forms.

3. Finding - The District did not deposit any revenue for concession sales in 1995 although there were expenditures of \$3,455 for concession supplies. We were informed that proceeds from these sales were used for various expenditures but we were unable to verify this. An invoice in the amount of \$2,242 for raffle tickets and program books dated July 30, 1993 was paid on January 30, 1996. We reviewed revenues for 1993 and were unable to determine if any revenues were received for raffles or program books.

Recommendation - All funds from concession sales or other sources should be deposited as received in the District's checking account and expenditures made by check.

Response - Concession sales are no longer being handled by the district. There will be no expenditures or revenues from concessions. 1993 invoice for raffle tickets and program books were believed to be paid by the parish during the World Series Tournament held at the park, but actually were not. This was an oversight of Cajun Printing.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that all reportable conditions which are described above are material weaknesses. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the District, for the year ended December 31, 1995.

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.,
May 10, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE 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. 3,
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Recreation District No. 3 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 10, 1996. In our report, our opinion was qualified because the District did not record concession revenues in their accounting records nor expenditures for which the funds were purported to have been used for.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose 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 audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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.,
May 10, 1996.

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COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 3,
Houma, Louisiana.

In fulfilling our responsibility as Terrebonne Parish Recreation District No. 3 auditors for the year ended December 31, 1995, we are required to communicate to the Board of Commissioners certain matters related to the conduct of our audit.

1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

Except as discussed in the following paragraph; our audit was conducted in accordance with generally accepted auditing standards and "Government Auditing Standards", issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements.

The District did not record concession revenues in their accounting records nor expenditures for which these funds were purported to have been used. Because of these inadequacies in the accounting records, we were unable to form an opinion regarding concession revenues nor possible expenditures from these funds in the accompanying statement or revenues, expenditures and changes in fund balance.

Our opinion was qualified for the effects of such adjustments as might have been determined to be necessary had concession revenue and possible expenditure from these funds been susceptible to satisfactory audit tests.

As required, separate letters have been issued on internal control and compliance with laws and regulations.

2) SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted nor required to be adopted for the year ended December 31, 1995.

3) **SIGNIFICANT AUDIT ADJUSTMENTS**

We did not initiate any significant audit adjustments during our recent examination. Year end adjustments and closing entries were prepared and provided to management..

This information is intended solely for use by the Board of Commissioners and management of Terrebonne Parish Recreation District No. 3 and should not be used for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 10, 1996.