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*Financial Report*

*Terrebonne Parish Recreation District No. 2/3*

*Houma, Louisiana*

*December 31, 1996*

under provisions of state law, this report is a public document. A copy of the report has been submitted to the judges, 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 ~~July 24, 1997~~

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**December 31, 1996**

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Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 20,  
Houma, Louisiana.

We have audited the accompanying general purpose financial statements of Terrebonne Parish Recreation District No. 20 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1996, 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 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.

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. 20 as of December 31, 1996, 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 a report dated June 9, 1997 on our consideration of the Terrebonne Parish Recreation District No. 20's internal control structure and a report dated June 9, 1997 on its compliance with laws and regulations.

As discussed in Note 1c to the general purpose financial statements, the District changed its accounting policy on the reclassification of property taxes.

*Bourgeois Bennett, LLC*

Certified Public Accountants

Houma, La.,  
June 9, 1997.

**COMBINED BALANCE SHEET**  
**GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS**

**Terrebonne Parish Recreation District No. 23**

December 31, 1996

	Governmental Fund Type General	Account Groups		Total (Millions of Dollars)
		General Fixed Assets	General Long-Term Debt	
<b>Assets</b>				
Cash	\$ 35,133	\$ -	\$ -	\$ 35,133
Investments	90,000	-	-	90,000
Receivables - taxes	223,391	-	-	223,391
State revenue sharing receivable	13,132	-	-	13,132
Other	616	-	-	616
Fixed assets	-	993,844	-	993,844
Amount to be provided for retirement of general long-term debt	-	-	75,000	75,000
<b>Total</b>	<b>\$ 362,472</b>	<b>\$ 993,844</b>	<b>\$ 75,000</b>	<b>\$ 1,431,316</b>
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 1,785	-	\$ -	\$ 1,785
Deferred revenue	243,756	-	-	243,756
Due to Terrebonne Parish				
Consolidated Government	2,215	-	-	2,215
Notes payable	-	-	75,000	75,000
<b>Total liabilities</b>	<b>247,756</b>	<b>-</b>	<b>75,000</b>	<b>322,756</b>
<b>Fund Equity and Other Credits</b>				
Investment in general fixed assets	-	\$ 993,844	-	993,844
Fund balance - unreserved	114,716	-	-	114,716
<b>Total fund equity and other credits</b>	<b>114,716</b>	<b>993,844</b>	<b>-</b>	<b>1,108,560</b>
<b>Totals</b>	<b>\$ 362,472</b>	<b>\$ 993,844</b>	<b>\$ 75,000</b>	<b>\$ 1,431,316</b>

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. 203**

For the year ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 500	\$ 576	\$ 76
Miscellaneous:			
Interest	7,200	7,242	42
Other	500	493	(7)
<b>Total revenues</b>	<u>8,200</u>	<u>8,311</u>	<u>111</u>
<b>Expenditures</b>			
Current:			
General Government:			
Ad valorem tax adjustment	1,500	1,496	4
Culture and Recreation:			
Personal services	62,700	64,146	1,554
Supplies and materials	7,500	13,485	(5,985)
Other services and charges	31,000	28,792	2,208
Repairs and maintenance	39,000	23,211	15,789
Capital expenditures	79,000	73,462	5,538
<b>Total culture and recreation</b>	<u>222,300</u>	<u>204,096</u>	<u>18,204</u>
Debt Service:			
Principal retirement	25,000	25,000	-
<b>Total expenditures</b>	<u>248,700</u>	<u>230,592</u>	<u>18,108</u>
<b>Deficiency of Revenues Over Expenditures</b>	(240,500)	(222,281)	18,219
<b>Fund Balance</b>			
Beginning of year	336,997	336,997	-
End of year	<u>\$ 96,497</u>	<u>\$ 114,716</u>	<u>\$ 18,219</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Recreation District No. 23**

December 31, 1996

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

The accounting and reporting policies of the Terrebonne Parish Recreation District No. 23 (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, 1996.

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.

**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:

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.

**Account Groups**

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds. The General Long-Term Debt 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.

The District changed its accounting policy on the recodification of ad valorem property taxes as of and for the year ended December 31, 1996. Ad valorem taxes for the 1996 tax roll become due on November 15, 1996 and become delinquent on December 31. These taxes are levied to finance the budget for the 1997 year and will be recorded in 1997 as 1997 revenue. For the year ended December 31, 1996, these taxes are shown as deferred revenue. This accounting policy change was made because the majority of the 1996 property taxes are received in 1997 and are used to fund the 1997 budget.

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 recorded as revenue in the period for which levied, thus the 1996 property taxes which are being levied to finance the 1997 budget are recorded as revenue for the 1997 fiscal year. The 1996 tax levy is recorded as deferred revenue in the District's 1996 Financial Statements. Miscellaneous revenues are recorded as revenue 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. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

**d) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 29:1503, 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 twice for 1996. 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.

**e) 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 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 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.



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

**g) General Fixed Assets (Continued)**

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.

Certain general fixed assets (land and building) are recorded in the General Fixed Assets Account Group of the Terrebonne Parish Consolidated Government.

**h) Long-Term Debt**

The accounting and reporting treatment applied to the long-term debt associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental fund.

The Long-Term Debt 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.

**i) Vacation and Sick Leave**

The District's employees earn vacation and sick leave on the same basis as the Parish. However, vacation and sick leave can not be carried forward. There is no material unpaid vacation and sick leave at December 31, 1996.

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

**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) 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 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.

During the year the District invested in interest earning cash accounts and certificates of deposit. The District's cash and investments at any single bank are 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, 1996. Taxes are due and payable

**Note 3 - PROPERTY TAXES (Continued)**

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, 1996 was \$3.00 per \$1,000 of assessed valuation on property within Recreation District No. 203 for the purpose of maintaining, constructing and operating recreational facilities within the District. As indicated in Note 1c taxes levied November 1, 1996 are for budgeted expenditures in 1997 and will be recognized as revenues in 1997.

**Note 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance January 1, 1996	Additions	Balance December 31, 1996
Buildings	\$116,320	\$ -	\$116,320
Land	285,555	-	285,555
Improvements other than buildings	160,678	70,641	231,319
Equipment and furniture	<u>137,825</u>	<u>2,821</u>	<u>140,646</u>
Totals	<u>\$500,382</u>	<u>\$73,462</u>	<u>\$573,844</u>

**Note 5 - LONG-TERM DEBT**

On March 8, 1995, the District purchased land to be used as a playground for \$150,000. Under the terms of the purchase the District paid a \$50,000 down payment and will finance the remaining \$100,000 in a noninterest bearing note over four years. The note is secured by a mortgage on the land and payment is due March 19th of each year.

The following is a summary of changes in the long-term debt of the District for the year ended December 31, 1996:

Notes payable at January 1, 1996	\$100,000
Principal retirement	<u>25,000</u>
Notes payable at December 31, 1996	<u>\$ 75,000</u>

**Note 5 - LONG-TERM DEBT (Continued)**

The annual requirements to amortize the note outstanding at December 31, 1996 are as follows:

Year	Principal
1997	\$25,000
1998	25,000
1999	25,000
Totals	<u>\$75,000</u>

**Note 6 - COMPENSATION OF BOARD MEMBERS**

The District did not pay per diem to any of its Board members.

**Note 7 - RISK MANAGEMENT**

The District participates in Terrebonne Parish's (oversight entity) risk management internal service funds for general liability, workers compensation, property and auto liability. The District's premium for general liability is based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers compensation are based on a fixed percentage of payroll. The premium for auto liability is based on claims experience, vehicle type and mileage. The premium for property is based on the District's percentage of property value to the total of all the Parish's property value covered. Terrebonne Parish handles all claims filed against the District. The District does not have any additional exposure unless the claims exceed the Parish's insurance contracts.

**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. 27,  
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Recreation District No. 27 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 9, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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, 1996, 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 a certain matter, which is listed in Schedule I, involving the internal control structure and its operation that we consider to be a reportable condition 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 or 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.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element 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 the reportable condition described in Schedule I is not 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.



Certified Public Accountants.

Houma, La.,  
June 9, 1997.



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. 23,  
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Recreation District No. 23 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 9, 1997.

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 each provision. Accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance, which is listed in Schedule I, that is required to be reported herein under Government Auditing Standards.

We considered this instance of noncompliance in forming our opinion on whether the general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 9, 1997, on these general purpose financial statements.

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.,  
June 9, 1997.



**SCHEDULE OF REPORTABLE CONDITION**

Terrebonne Parish Recreation District No. 23

December 31, 1996

**Condition** - A lack of segregation of duties exists in the area of cash disbursements. One employee is responsible for purchasing goods and services, verifying the receipt of the goods and services, signing checks and receiving bank statements. Cash disbursements were made to an unincorporated individual without obtaining the necessary federal identification number or social security number. Louisiana Revised Statutes 38:2211-2225, which require phone quotes or facsimile quotes to be obtained and kept as a part of the purchase file for all purchases of materials and supplies between \$5,000 and \$10,000. We noted one purchase which was within the scope of phone or facsimile quotes for which proper quote documentation and proper Internal Revenue Service filing was incomplete. Furthermore, all significant controls of this transactions were executed by the same employee.

**Recommendation** - We recommend that a member of the Board sign all checks relating to the purchase of goods and services, receive all bank statements directly from the banks, review the contents of all bank statements and evidence this review in writing. We recommend that the proper information for unincorporated individuals or entities be obtained prior to the disbursement of funds. We also recommend that quotes be obtained and kept as a part of the purchase file for all purchases of materials and supplies between \$5,000 and \$10,000.

**Response** - A member of the Board will sign all checks relating to the purchase of goods and services. The Chairman will receive all bank statements directly from the bank and review the contents of all bank statements. Quotes will be obtained and kept as a part of the purchase file for all purchases of materials and supplies between \$5,000 and \$10,000.



Bourgeois Bennett

**COMMUNICATIONS WITH BOARD OF COMMISSIONERS**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 27,  
Houma, Louisiana.

In fulfilling our responsibility as Terrebonne Parish Recreation District No. 27 auditors for the year ended December 31, 1996, 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**

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 statements are free of material misstatements.

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

**2) SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are described in Note 1 to the component unit financial statements. The new accounting policy on the recordation of ad valorem property taxes as described in Note 3c was adopted for the year ended December 31, 1996.

**3) SIGNIFICANT AUDIT ADJUSTMENTS**

We did not initiate any significant audit adjustment 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 27 and should not be used for any other purpose.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

Houma, La.,  
June 9, 1997.