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Terrebonne Parish Recreation District No. 10

December 31, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 10,
Thibodaux, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 10, (the District), a component unit of the Terrebonne Parish Consolidated Government, 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 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. 10 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 May 4, 1998 on our consideration of the Terrebonne Parish Recreation District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, LLC

Certified Public Accountants.

Haouss, La.,
May 4, 1998.

**COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS**

Terrebonne Parish Recreation District No. 10

December 31, 1997

	Governmental Fund Types		
	General	Capital Projects	Debt Service
ASSETS AND OTHER DEBITS			
Assets			
Cash	\$ 34,389	\$ 10,536	\$ 80,512
Investments	-	-	129,000
Receivables - taxes	5,211	-	4,394
Due from other governmental units	101,407	-	82,868
Fixed assets	-	-	-
Other Debits			
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and other debits	<u>\$ 141,007</u>	<u>\$ 10,536</u>	<u>\$ 292,774</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable and accrued expenditures	\$ 839		
Due to Terrebonne Parish Consolidated Government	305		
Bonds payable	-		
	<u>-</u>		
Total liabilities	<u>1,144</u>		
Equity and Other Credits			
Investment in general fixed assets			
Fund balances:			
Reserved:			
Capital contracts	-	\$ 10,536	\$ -
Debt service	-	-	292,774
Unreserved	139,863	-	-
	<u>139,863</u>	<u>10,536</u>	<u>292,774</u>
Total equity and other credits	<u>139,863</u>	<u>10,536</u>	<u>292,774</u>
Total liabilities, equity and other credits	<u>\$ 141,007</u>	<u>\$ 10,536</u>	<u>\$ 292,774</u>

See notes to financial statements.

Account Groups		Total (Memorandum Only)
General Fixed Assets	General Long-Term Debt	
\$ -	\$ -	\$ 125,437
-	-	125,000
-	-	9,685
-	-	184,375
1,899,701	-	1,899,701
-	292,774	292,774
-	<u>327,226</u>	<u>327,226</u>
<u>\$ 1,899,701</u>	<u>\$ 620,000</u>	<u>\$ 2,964,018</u>
	\$ -	\$ 839
	-	308
	<u>620,000</u>	<u>620,000</u>
	<u>620,000</u>	<u>621,144</u>
\$ 1,899,701		1,899,701
-		80,526
-		292,774
-		<u>129,863</u>
<u>1,899,701</u>		<u>2,342,874</u>
<u>\$ 1,899,701</u>	<u>\$ 620,000</u>	<u>\$ 2,964,018</u>

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

Terrebonne Parish Recreation District No. 10

For the year ended December 31, 1997

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues				
Taxes - ad valorem	\$ 114,176	\$ -	\$ 96,319	\$ 210,495
Intergovernmental:				
State of Louisiana:				
State revenue sharing	4,691	-	-	4,691
Charges for services	3,466	-	-	3,466
Miscellaneous:				
Interest	1,778	148	8,651	10,578
Other	47	-	-	47
Total revenues	<u>124,158</u>	<u>148</u>	<u>104,970</u>	<u>233,276</u>
Expenditures				
Current:				
General Government:				
Ad valorem tax adjustment	532		648	1,180
Ad valorem tax deductions	3,853		4,375	10,788
Total general government	<u>4,385</u>		<u>5,023</u>	<u>11,968</u>
Culture and Recreation:				
Personnel services	78,315	-		78,315
Supplies and materials	11,795	-		11,795
Other services and charges	18,852	-		18,852
Repairs and maintenance	18,814	-		18,814
Capital expenditures	8,680	798		18,478
Total culture and recreation	<u>121,066</u>	<u>798</u>		<u>121,864</u>
Debt Service:				
Principal retirement			65,000	65,000
Interest and fiscal charges			45,861	45,861
Total debt service			<u>110,861</u>	<u>110,861</u>
Total expenditures	<u>125,451</u>	<u>798</u>	<u>116,436</u>	<u>242,685</u>
Deficiency of Revenues Over Expenditures	<u>(3,293)</u>	<u>(647)</u>	<u>(11,466)</u>	<u>(15,406)</u>
Fund Balances				
Beginning of year	143,155	11,183	304,240	458,578
End of year	<u>\$ 139,862</u>	<u>\$ 10,536</u>	<u>\$ 292,774</u>	<u>\$ 443,172</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 10

For the year ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 116,285	\$ 114,176	\$ (2,109)
Intergovernmental:			
State of Louisiana:			
State revenue sharing	4,700	4,691	(9)
Charges for services	3,450	3,466	16
Miscellaneous:			
Interest earned	1,800	1,379	(421)
Other	100	47	(53)
	<u>126,335</u>	<u>124,159</u>	<u>(2,176)</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	532	532	
Ad valorem tax deductions	<u>5,853</u>	<u>5,853</u>	
Total general government	<u>6,385</u>	<u>6,385</u>	
Culture and Recreation:			
Personnel services	72,250	70,115	2,135
Supplies and materials	12,300	11,705	595
Other services and charges	16,450	18,952	(2,502)
Repairs and maintenance	12,000	10,614	1,386
Capital expenditures	<u>9,700</u>	<u>9,680</u>	20
Total culture and recreation	<u>122,700</u>	<u>121,066</u>	1,634
Total expenditures	<u>129,085</u>	<u>127,451</u>	<u>1,634</u>
Deficiency of Revenues Over Expenditures	(2,150)	(3,292)	542
Fund Balances			
Beginning of year	<u>143,135</u>	<u>143,135</u>	-
End of year	<u>\$ 140,405</u>	<u>\$ 139,843</u>	<u>\$ 542</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 10**

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 10 (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 component unit 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 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 are the Governmental Funds 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.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

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

Account Groups

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 refers to the timing of the measurements made, regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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 an intermediary collecting agency because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

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 once 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

Investments are stated at cost, which approximates market.

h) 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.

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.

i) 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 funds.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Vacation and Sick Leave

The District follows the vacation and sick leave policies of Terrebonne Parish Consolidated Government. There is no material accumulated vacation at December 31, 1997.

k) Encumbrances

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

l) Fund Equity

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

m) Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do 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 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 with a trust company for the account of the political subdivision.

Note 2 - DEPOSITS (Continued)

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 amounts as shown on the combined balance sheet are follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$100,000	\$ -	\$15,980	\$125,437
Investments:				
Certificates of deposit	<u>100,000</u>	<u>-</u>	<u>24,000</u>	<u>124,000</u>
Totals	<u>\$200,000</u>	<u>\$-</u>	<u>\$40,980</u>	<u>\$250,437</u>

At December 31, 1997, cash and certificates of deposit in excess of the FDIC insurance were 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 19:1229 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 \$5.93 per \$1,000 of assessed valuation on property within Recreation District No. 10 for the purpose of maintaining and operating recreational facilities within the District and \$5.00 per \$1,000 of assessed valuation for the payment of principal and interest.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

	<u>General Fund</u>	<u>Debt Service Fund</u>
State of Louisiana -		
State revenue sharing	\$ 3,126	\$ -
Terrebonne Parish Tax Collector -		
December, 1997 collections remitted to the District in January, 1998:		
Ad valorem taxes	<u>98,281</u>	<u>82,868</u>
Totals	<u>\$101,407</u>	<u>\$82,868</u>

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 1997	Additions	Deletions	Balance December 31, 1997
Land and buildings	\$1,642,987	\$ -	\$ -	\$1,642,987
Improvements other than buildings	76,378	69,253	-	145,631
Machinery and equipment	88,723	18,650	9,232	98,141
Office furniture, fixtures and equipment	12,942	-	-	12,942
Construction in progress	<u>76,422</u>	<u>-</u>	<u>76,422</u>	<u>-</u>
Totals	<u>\$1,897,432</u>	<u>\$87,903</u>	<u>\$85,654</u>	<u>\$1,899,701</u>

Note 6 - LONG-TERM DEBT

At December 31, 1997, the District had outstanding general obligation bonds totaling \$620,000 bearing interest from 6.8% to 7.0% which are repayable through March 1, 2004 primarily from ad valorem tax revenues.

The following is a summary of bond transactions of the District for the year ended December 31, 1997:

Bonds payable at January 1, 1997	\$685,000
Bonds retired	<u>65,000</u>
Bonds payable at December 31, 1997	<u>\$620,000</u>

Note 6 - LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term debt outstanding at December 31, 1997 are as follows:

Year	Principal	Interest	Total
1998	\$ 70,000	\$ 40,687	\$110,687
1999	75,000	35,739	110,739
2000	80,000	30,400	110,400
2001	85,000	24,675	109,675
2002	95,000	18,775	113,775
2003 - 2004	<u>215,000</u>	<u>15,225</u>	<u>230,225</u>
Totals	<u>\$620,000</u>	<u>\$165,111</u>	<u>\$785,111</u>

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System Pension Plan (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana. PERS provides retirement, disability benefits and death benefits to plan members and beneficiaries. PERS is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana. The PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana, USA 70898-4619.

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 covered payroll. The contribution requirements of plan members and the District are established and may be amended by State Statute. The District's contributions to PERS for the years ending December 31, 1997, 1996 and 1995 were \$681, \$275 and \$258, respectively, equal to the required contributions for each year.

Note 8 - COMPENSATION OF BOARD MEMBERS

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

Board Members	Number of Meetings Attended	Per Diem
Arthur Bishop	3	\$ 30
Charlene Hebert	9	90
Burt Poinecot	10	100
Lloyd Poinecot	11	110
Wayne Theriot	7	70
Kerry Tivet	8	80
Gail Whitney	5	50
Total		<u>\$520</u>

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 are 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:

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

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, \$2,481,697 for general liability and workers' compensation and \$3,643,862 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



Georgiois 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. 10,
Thibodaux, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 10 (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 May 4, 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 these 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

none 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. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, LLC.

Certified Public Accountants

Monroe, La.,
May 4, 1998.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 10

For the year ended December 31, 1997

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

Internal Control

No material weaknesses were reported for the year ended December 31, 1996.
No reportable conditions were reported for the year ended December 31, 1996.

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 10 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. 10

For the year ended December 31, 1997

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

Internal Control

No material weaknesses were reported for the year ended December 31, 1997.
No reportable conditions were reported for the year ended December 31, 1997.

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 10 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



Georgakis Bennett

COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,
Terrebonne Parish Restoration District No. 10,
Theriot, Louisiana.

We have audited the general-purpose financial statements of Terrebonne Parish Restoration District No. 10 (the District) for the year ended December 31, 1997, and have issued our report thereon dated May 4, 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

3) 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 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. 10 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, LLC.

Certified Public Accountants