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Financial Report

Terrebonne Parish Recreation District No. 7

Chauvin, Louisiana

December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been distributed to the auditor, or reviewer, 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 ~~SEE DATE PAGE~~

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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. 7,
Chauvin, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 7 (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. These 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. 7 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 June 1, 1998 on our consideration of the Terrebonne Parish Recreation District No. 7'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

Houma, La.,
June 1, 1998.

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

Terrebonne Parish Revenue District No. 7

December 31, 1997

	Governmental	Account Groups		Total (Governmental Only)
	Fund Type	General	General	
	General	Fund Assets	Long-Term Debt	
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 7,429	\$ -	\$ -	\$ 7,429
Investments	30,000	-	-	30,000
Receivables - taxes	9,295	-	-	9,295
Due from other governmental units	108,121	-	-	108,121
Prepaids	-	915,073	-	915,073
Other Debits				
Amount to be provided in retirement of general long-term debt	-	-	120,905	120,905
Total assets and other debits	<u>\$ 214,845</u>	<u>\$ 915,073</u>	<u>\$ 120,905</u>	<u>\$ 1,250,823</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 6,568	\$ -	\$ -	\$ 6,568
Due to Terrebonne Parish	-	-	-	-
Consolidated Government	1,073	-	123,305	124,378
Total liabilities	<u>7,641</u>	<u>-</u>	<u>123,305</u>	<u>131,286</u>
Equity and Other Credits				
Investment in general fund assets	-	\$ 915,073	-	915,073
Fund balance - unrestricted	207,204	-	-	207,204
Total equity and other credits	<u>207,204</u>	<u>915,073</u>	<u>-</u>	<u>1,122,277</u>
Total liabilities, equity and other credits	<u>\$ 214,845</u>	<u>\$ 915,073</u>	<u>\$ 120,905</u>	<u>\$ 1,250,823</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. 7

For the year ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes - ad valorem	\$ 163,000	\$ 181,908	\$ 18,908
Intergovernmental:			
State of Louisiana:			
State revenue sharing	10,000	84,000	4,001
Charges for services	16,900	89,487	2,587
Miscellaneous - interest	6,400	4,942	(1,458)
Total revenues	<u>196,300</u>	<u>220,318</u>	<u>24,038</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	1,200	834	266
Ad valorem tax deductions	7,500	9,336	(1,836)
Total general government	<u>8,700</u>	<u>10,170</u>	<u>(1,470)</u>
Culture and Recreation:			
Personal services	62,700	62,315	385
Supplies and materials	18,000	22,347	(4,347)
Other services and charges	65,400	77,452	(12,052)
Repairs and maintenance	22,000	22,299	(299)
Capital expenditures	31,000	44,389	(13,389)
Total culture and recreation	<u>199,100</u>	<u>228,822</u>	<u>(29,722)</u>
Debt Service:			
Principal retirement	12,300	12,300	-
Total expenditures	<u>220,100</u>	<u>251,492</u>	<u>(31,392)</u>
Deficiency of Revenues Over Expenditures	<u>(23,800)</u>	<u>(31,084)</u>	<u>(7,284)</u>
Other Financing Source			
Proceeds of general fund assets dispositions	780	750	30
Deficiency of Revenues and Other Financing Source Over Expenditures	<u>(23,190)</u>	<u>(30,334)</u>	<u>(7,204)</u>
Fund Balance			
Beginning of year	<u>257,397</u>	<u>257,397</u>	<u>-</u>
End of year	<u>\$ 214,207</u>	<u>\$ 207,063</u>	<u>\$ (7,204)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 7**

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 7 (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 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 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.

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 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. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end. The District amended its 1997 budget once during the year.

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 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 Funds.

g) Investments

Investments are stated at cost, which approximates market.

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 financial position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fixed Assets (Continued)

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 or estimated historical cost if actual historical cost is not available. Fixed assets with an estimated historical cost amounted to approximately \$11,500 or 1.2% of the total General Fixed Assets Account Group. Donated fixed assets are valued at their estimated fair value on the date donated.

l) 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 debt 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.

j) Vacation and Sick Leave

Full-time employees receive two weeks vacation. There is no material unpaid vacation at December 31, 1997.

The District does not have a sick leave policy.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Encumbrances

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

l) 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. 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. In accordance with state law all cash and deposits were collateralized.

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.

Note 2 - DEPOSITS (Continued)

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
	Risk Category			
	1	2	3	
Cash	\$25,027	\$ -	\$ -	\$17,428
Investments:				
Certificates of deposit	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Totals	<u>\$55,027</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,428</u>

At December 31, 1997, cash and certificates of deposit were 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 revaluation of all property is required to be completed no less than every four years. The last revaluation 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 \$8.00 per \$1,000 of assessed valuation on property within Recreation District No. 7 for the purpose of constructing, 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:

Terrebonne Parish Consolidated Government	\$ 138
State of Louisiana - State revenue sharing	9,334
Terrebonne Parish Tax Collector - December, 1997 collections remitted to the District in January, 1998 Ad valorem taxes	<u>148,849</u>
Total	<u>\$158,321</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	\$785,791	\$16,000	\$ 3,480	\$798,311
Machinery and equipment	45,789	16,913	5,736	56,966
Office furniture, fixtures and equipment	<u>48,016</u>	<u>11,476</u>	<u>1,656</u>	<u>57,836</u>
Totals	<u>\$879,596</u>	<u>\$44,389</u>	<u>\$10,872</u>	<u>\$913,113</u>

Note 6 - LONG-TERM DEBT

At December 31, 1997, the District had outstanding interest free loans from the Terrebonne Parish Consolidated Government. The following is a summary of changes in the debt of the District for the year ended December 31, 1997.

	Payable January 1, 1997	Debt Retirement	Payable December 31, 1997
Terrebonne Parish Consolidated Government	<u>\$135,635</u>	<u>\$12,330</u>	<u>\$123,305</u>

Note 6 - LONG-TERM DEBT (Continued)

The annual requirements to amortize the debt outstanding at December 31, 1997 are as follows:

Year	Principal
1998	\$ 12,330
1999	12,330
2000	12,330
2001	12,330
2002	12,330
2003-2007	<u>61,655</u>
Total	<u>\$123,365</u>

Note 7 - 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
Andrew Blanchard	8	\$80
Fanny Blanchard	7	70
Allied Harris	9	90
Robert Henry	4	40
Yvonne LeBoeuf	1	10
Nicky Lirens	12	120
Timothy Lyons	4	40
Kevin Rausse	12	120
Barry Soudelier	9	<u>90</u>
Total		<u>\$660</u>

Note 8 - RISK MANAGEMENT

The District participates in the Parish's (oversight entity) risk management internal service funds for general liability and workers compensation. 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 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	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 \$1,005,662 for group insurance 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. 7,
Cloutiers, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 7 (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 June 1, 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 instances of noncompliance that are required to be reported under Government Auditing Standards which is described in the Schedule of Findings and Questioned Costs as items 97-3, 97-4 and 97-5.

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. However, we noted certain matters involving the internal control over

financial reporting and its operations that we consider to be reportable conditions. 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 conditions are described in the Schedule of Findings and Questioned Costs as items 97-1 and 97-2.

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, of the reportable conditions described, we consider items 97-1 and 97-2 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, L.L.C.

Certified Public Accountants.

Houma, La.,
June 1, 1998.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Terrebonne Parish Recreation District No. 7

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? X yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 7 did not receive federal awards during the year ended December 31, 1997.

Section II Financial Statement Findings

Internal Control

97-1 **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.

Condition - Ten checks were not recorded in the general ledger but were included on outstanding checks on the December bank reconciliation. As a result, the ending balance in the general ledger did not agree to the balance per the bank reconciliation. Also, the board member who receives and reviews the bank statement is not evidencing their review in writing.

Questioned Cost - None

Context - These ten checks are the only items not recorded as of December 31, 1997.

Effect - Cash was out of balance at the end of the year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1997

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

97-1 (Continued)

Cause - Tim checks were not recorded in the general ledger.

Recommendation - The District should verify that the ending balance in the general ledger agrees to the bank reconciliation every month. Also, the board member should initial the bank statement once the statement has been reviewed to ensure better controls over cash.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

97-2 **Criteria** - Internal controls should be in place that provides reasonable assurance that all checks are being deposited timely and are recorded in the correct accounting period. Louisiana Revised Statute 39:1211-1219 states that deposits must be made twice on a daily basis.

Condition - During the audit, it was noted that the District violated state law because checks are not being deposited timely. The District is not retaining a copy of the deposit slip and not attaching the deposit slip to the remittance advice or a copy of the check.

Questioned Cost - None

Context - Not applicable.

Effect - An ad valorem revenue check received in December 1997 was not deposited until January 20, 1998.

Cause - The District is not depositing checks timely.

Recommendation - The Secretary/Treasurer should make deposits on a timely basis as necessary. Once the checks are deposited, a copy of the deposit slip should be kept and the remittance advice or a copy of the check should be attached.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1997

Section II Financial Statement Findings (Continued)

Internal Control (continued)

97-2 (Continued)

Views of Responsible Officials of the Auditor when there is Disagreement with the Finding, to the Extent Practical - None

Compliance

97-3 Criteria - Louisiana Revised Statute 28:1304-1314 requires that the Secretary/Treasurer must advise the board when actual revenues are less than budgeted revenues by five percent or more, and when actual expenditures exceed budgeted expenditures by five percent or more.

Condition - The District violated state law because actual expenditures exceeded budgeted expenditures by more than five percent.

Questioned Costs - None

Context - Not applicable.

Effect - The District's actual expenditures exceeded budgeted expenditures by more than five percent.

Cause - The District is not comparing budget to actual for revenues and expenditures on a timely basis and amending the budget as necessary.

Recommendation - The District should monitor budgeted to actual revenues and expenditures on a monthly basis and amend their budget at the end of the year.

Views of Responsible Officials of the Auditor when there is Disagreement with the Finding, to the Extent Practical - None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1997

Section II Financial Statement Findings (Continued)

Compliance (Continued)

97-4 **Criteria** - Louisiana Revised Statute 38:2211-2225 requires that phone or facsimile quotes be obtained and kept as part of the purchase file for all purchases of materials and supplies between \$5,000 and \$10,000 (effective until August 15, 1997) and let to the lowest responsible bidder.

Condition - The District violated public bid law because they did not keep quotes for the purchase of 60 tables and 440 chairs that in total exceeded the amount required to obtain quotes that should be kept as part of the purchase file.

Questioned Cost - \$9,746

Context - This instance is the only purchase exceeding the legal limit to obtain quotes that should be kept as part of the purchase file for the year ended December 31, 1997.

Effect - The District may have overpaid for these items.

Cause - No quotes were kept as part of the purchase file.

Recommendation - Phone quotes should be obtained and kept as part of the purchase file for all purchase of materials and supplies between \$5,000 and \$10,000 (effective on August 15, 1997) and let to the lowest responsible bidder to be in compliance with public bid law.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None.

97-5 **Criteria** - Louisiana Revised Statute 49:125, 33-6712 and Attorney General Opinion 78-512 states that the governing authority may sell surplus property by auction and let to the highest responsible bidder and must retain bids as part of the file.

Condition - The District obtained three bids for the sale of a tractor but only two bids were found. The tractor was sold to someone whose bid was not maintained in the file and there is no record of who bought the tractor.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1997

Section II Financial Statement Findings (Continued)

Compliance (Continued)

97-5 (Continued)

Questioned Cost - None:

Context - The surplus of the tractor was an isolated transaction for the year ended December 31, 1997.

Effect - The District sold the tractor for an amount that exceeded the highest bid maintained in the file.

Cause - The District did not retain all of the bids as part of the bids file.

Recommendation - The District should advertise to sell surplus equipment and keep the bids as part of the bid file.

Views of Responsible Officials of the Auditor when there is Disagreement with the Finding, to the Extent Practical - None.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 7

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. 7 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. 7

For the year ended December 31, 1997

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

Internal Control

97-1 **Recommendation** - The District should verify that the ending balance in the general ledger agrees to the bank reconciliation every month. Also, the board member should initial the bank statement once the statement has been reviewed to ensure better controls over cash.

Management's Corrective Action - The Secretary/Treasurer said it is her practice to reconcile the ending balance to the bank reconciliation. The board member who receives the bank statement will evidence their review in writing.

97-2 **Recommendation** - The Secretary/Treasurer should make deposits on a timely basis as necessary. Once the checks are deposited, a copy of the deposit slip should be kept and the remittance advice or a copy of the check should be attached.

Management's Corrective Action - The Secretary/Treasurer District will be more timely with depositing of funds.

Compliance

97-3 **Recommendation** - The District should monitor budgeted to actual revenues and expenditures on a monthly basis and amend their budget at the end of the year.

Management's Corrective Action - The Secretary/Treasurer will monitor the budget to actual financial statements more frequently and amend their budget as necessary at the end of the year.

97-4 **Recommendation** - Three quotes should be obtained and kept as part of the purchase file for all purchase of materials and supplies between \$7,500 and \$15,000 (effective August 15, 1997) and let to the lowest responsible bidder to be in compliance with public bid law.

Management's Corrective Action - The District will be more careful when purchasing equipment and make sure quotes are obtained and kept as part of the purchase file when required to be in compliance with public bid law.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1997

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

Compliance (Continued)

97-5 **Recommendation** - The District should advertise sell surplus equipment and keep the bids as part of the bid file.

Management's Corrective Action - The District said that it was an oversight that they did not keep the bid that was used as the highest bid to sell the tractor.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 7 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. 7,
Houma, Louisiana.

We have audited the general-purpose financial statements of Terrebonne Parish Recreation District No. 7 (the District) for the year ended December 31, 1997, and have issued our report thereon dated June 1, 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.

This information is intended for the use of the Board of Commissioners and management of Terrebonne Parish Recreation District No. 7 and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.



Certified Public Accountants