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Financial Report
Terrebonne Parish Recreation District No. 1
Schriever, Louisiana
December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Bureau Manager's Office of the Legislative Auditor and various committees, at the office of the parish clerk of court.

Release Date March 4 1999

TABLE OF CONTENTS

Terrebonne Parish Recreation District No. 1

December 31, 1998

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii
Financial Section		
Independent Auditor's Report		1
Combined Balance Sheet - Governmental Fund Type and Account Group	A	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - General Fund	B	3
Notes to Financial Statements	C	4 - 11
Special Reports Of Certified Public Accountants		
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		12 - 13
Schedule of Findings		14
Reports By Management		
Schedule of Prior Year Findings		15
Management's Corrective Action Plan		16



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 1,
Schriever, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 1, (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1998, 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. 1 as of December 31, 1998, 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 January 25, 1999 on our consideration of the Terrebonne Parish Recreation District No. 1'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.,
January 25, 1999.

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

Terrebonne Parish Recreation District No. 1

December 31, 1998

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Minimums Only)</u>
Assets			
Cash	\$ 34,446	\$ -	\$ 34,446
Investments	92,537	-	92,537
Receivables - taxes	24,285	-	24,285
Due from other governmental units	181,385	-	181,385
Fixed assets	-	661,964	661,964
Total assets	<u>\$ 332,653</u>	<u>\$ 661,964</u>	<u>\$ 994,617</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 4,844		\$ 4,844
Due to Terrebonne Parish Consolidated Government	256		256
Total liabilities	<u>5,100</u>		<u>5,100</u>
Equity and Other Credits			
Investment in fixed assets		\$ 661,964	661,964
Fund balance - unreserved	327,553	-	327,553
Total equity and other credits	<u>327,553</u>	<u>661,964</u>	<u>989,517</u>
Total liabilities, equity and other credits	<u>\$ 332,653</u>	<u>\$ 661,964</u>	<u>\$ 994,617</u>

See notes to financial statements.

Exhibit B

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

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 194,567	\$ 194,567	\$ -
Intergovernmental:			
State of Louisiana			
State revenue sharing	20,000	20,733	6,733
Changes for services	3,500	3,800	(500)
Miscellaneous:			
Interest	7,899	8,073	174
Other	59	59	-
Total revenues	<u>226,025</u>	<u>232,432</u>	<u>6,407</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	4,864	642	4,222
Ad valorem tax deductions	5,837	5,745	92
Total general government	<u>10,701</u>	<u>6,387</u>	<u>4,314</u>
Culture and Recreation:			
Personal services	33,134	35,919	1,221
Supplies and materials	3,582	3,824	(242)
Other services and charges	29,722	29,898	(168)
Repairs and maintenance	16,880	18,685	(1,805)
Capital expenditures	48,584	41,764	7,220
Total culture and recreation	<u>136,902</u>	<u>130,086</u>	<u>6,216</u>
Total expenditures	<u>147,603</u>	<u>136,473</u>	<u>10,530</u>
Excess of Revenues over Expenditures	<u>\$ 79,022</u>	<u>95,959</u>	<u>\$ 16,937</u>
Fund Balance			
Beginning of year		<u>231,594</u>	
End of year		<u>\$ 327,553</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 1**

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 1 (the District) conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1998.

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 Group

An account group is used to establish accounting control and accountability. The District's Account Group is as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (Intergovernmental 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 because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Basis of Accounting (Continued)

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

f) 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.

g) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1503, 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 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.

h) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. 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.

i) Investments

Investments consist of certificates of deposit which are stated at cost and approximate market value.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Fixed Assets

Fixed assets used in governmental fund type operations (fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of 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 or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Fixed assets with an estimated historical cost amounted to approximately \$8,100 or 1.2% of the total General Fixed Assets Account Group.

i) Vacation and Sick Leave

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1998.

j) Encumbrances

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

k) Memorandum Only - Total Column

The total column on the general-purpose financial statement 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 transactions 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 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.

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 balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 36,431	\$ -	\$ -	\$ 34,446
Investments:				
Certificates of deposit	<u>92,537</u>	<u>-</u>	<u>-</u>	<u>92,537</u>
Totals	<u>\$128,968</u>	<u>\$-</u>	<u>\$-</u>	<u>\$126,983</u>

Note 2 - DEPOSITS (Continued)

At December 31, 1998, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by an unaffiliated bank for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 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, 1998 was \$7.88 per \$1,000 of assessed valuation on property within Recreation District No. 1 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, 1998 consisted of the following:

State of Louisiana - State revenue sharing	\$ 13,822
Terrebonne Parish Tax Collector - December, 1998 collections remitted to the District in January, 1999:	
Ad valorem taxes	163,563
Total	<u>\$177,385</u>

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January <u>1, 1998</u>	Additions	Deletions	Balance December <u>31, 1998</u>
Land and buildings	\$527,791	\$40,012	\$ -	\$567,803
Improvements other than building	1,223	-	-	1,223
Machinery and equipment	81,669	1,752	575	82,846
Office furniture, fixtures and equipment	<u>10,892</u>	<u>-</u>	<u>-</u>	<u>10,892</u>
Totals	<u>\$620,575</u>	<u>\$41,764</u>	<u>\$575</u>	<u>\$661,764</u>

Improvements to a baseball field, a walking trail, basketball courts, parking area, bathroom/concession facility and volleyball courts, were paid through Community Development Block Grants received and administered by the Terrebonne Parish Consolidated Government. The cost of these improvements are not included in the District's General Fixed Assets Account Group.

Note 6 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members for the year ended December 31, 1998.

Note 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation, torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance; and also participates in the Parish's risk management program for general liability and workers' compensation. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability is based on various factors such as its opera-

Note 7 - RISK MANAGEMENT (Continued)

tions and maintenance budget, exposure and claims experience). The Parish handles its all claims filed against the District related to workers' compensation and general liability. 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

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, \$887,017 at December 31, 1997, then secondly by the District. At December 31, 1998, the District had no claims in excess of the above coverage limits.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Margolis 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. 1,
Schriever, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 1 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1998, and have issued our report thereon dated January 25, 1999. 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 issue 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 and is not intended to be and should not be used by anyone other than those specified parties.

Bouguin Bennett, LLC

Certified Public Accountants

Monroe, La.,
January 15, 1999.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 1998

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? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 1 did not receive federal awards during the year ended December 31, 1998.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1998.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 1998

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

Internal Control

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 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.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 1998

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

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1998.
No reportable conditions were noted during the audit for the year ended December 31, 1998.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 did not receive federal awards during the year ended December 31, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.