

181
33 JUN 1990 P 1: 55

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

Financial Report
Terrebonne Parish Recreation District No. 6
Montegut, 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 Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-21-99

TABLE OF CONTENTS

Terrebonne Parish Recreation District No. 6

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 Types and Account Group	A	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Types	B	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Fund Types	C	4 - 5
Notes to Financial Statements	D	6 - 13
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 <u>Government Auditing Standards</u>		14 - 15
Schedule of Findings		16
Reports By Management		
Schedule of Prior Year Findings		17
Management's Corrective Action Plan		18



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 6,
Montegut, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 6 (the District), a component unit of the Terrebonne Parish Consolidated Government, 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. 6 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 May 19, 1999 on our consideration of the Terrebonne Parish Recreation District No. 6's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 19, 1999.

1

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

Terrebonne Parish Recreation District No. 6

December 31, 1998

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	
Assets				
Cash	\$ 16,333	\$ 18,372	\$ -	\$ 34,705
Investments	205,112	100,000	-	305,112
Receivables:				
Taxes	232,747	-	-	232,747
State revenue sharing	4,037	-	-	4,037
Miscellaneous	1,383	-	-	1,383
Fixed assets	-	-	903,188	903,188
Total assets	<u>\$ 459,612</u>	<u>\$ 118,372</u>	<u>\$ 903,188</u>	<u>\$ 1,481,172</u>
Liabilities				
Accounts payable and accrued expenditures	\$ 4,761			\$ 4,761
Deferred revenue	239,089			239,089
Due to Terrebonne Parish Consolidated Government	942			942
Total liabilities	<u>244,792</u>			<u>244,792</u>
Equity and Other Credits				
Investment in general fixed assets	-	\$ -	\$ 903,188	903,188
Fund balances - unreserved:				
Designated for subsequent years' expenditures	120,000	-	-	120,000
Undesignated	94,820	118,372	-	213,192
Total equity and other credits	<u>214,820</u>	<u>118,372</u>	<u>903,188</u>	<u>1,236,380</u>
Total liabilities, equity and other credits	<u>\$ 459,612</u>	<u>\$ 118,372</u>	<u>\$ 903,188</u>	<u>\$ 1,481,172</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 6

For the year ended December 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Revenues			
Taxes	\$ 214,675	\$ -	\$ 214,675
Intergovernmental:			
State of Louisiana:			
State revenue sharing	5,975	-	5,975
Charges for services	19,978	-	19,978
Miscellaneous - interest	10,239	5,275	15,514
	<u>250,867</u>	<u>5,275</u>	<u>256,142</u>
Total revenues			
	<u>250,867</u>	<u>5,275</u>	<u>256,142</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	896		896
Ad valorem tax deductions	11,019		11,019
	<u>11,915</u>		<u>11,915</u>
Total general government			
	<u>11,915</u>		<u>11,915</u>
Culture and Recreation:			
Personal services	89,566	-	89,566
Supplies and materials	18,465	-	18,465
Other services and charges	39,417	-	39,417
Repairs and maintenance	25,641	24,835	50,476
Capital expenditures	5,758	-	5,758
	<u>178,847</u>	<u>24,835</u>	<u>203,682</u>
Total culture and recreation			
	<u>178,847</u>	<u>24,835</u>	<u>203,682</u>
Total expenditures			
	<u>190,762</u>	<u>24,835</u>	<u>215,597</u>
Excess (Deficiency) of Revenues Over Expenditures	60,105	(19,560)	40,545
Fund Balances			
Beginning of year	154,715	137,932	292,647
	<u>154,715</u>	<u>137,932</u>	<u>292,647</u>
End of year	\$ 214,820	\$ 118,372	\$ 333,192
	<u>\$ 214,820</u>	<u>\$ 118,372</u>	<u>\$ 333,192</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 6

For the year ended December 31, 1998

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Taxes	\$ 214,675	\$ 214,675	\$ -
Intergovernmental:			
State of Louisiana:			
State revenue sharing	5,975	5,975	-
Charges for services	16,000	19,978	3,978
Miscellaneous - interest	6,000	10,239	4,239
	<u>242,650</u>	<u>250,867</u>	<u>8,217</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	900	896	4
Ad valorem tax deductions	11,100	11,019	81
	<u>12,000</u>	<u>11,915</u>	<u>85</u>
Culture and Recreation:			
Personal services	91,495	89,566	1,929
Supplies and materials	21,000	18,465	2,535
Other services and charges	34,500	39,417	(4,917)
Repairs and maintenance	18,000	25,641	(7,641)
Capital expenditures	10,000	5,758	4,242
	<u>174,995</u>	<u>178,847</u>	<u>(3,852)</u>
Total expenditures	<u>186,995</u>	<u>190,762</u>	<u>(3,767)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,655</u>	<u>60,105</u>	<u>\$ 4,450</u>
Fund Balances			
Beginning of year		<u>154,715</u>	
End of year		<u>\$ 214,820</u>	

See notes to financial statements.

Special Revenue		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
4,000	5,275	1,275
<u>4,000</u>	<u>5,275</u>	<u>1,275</u>
-	-	-
-	-	-
-	-	-
30,000	24,835	5,165
<u>-</u>	<u>-</u>	<u>-</u>
<u>30,000</u>	<u>24,835</u>	<u>5,165</u>
<u>30,000</u>	<u>24,835</u>	<u>5,165</u>
(26,000)	(19,560)	6,440
137,932	137,932	-
<u>\$ 111,932</u>	<u>\$ 118,372</u>	<u>\$ 6,440</u>

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 6**

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 6 (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 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.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

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 (Inter-governmental revenues) are recorded as revenue in the period for which levied, thus the 1998 property taxes which are being levied to finance the 1999 budget will be recognized as revenue in 1999. The 1998 tax levy is recorded as deferred revenue in the District's

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

1998 Financial Statements. 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.

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 Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund and Special Revenue 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 General Fund and Special Revenue Fund budgets once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund and Special Revenue Fund budgets are adopted on a basis materially consistent with generally accepted accounting principles.

f) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

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

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. Fixed assets with an estimated historical cost amounted to approximately \$383,500 or 43% of the total General Fixed Assets Account Group.

i) Vacation and Sick Leave

Employees of the District earn two weeks of vacation after one year of service without carryover provisions. Vacation is recorded as an expense of the period in which paid. The District does not pay employees during sick leave. There were no material amounts of unpaid vacation 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) Fund Equity

Designated fund balance represents tentative plans to use \$60,000 of financial resources for major pool repairs and \$60,000 of financial resources for the replacement of the gym roof.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Memorandum Only - Total Columns

The 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 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 agent but not in the District’s name and deposits which are uninsured or uncollateralized.

Note 2 - DEPOSITS (Continued)

The year end bank balances of deposits and the carrying amounts as shown on the combined balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 35,000	\$ -	\$ -	\$ 34,705
Investments:				
Certificates of deposit	<u>272,762</u>	<u>-</u>	<u>32,360</u>	<u>305,112</u>
Totals	<u>\$307,762</u>	<u>\$ -</u>	<u>\$32,360</u>	<u>\$339,817</u>

At December 31, 1998, certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks 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 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, 1998 was \$7.83 per \$1,000 of assessed valuation on property within Recreation District No. 6 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 1998 are for budgeted expenditures in 1999 and will be recognized as revenues in 1999.

Note 4 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Balance January 1, 1998</u>	<u>Additions</u>	<u>Balance December 31, 1998</u>
Land and buildings	\$808,750	\$ -	\$808,750
Machinery and equipment	77,002	5,758	82,760
Office furniture, fixtures and equipment	<u>11,678</u>	<u>-</u>	<u>11,678</u>
Totals	<u>\$897,430</u>	<u>\$5,758</u>	<u>\$903,188</u>

Note 5 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 1998:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Rosalie Crochet	6	\$60
Herbert Deroche	5	50
Montella Guidry	7	70
Wanda LeCompte	8	- *
Shirley Levron	7	70
Patsy Naquin	5	50
Marcia Trosclair	7	<u>70</u>
Total		<u>\$370</u>

* Wanda LeCompte waived her right to receive a per diem.

Note 6 - 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; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation, auto liability and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on

Note 6 - RISK MANAGEMENT (Continued)

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 premiums for group insurance are based on fixed rates per employee. The premiums for auto liability are based on claims experience, vehicle type and milage. 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 Insurance	\$1,125,000
Auto Liability	\$6,250,000

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, \$887,017 for general liability, workers' compensation and auto liability and \$2,926,677 for group insurance 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



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. 6,
Montegut, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 6 (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 May 19, 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 those 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 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. 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 these specified parties.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 19, 1999.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 6

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, 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. 6 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. 6

Bourgeois Bennett

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 reported 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. 6 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.