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Financial Report

Terrebonne Parish Recreation District No. 5

Bourg, 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 MAR 10 1999

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December 31, 1998

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 5,
Bourg, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 5 (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. 5 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 22, 1999 on our consideration of the Terrebonne Parish Recreation District No. 5'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.,
January 22, 1999.

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

Terrebonne Parish Recreation District No. 5

December 31, 1998

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
ASSETS AND OTHER DEBITS		
Assets		
Cash	\$ 4,395	\$ -
Investments	85,210	-
Receivable - taxes	18,395	-
Due from other governmental units	65,056	-
Fixed assets	-	-
Other Debits		
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	<u>\$ 173,056</u>	<u>\$ -</u>
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities		
Accounts payable and accrued expenditures Due to Terrebonne Parish Consolidated Government	\$ 729	
Other long-term debt	157	
Total liabilities	<u>886</u>	
Equity and Other Credits		
Investment in general fixed assets		
Fund balances:		
Reserved - capital improvements	15,727	\$ -
Unreserved	156,443	-
Total equity and other credits	<u>172,170</u>	-
Total liabilities, equity and other credits	<u>\$ 173,056</u>	<u>\$ -</u>

See notes to financial statements.

Account Groups		Total (Memorandum Only)
General Fixed Assets	General Long-Term Debt	
\$ -	\$ -	\$ 4,395
-	-	85,210
-	-	18,395
-	-	65,056
401,435	-	401,435
-	48,708	48,708
<u>\$ 401,435</u>	<u>\$ 48,708</u>	<u>\$ 623,199</u>
	\$ -	\$ 729
	-	157
	48,708	48,708
	48,708	49,594
\$ 401,435		401,435
-		15,727
		156,443
<u>401,435</u>		<u>573,605</u>
<u>\$ 401,435</u>	<u>\$ 48,708</u>	<u>\$ 623,199</u>

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Revenues			
Taxes	\$ 72,639		\$ 72,639
Intergovernmental:			
State of Louisiana:			
State revenue sharing	20,054		20,054
Charges for services	600		600
Miscellaneous - interest	2,147		2,147
	<u>95,440</u>		<u>95,440</u>
Total revenues			
	<u>95,440</u>		<u>95,440</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	655		655
Ad valorem tax deductions	2,145		2,145
	<u>2,800</u>		<u>2,800</u>
Total general government			
	<u>2,800</u>		<u>2,800</u>
Culture and Recreation:			
Personal services	24,846		24,846
Supplies and materials	2,669		2,669
Other services and charges	14,943		14,943
Repairs and maintenance	15,006		15,006
Capital expenditures	10,350		10,350
	<u>67,814</u>		<u>67,814</u>
Total culture and recreation			
	<u>67,814</u>		<u>67,814</u>
Debt Service:			
Principal retirement	3,000		3,000
	<u>3,000</u>		<u>3,000</u>
Total expenditures			
	<u>73,614</u>		<u>73,614</u>
Excess of Revenues Over Expenditures	21,826		21,826
Fund Balances			
Beginning of year	134,670	\$ 15,674	150,344
Residual equity transfers in (out)	15,674	(15,674)	-
End of year	<u>\$ 172,170</u>	<u>\$ -</u>	<u>\$ 172,170</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 60,000	\$ 72,639	\$ 12,639
Intergovernmental:			
State of Louisiana:			
State revenue sharing	20,000	20,054	54
Charges for services	150	600	450
Miscellaneous - interest	2,340	2,147	(193)
Total revenues	82,490	95,440	12,950
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	2,400	655	1,745
Ad valorem tax deductions	2,900	2,145	755
Total general government	5,300	2,800	2,500
Culture and Recreation:			
Personal services	23,548	24,846	(1,298)
Supplies and materials	8,000	2,669	5,331
Other services and charges	14,865	14,943	(78)
Repairs and maintenance	16,350	15,006	1,344
Capital expenditures	6,150	10,350	(4,200)
Total culture and recreation	68,913	67,814	1,099
Debt Service:			
Principal retirement	3,000	3,000	-
Total expenditures	77,213	73,614	3,599
Excess of Revenues Over Expenditures	\$ 5,277	21,826	\$ 16,549
Fund Balance			
Beginning of year		134,670	
Residual equity transfer in (out)		15,674	
End of year		\$ 172,170	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 5**

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 5 (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.

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:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting: (Continued)

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund (Capital Improvement 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.

During the year, the Board approved the transfer of the residual equity of the Special Revenue Fund to the General Fund, with the reservation that the proceeds may only be used for capital improvements.

Account Groups

Account groups are used to establish accounting control and accountability. The District's Account Groups are 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.

General Long-Term Debt Account Group - This 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

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

d) 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 both 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 did not amend its budget 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) 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.

g) 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. Fixed assets with an estimated historical cost amounted to approximately \$20,000 or 5% of the total General Fixed Assets Account Group.

i) Long-Term Debt

The accounting and reporting treatment applied to the long-term debt associated with a fund is 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 is 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 has no written vacation and sick leave policy in place. There is no accumulated unpaid vacation and sick leave at December 31, 1998.

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) Residual Equity Transfer

Residual equity transfers are nonrecurring or nonroutine transfers of equity between funds.

m) Fund Equity

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

n) 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.

Note 2 - DEPOSITS (Continued)

State law also requires that deposits (cash and certificates of deposit) of all political subdivisions 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 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 as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 5,964	\$ -	\$ -	\$ 4,395
Investments:				
Certificates of deposit	<u>85,210</u>	<u>-</u>	<u>-</u>	<u>85,210</u>
Totals	<u>\$91,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$89,605</u>

At December 31, 1998, cash and certificates of deposit did not exceed the FDIC insurance coverage.

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 \$10.77 per \$1,000 of assessed valuation on property within Recreation District No. 5 for the purpose of 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	\$13,370
Terrebonne Parish Tax Collector -	
December, 1998 collections remitted to the District in January, 1999:	
Ad valorem taxes	<u>51,686</u>
Total	<u>\$65,056</u>

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January <u>1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance December <u>31, 1998</u>
Land and buildings	\$361,791	\$4,500	\$ -	\$366,291
Machinery and equipment	<u>35,502</u>	<u>-</u>	<u>358</u>	<u>35,144</u>
Totals	<u>\$397,293</u>	<u>\$4,500</u>	<u>\$358</u>	<u>\$401,435</u>

Note 6 - LONG-TERM DEBT

At December 31, 1998, the District had an outstanding interest free loan from the Terrebonne Parish Consolidated Government.

The following is a summary of changes in the long-term debt of the District for the year ended December 31, 1998:

	<u>Payable January 1, 1998</u>	<u>Debt Retirement</u>	<u>Payable December 31, 1998</u>
Terrebonne Parish Consolidated Government	<u>\$51,708</u>	<u>\$3,000</u>	<u>\$48,708</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 1998 are as follows:

<u>Year</u>	
1999	\$ 3,000
2000	3,000
2001	3,000
2002	3,000
2003	3,000
2004 - 2008	15,000
2009 - 2013	15,000
2014 - 2015	<u>3,708</u>
Total	<u>\$48,708</u>

Note 7 - COMPENSATION OF BOARD MEMBERS

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

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Micheal Aucoin	10	\$100
Thomas Ellender	6	60
Wallace Ellender, III	6	60
Stan Gravois	4	40
Sherry Hauser	10	100
Ima Remel	10	100
Kenny White	8	<u>80</u>
Total		<u>\$540</u>

Note 8 - 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 operations and maintenance budget, exposure and claims experience. The Parish handles 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:

<u>Policy</u>	<u>Coverage Limits</u>
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



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. 5,
Bourg, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 5 (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 22, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
January 22, 1999.

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 5

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. 5 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. 5

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. 5 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.