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Financial Report
Terrebonne Parish Recreation District No. 7
Chauvin, 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 7-28-99

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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. 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, 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. 7 as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1c to the financial statements, the District changed its accounting policy on the recordation of ad valorem taxes.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 1999 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, L.L.C.

Certified Public Accountants.

Houma, La.,
June 17, 1999.

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

Terrebonne Parish Recreation District No. 7

December 31, 1998

	<u>Governmental Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 4,997	\$ -	\$ -	\$ 4,997
Investments	72,034	-	-	72,034
Receivables:				
Taxes	173,880	-	-	173,880
State revenue sharing	13,898	-	-	13,898
Other	511	-	-	511
Fixed assets	-	922,059	-	922,059
Other Debits				
Amount to be provided for retirement of general long-term obligations	-	-	110,975	110,975
 Total assets and other debits	 <u>\$ 265,320</u>	 <u>\$ 922,059</u>	 <u>\$ 110,975</u>	 <u>\$ 1,298,354</u>
 LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 19,452		\$ -	\$ 19,452
Deferred revenue	189,073		-	189,073
Due to Terrebonne Parish Consolidated Government	 1,890		 110,975	 112,865
 Total liabilities	 <u>210,415</u>		 <u>110,975</u>	 <u>321,390</u>
Equity and Other Credits				
Investment in general fixed assets	-	\$ 922,059		922,059
Fund balance - unreserved	54,905	-		54,905
 Total equity and other credits	 <u>54,905</u>	 <u>922,059</u>		 <u>976,964</u>
 Total liabilities, equity and other credits	 <u>\$ 265,320</u>	 <u>\$ 922,059</u>	 <u>\$ 110,975</u>	 <u>\$ 1,298,354</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, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ -	\$ 18	\$ 18
Intergovernmental:			
State of Louisiana:			
State revenue sharing	4,500	4,668	168
Charges for services	8,000	8,175	175
Miscellaneous:			
Interest	6,000	5,898	(102)
Other	5,000	9,250	4,250
Total revenues	23,500	28,009	4,509
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	3,500	3,277	223
Culture and Recreation:			
Personal services	66,500	64,374	2,126
Supplies and materials	20,000	15,622	4,378
Other services and charges	54,200	51,211	2,989
Repairs and maintenance	34,000	24,367	9,633
Capital expenditures	10,000	8,986	1,014
Total culture and recreation	184,700	164,560	20,140
Debt Service:			
Principal retirement	12,500	12,330	170
Total expenditures	200,700	180,167	20,533
Deficiency of Revenues Over Expenditures	(177,200)	(152,158)	25,042
Fund Balance			
Beginning of year	207,063	207,063	-
End of year	\$ 29,863	\$ 54,905	\$ 25,042

See notes to financial statements.

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

December 31, 1998

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 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 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 Obligations Account Group - This account group is used to account for general long-term obligations 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.

The District changed its accounting policy on the recordation of ad valorem taxes as of and for the year ended December 31, 1998. Ad valorem taxes for the 1998 tax roll become due on November 15, 1998 and become delinquent on December 31st. These taxes are levied to finance the budget for the 1999 year and will be recorded in 1999 as 1999 revenue. The taxes are shown as deferred revenue, as of December 31, 1998.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

Accordingly, the change in accounting for ad valorem tax had the effect of reducing revenue for the year ended December 31, 1998 by \$189,073. This accounting policy change was made because the majority of the 1998 property taxes are received in 1999 and are used to fund the 1999 budget.

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 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 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. An exception to this general rule is principal and interest on general long-term obligations which is recognized when due.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once for the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

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 operation of the General Fund.

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 \$11,500 or 1.3% of the total General Fixed Assets Account Group. Donated fixed assets are valued at their estimated fair value on the date donated.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations

The accounting and reporting treatment applied to the long-term obligations associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds.

The General Long-Term Obligations 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, 1998.

The District does not have a sick leave policy.

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) Memorandum Only - Total Column

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 or national banks having their principal office in Louisiana or any other federally insured investment.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

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
	Risk Category			
	1	2	3	
Cash	\$11,988	\$ -	\$ -	\$ 4,997
Investments:				
Certificates of deposit	<u>72,034</u>	<u>-</u>	<u>-</u>	<u>72,034</u>
Totals	<u>\$84,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$77,031</u>

At December 31, 1998, 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 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. 7 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:

	Balance January <u>1, 1998</u>	<u>Additions</u>	Balance December <u>31, 1998</u>
Land and buildings	\$798,311	\$ -	\$798,311
Machinery and equipment	56,926	8,736	65,662
Office furniture, fixtures and equipment	<u>57,836</u>	<u>250</u>	<u>58,086</u>
Totals	<u>\$913,073</u>	<u>\$8,986</u>	<u>\$922,059</u>

Note 5 - LONG-TERM OBLIGATIONS

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 obligations of the District for the year ended December 31, 1998.

Note 5 - LONG-TERM OBLIGATIONS (Continued)

	Payable January <u>1, 1998</u>	Debt Retirement	Payable December <u>31, 1998</u>
Terrebonne Parish Consolidated Government	<u>\$123,305</u>	<u>\$12,330</u>	<u>\$110,975</u>

The annual requirements to amortize the obligations outstanding at December 31, 1998 are as follows:

<u>Year</u>	<u>Principal</u>
1999	\$ 12,330
2000	12,330
2001	12,330
2002	12,330
2003	12,330
2004-2007	<u>49,325</u>
Total	<u>\$110,975</u>

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 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 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 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:

Note 6 - RISK MANAGEMENT (Continued)

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Group Insurance	\$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, \$887,017 for general liability and workers' compensation 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.

Note 7 - 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>
Perry Blanchard	12	\$120
Dane Domangue	7	70
Alfred Harris	6	60
Jude Landry	3	30
Nicky Lirette	12	120
Howard Pellegrin	9	90
Kevin Rouse	1	10
Barry Soudelier	11	<u>110</u>
Total		<u>\$610</u>

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. 7,
Chauvin, 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, 1998, and have issued our report thereon dated June 17, 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the Schedule of Findings and Questioned Costs as items 98-1 and 98-3.

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 98-1 and 98-2.

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 98-1 and 98-2 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 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.,
June 17, 1999.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Terrebonne Parish Recreation District No. 7

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. 7 did not receive federal awards during the year ended December 31, 1998.

Section II Financial Statement Findings

98-1 **Criteria** - Louisiana Revised Statute 44:36 requires that all persons and public bodies having custody or control of any public record, other than convenience, probable, mortgage, or other permanent records required by existing law to be kept for all time, shall exercise diligence and care in preserving the public record for the period or periods of time specified for such public records in formal records retention schedules developed and approved by the state archivist and director of the division of archives, records management and history of the Department of State. However, in all instances in which a formal retention schedule has not been executed, such public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made.

Condition - During the audit, it was noted that the District did not maintain adequate documentation of four expenditures. The original transaction documentation was incomplete for these four transactions which amounted to \$4,959. Three invoices from 1997 were not paid until 1999 and the District had to get verification that these services had been performed. The original federal and state payroll tax reports could not be located. Two checks were cashed without a noted payee and two checks were made out to "Cash".

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-1 (Continued)

Questioned Cost - There are no questioned costs in this finding because further documentation was obtained from sources outside the District.

Context - We found incomplete transaction documentation to be pervasive through the District. In certain instances of incomplete transaction files, documentation was obtained from sources outside the District.

Effect - The District was unable to reproduce original documentation for some expenditures.

Cause - The District failed to keep original documents to support transactions entered into by the District.

Recommendation - We recommend that the District implement a system that clearly reflects the financial position of the government, so that elected and appointed government officials can make proper decisions. Four minimum requirements should be structured into any governmental bookkeeping system:

- The system must comply with local, state and federal legal provisions and maintain the ability to produce financial statements that comply with generally accepted accounting principles.
- The system should be an accurate reflection of the fiscal condition and results of operations of the government to provide a basis for decisions and control.
- Required financial reports should be easily extractable from the system.
- The system must be capable of being audited in a simple manner.

In addition, the system should be supported by written policies and procedures. This documentation provides for a consistent, uniform approach to accumulating financial information.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-1 (Continued)

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

98-2 **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 intact 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 for some deposits.

Questioned Cost - None

Context - Not applicable.

Effect - Three checks received in March 1998 were not deposited until May 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.

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

98-3 **Criteria** - Louisiana Revised Statutes 39:1304-1314 requires that all political subdivisions prepare and adopt budgets for their general fund. The budget document setting forth the proposed financial plan must include the following:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-3 (Continued)

- A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, objectives, assumptions, budgetary basis, and a discussion of the most important features.
- A consolidated statement for the general fund, showing the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues itemized by source; recommended expenditures itemized by agency, department, function and character; and the estimated fund balance at the end of the fiscal year.

A budget proposed for consideration by the governing authority must be accompanied by a proposed budget adoption instrument. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority.

All actions necessary to adopt and finalize the budget for an ensuing fiscal year must be taken in an open meeting and completed prior to the end of the fiscal year in progress.

Condition - The District did not adopt its 1998 budget in a timely manner. The District did not prepare a budget message for its 1998 budget.

Questioned Cost - None

Context - Not applicable.

Effect - Noncompliance with budget laws.

Cause - It was an oversight by the District not to adopt its 1998 budget within the guidelines and not to prepare a budget message.

Recommendation - We recommend that the District comply with all sections of the budget law.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-3 (Continued)

Views of Responsible Officials of the Auditee 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, 1998

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

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 Response - At December 31, 1998, cash reconciled to the bank statement, however, a board member did not initial any bank statements once the statement were reviewed. Resolved.

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 Response - In 1998, the Secretary/Treasurer did not make timely deposits. Unresolved, see finding 98-2.

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 Response - The District amended their budget to ensure no unfavorable variances greater than 5% existed at December 31, 1998. Resolved.

97-4 **Recommendation** - Phone 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 Response - The District had no purchases greater that \$7,500 in the current year, however, management stated that they would obtain phone quotes and file with the purchase file. Resolved.

SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)

Terrebonne Parish Recreation District No. 7

For the Year ended December 31, 1998

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

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

Management's Response - The District did not sell any surplus equipment in the current year, however, management is aware that they should advertise surplus equipment and to file any bids received. Resolved.

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.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1998

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

98-1 **Recommendation** - We recommend that the District implement a system that clearly reflects the financial position of the government, so that elected and appointed government officials can make proper decisions. Four minimum requirements should be structured into any governmental bookkeeping system:

- The system must comply with local, state and federal legal provisions and maintain the ability to produce financial statements that comply with generally accepted accounting principals.
- The system should be an accurate reflection of this fiscal condition and results of operations of the government to provide a basis for decisions and control.
- Required financial reports should be easily extractable from the system.
- The system must be capable of being audited in a simple manner.

In addition, the system should be supported by written policies and procedures. This documentation provides for a consistent, uniform approach to accumulating financial information.

Management's Corrective Action Plan - The District will maintain documentation for all expenditures and contract labor will be supported by time sheets supplied by the deputies with the date of the service provided. A new Accountant, hired in 1999, will prepare and pay all payroll taxes timely. All checks issued will have a named payee, other than "cash".

98-2 **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 of the District will be more timely with depositing of funds.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 1998

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

98-3 **Recommendation** - We recommend that the District comply with all sections of the budget law.

Management's Corrective Action - The District will prepare a budget message and a proposed 1999 budget and adopt the budget in an open meeting.

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, 1998.

Section III Management Letter

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