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**PARKS AND RECREATION COMMISSION
OF CARENCRO, INC.**

Financial Report

For the Year Ended November 30, 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 4-21-99

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Independent Auditors' Report

Parks and Recreation Commission of Carencro, Inc.
Carencro, Louisiana

We have audited the accompanying general purpose financial statements of the Parks and Recreation Commission of Carencro, Inc., a component unit of the City of Carencro, Louisiana, as of and for the year ended November 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the members of the Parks and Recreation Commission of Carencro, Inc. 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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Parks and Recreation Commission of Carencro, Inc., as of November 30, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 10, 1999 on our consideration of the Parks and Recreation Commission of Carencro, Inc.'s compliance with laws and regulations and on its internal control over financial reporting.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Parks and Recreation Commission of Carencro, Inc.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
March 10, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Combined Balance Sheet - All Fund Types
November 30, 1998

	Government Fund Type General	Proprietary Fund Type Park Operating	Totals (Memorandum Only)	
			1998	1997
ASSETS				
Cash	\$ -	\$ 26,971	\$ 26,971	\$ 18,325
Interest-bearing deposits	128,431	-	128,431	88,050
Receivables:				
Due from primary government	-	-	-	3,190
Accrued interest	53	-	53	35
Other receivables	-	2,080	2,080	-
Prepaid items	-	-	-	52
Inventory	-	15,346	15,346	7,038
Unamortized bond issue costs	-	25,800	25,800	27,318
Property, plant and equipment	-	1,067,975	1,067,975	1,029,310
Accumulated depreciation	-	(72,589)	(72,589)	(46,167)
Total assets	\$ 128,484	\$ 1,065,583	\$ 1,194,067	\$ 1,127,151
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable	\$ 975	\$ 1,876	\$ 2,851	\$ 9,249
Notes payable - current	-	1,692	1,692	1,976
Accrued liabilities	-	3,954	3,954	1,729
Due to primary government	25,845	-	25,845	29,035
Unearned revenues	-	3,475	3,475	-
Notes payable - long-term	-	-	-	1,692
Total liabilities	26,820	10,997	37,817	43,681
Equity:				
Contributed capital -				
Primary government	-	885,204	885,204	885,204
Retained earnings -				
Unreserved, undesignated	-	169,382	169,382	142,505
Fund balance -				
Designated for recreation	101,664	-	101,664	55,761
Total equity	101,664	1,054,586	1,156,250	1,083,470
Total liabilities and equity	\$ 128,484	\$ 1,065,583	\$ 1,194,067	\$ 1,127,151

The accompanying notes are an integral part of this statement.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
Year Ended November 30, 1998
With Comparative Actual Amounts for Year Ended November 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Miscellaneous	<u>\$ 3,769</u>	<u>\$ 3,727</u>	<u>\$ (42)</u>	<u>\$ 3,422</u>
Expenditures:				
Current -				
General government:				
Legal and accounting	2,689	3,440	(751)	1,975
Park insurance	6,127	5,616	511	7,186
Miscellaneous	<u>111</u>	<u>154</u>	<u>(43)</u>	<u>148</u>
Total general government	<u>8,927</u>	<u>9,210</u>	<u>(283)</u>	<u>9,309</u>
Recreation:				
Salaries	12,275	11,889	386	14,195
Summer recreation program expenditures	1,143	629	514	404
Pelican Park repairs and maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,910</u>
Total recreation	<u>13,418</u>	<u>12,518</u>	<u>900</u>	<u>18,509</u>
Capital outlay-				
Recreation equipment	<u>5,979</u>	<u>3,833</u>	<u>2,146</u>	<u>6,810</u>
Total expenditures	<u>28,324</u>	<u>25,561</u>	<u>2,763</u>	<u>34,628</u>
Deficiency of revenues over expenditures	<u>(24,555)</u>	<u>(21,834)</u>	<u>2,721</u>	<u>(31,206)</u>

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund (Continued)
Year Ended November 30, 1998
With Comparative Actual Amounts for Year Ended November 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Other financing sources (uses):				
Transfer from primary government	208,632	192,631	(16,001)	179,134
Transfer to primary government	(120,755)	(78,843)	41,912	(78,843)
Transfer to Park Operating Fund	<u>(49,962)</u>	<u>(46,051)</u>	<u>3,911</u>	<u>(36,997)</u>
Total other financing sources (uses)	<u>37,915</u>	<u>67,737</u>	<u>29,822</u>	<u>63,294</u>
Excess of revenues and other sources over expenditures and other uses	13,360	45,903	32,543	32,088
Fund balance, beginning	<u>55,761</u>	<u>55,761</u>	-	<u>23,673</u>
Fund balance, ending	<u>\$ 69,121</u>	<u>\$101,664</u>	<u>\$32,543</u>	<u>\$55,761</u>

The accompanying notes are an integral part of this statement.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Statement of Revenues, Expenditures and Changes in Retained Earnings -
Proprietary Fund Type - Park Operating Fund
Year Ended November 30, 1998
With Comparative Amounts for Year Ended November 30, 1997

	1998	1997
Operating revenues:		
Charges for services -		
Concession and lounge sales	\$245,659	\$204,472
Tournament fees	97,236	104,391
League, entry and sponsorship fees	102,544	55,578
Gate receipts	68,047	43,822
Membership dues	45,120	47,721
Pro-shop sales	43,792	32,628
Billboard sales	2,600	1,250
Miscellaneous -		
Batting cage income	11,380	-
Other	606	825
Total operating revenues	616,984	490,687
Costs of revenues:		
Purchases -		
Food	74,193	53,485
Liquor	5,445	2,850
Beer	54,769	38,919
Pro-shop	31,060	18,175
Total cost of revenues	165,467	113,429
Gross profit	451,517	377,258

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Statement of Revenues, Expenditures and Changes in Retained Earnings -
Proprietary Fund Type - Park Operating Fund (Continued)
Year Ended November 30, 1998
With Comparative Amounts for Year Ended November 30, 1997

	<u>1998</u>	<u>1997</u>
Operating expenses:		
Salaries	\$154,096	\$101,327
Payroll taxes	15,447	10,052
Awards	38,775	36,728
Billboard costs	2,574	913
Depreciation expense	26,422	20,349
Amortization expense	1,518	1,518
Legal and accounting	4,685	4,395
Management fees	2,500	-
Lounge entertainment	564	510
Office and postage expenses	5,460	6,637
Rentals	1,000	128
Scorekeeper pay	18,951	14,184
Service contracts	5,902	4,945
Sponsorship fees	920	598
Tournament fees	-	6,035
Umpire fees	82,895	71,361
Utilities and telephone	32,422	35,180
USSSA fees	31,994	25,807
Repairs, maintenance and supplies	35,062	24,596
Miscellaneous	8,749	8,914
Total operating expenses	<u>469,936</u>	<u>374,177</u>
 Operating income (loss)	 (18,419)	 3,081
Nonoperating expenses:		
Interest expense	<u>755</u>	<u>752</u>
 Income (loss) before operating transfers	 (19,174)	 2,329
Other financing source:		
Transfer from General Fund	<u>46,051</u>	<u>36,997</u>
 Net income	 26,877	 39,326
Retained earnings, beginning	<u>142,505</u>	<u>103,179</u>
Retained earnings, ending	<u>\$169,382</u>	<u>\$142,505</u>

The accompanying notes are an integral part of this statement.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Statement of Cash Flows
Proprietary Fund Type - Park Operating Fund
Year Ended November 30, 1998

With Comparative Amounts for Year Ended November 30, 1997

	1998	1997
Cash flows from operating activities:		
Operating income (loss)	<u>\$ (18,419)</u>	<u>\$ 3,081</u>
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities -		
Depreciation	26,422	20,349
Amortization	1,518	1,518
Changes in current assets and liabilities:		
Decrease in prepaid items	-	460
(Increase) decrease in inventory	(8,308)	3,952
Increase in other receivables	(2,080)	-
Decrease in accounts payable	(842)	(21,648)
Increase (decrease) in accrued liabilities	2,225	(2,269)
Increase (decrease) in unearned revenues	3,475	(1,000)
Total adjustments	<u>22,410</u>	<u>1,362</u>
Net cash provided (used) by operating activities	<u>3,991</u>	<u>(7,514)</u>
Cash flows from noncapital financing activities:		
Cash received from General Fund	<u>46,051</u>	<u>36,997</u>
Cash flows from (used by) capital and related financing activities:		
Proceeds from notes payable	-	2,497
Interest paid on notes payable	(755)	(752)
Principal paid on notes payable	(1,976)	(4,180)
Acquisition of property, plant and equipment	<u>(38,665)</u>	<u>(10,248)</u>
Net cash used by capital and related financing activities	<u>(41,396)</u>	<u>(12,683)</u>
Net increase in cash and cash equivalents	8,646	16,800
Cash and cash equivalents, beginning of period	<u>18,325</u>	<u>1,525</u>
Cash and cash equivalents, end of period	<u>\$ 26,971</u>	<u>\$ 18,325</u>

The accompanying notes are an integral part of this statement.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of the Parks and Recreation Commission of Carencro, Inc. (PARC) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The PARC is a component unit of the City of Carencro, Louisiana, the primary government. The PARC is dependent on the City of Carencro for budget approval, approval of debt issuance and appointment of the majority of commission members and is therefore considered a component unit. These financial statements report only the PARC, the component unit.

B. Fund Accounting

The accounts of the Park and Recreation Commission of Carencro, Inc. are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped, in the financial statements in this report, into two generic fund types as follows:

Governmental Fund -

General Fund

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

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Proprietary Fund -

Enterprise fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The PARC applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The PARC's enterprise fund is the Park Operating Fund.

C. Inventories

Inventories in the proprietary fund are accounted for at the lower of cost or market.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds, and are recorded as expenditures in the governmental fund types when purchased. At November 30, 1998, the PARC had no general fixed assets.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building and improvements	40 years
Furniture, fixtures and equipment	5-10 years

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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 PARC's governmental fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

F. Budgets and Budgetary Accounting

The PARC follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The treasurer prepares a proposed budget and submits it to the Parks and Recreation Commission for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Commission.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Commission. Such amendments were not material in relation to the original appropriations.

G. Statement of Cash Flows

For purposes of the statement of cash flows, the Park Operating Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by PARC as an extension of formal budgetary integration in the funds.

I. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

J. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the PARC's financial position and operations.

K. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Interest-Bearing Deposits

At November 30, 1998, the PARC has cash balances (book balances) totaling \$155,402 as follows:

Cash	\$ 26,971
Interest-bearing deposits	<u>128,431</u>
	<u>\$155,402</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at November 30, 1998 are secured as follows:

Bank balances	<u>\$ 162,476</u>
Federal deposit insurance	\$ 134,245
Pledged securities (Category 3)	<u>28,231</u>
Total federal insurance and pledged securities	<u>\$ 162,476</u>

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the PARC's name. Even though the pledged securities are considered uncollateralized (Category 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 PARC that the fiscal agent has failed to pay deposited funds upon demand.

(3) Property, Plant and Equipment

A summary of proprietary fund type property, plant and equipment at November 30, 1998 follows:

Land	\$ 401,800
Building and improvements	622,019
Furniture, fixtures and equipment	<u>44,156</u>
	1,067,975
Less: Accumulated depreciation	<u>(72,589)</u>
Net property, plant and equipment	<u><u>\$ 995,386</u></u>

(4) Notes Payable

Note payable to supplier dated August 25, 1997, original principal of \$2,497, payable in 24 monthly installments of \$124 bearing interest at 17.29 percent, secured by equipment purchased

\$1,038

Note payable to finance company dated July 18, 1996, original principal of \$2,200, payable in 36 monthly installments of \$90, bearing interest at 27.51 percent, secured by equipment purchased

654

Total notes payable

\$1,692

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

(5) Year 2000 Issue (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the PARC's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

The PARC has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified and tested for compliance.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the PARC is or will be Year 2000 compliant, and that the PARC's remediation efforts will be successful in whole or in part, or that the parties with whom the PARC transacts business will be Year 2000 compliant.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER SUPPLEMENTAL INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Parks and Recreation Commission, Inc.
Carencro, Louisiana

We have audited the component unit financial statements of the Parks and Recreation Commission of Carencro, Inc. for the year ended November 30, 1998, and have issued our report thereon dated March 10, 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 Parks and Recreation Commission, Inc.'s component unit 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 Parks and Recreation Commission, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Parks and Recreation Commission, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Commission did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

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, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
March 10, 1999

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
Carencro, Louisiana

Schedule of Current and Prior Year Audit Findings and Corrective Action Plan
Year Ended November 30, 1998

Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
98-1 (IC) 1994	Due to the small number of employees, the commission did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Myles Miller, Venue Director	N/A