

Financial Report
Terrebonne Parish Recreation District No. 1
Schriever, Louisiana
For the Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7/30/08

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Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1, state of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1 as of December 31, 2007, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2008 on our consideration of Terrebonne Parish Recreation District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 7, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 1

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No.1's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2007 by \$1,439,792 (net assets), which represents a 12.16% increase from last fiscal year.

The District's revenue increased by approximately \$34,638 (7.15%) primarily due to the increases in ad valorem tax and interest revenues.

Capital assets decreased by \$15,120. This decrease was due to the fact that depreciation exceeded the cost of additions for the current year and the disposal of the air conditioner unit at Andrew Price Gym.

The District's total assets increased by \$157,642 primarily due to the increase in investments and the amount due from tax collector.

The District did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (*this section*) (2) *basic financial statements* and (3) *various governmental compliance reports and schedules* by certified public accountants and management.

The basic financial statements include two kinds of statements that present difference views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 – 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2007, assets exceeded liabilities by \$1,439,792. A large portion of the District's net assets (29%) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2007	2006	
Current and other assets	\$ 1,662,223	\$ 1,489,461	\$ 172,762
Capital assets	1,229,397	1,244,517	(15,120)
Total Assets	<u>2,891,620</u>	<u>2,733,978</u>	<u>157,642</u>
Long-term liabilities	900,000	950,000	(50,000)
Other liabilities	551,828	500,244	51,584
Total liabilities	<u>1,451,828</u>	<u>1,450,244</u>	<u>1,584</u>
Net Assets:			
Invested in capital assets, net of related debt	418,927	486,639	(67,712)
Restricted	82,301	59,889	22,412
Unrestricted	938,564	737,206	201,358
Total net assets	<u>\$ 1,439,792</u>	<u>\$ 1,283,734</u>	<u>\$ 156,058</u>

Current and other assets increased due to the District's increase in investments. Capital assets decreased due to the fact that depreciation exceeded the cost of additions for the current year which was primarily small projects for various fields and gyms throughout the District.

Governmental Activities

Governmental activities increased the District's net assets by \$156,058. Key elements of this increase are as follows:

	For the year ended December 31,		Dollar Change	Total Percent Change
	2007	2006		
Revenues				
Program revenues:				
Charges for services	\$ 1,550	\$ 2,190	\$ (640)	-29.22%
General revenues:				
Taxes	455,065	425,848	29,217	6.86%
Intergovernmental	28,062	28,104	(42)	-0.15%
Miscellaneous	34,444	28,341	6,103	21.53%
Total revenues	<u>519,121</u>	<u>484,483</u>	<u>34,638</u>	<u>7.15%</u>
Expenses:				
General government	18,043	17,647	396	2.24%
Culture and recreation	303,937	324,686	(20,749)	-6.39%
Debt service	41,083	40,303	780	1.94%
	<u>363,063</u>	<u>382,636</u>	<u>(19,573)</u>	<u>-5.12%</u>
Increase in net assets	156,058	101,847	54,211	53.23%
Net assets beginning of year	1,283,734	1,181,887	101,847	8.62%
Net assets end of year	<u>\$ 1,439,792</u>	<u>\$ 1,283,734</u>	<u>\$ 156,058</u>	<u>12.16%</u>

The Statement of Activities provides answers to the nature and source of changes in net assets. The District's tax revenues increased in the current year by 6.86%. Culture and recreation decreased due to the District spending less funds on the daily operations in the current year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,110,900, an increase of \$122,560 in comparison with the prior year. An unreserved fund balance of \$1,023,815 is available for spending at the District's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to debt service.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$938,564. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$201,358 during the current fiscal year. The key factor of this increase was largely due to the increase of revenue from property taxes.

General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major difference between the original General Fund budget and the final amended budget was as follows:

Revenues

- Interest revenue was increased to reflect the increase in investments and interest rates.
- Revenues were also increased to reflect the increase in property taxes.

Expenditures

- Capital expenses were decreased due to minimal capital assets being purchased through the General Fund for the year.
- During the year, revenues exceeded budgetary estimates while expenditures were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$1,229,397 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, fixtures and equipment; and vehicles, machinery and equipment (see table below).

	<u>2007</u>	<u>2006</u>
Land	\$ 26,345	\$ 26,345
Construction in progress	773	-
Buildings and improvements	1,728,107	1,664,414
Office furniture, fixtures and equipment	8,251	8,251
Machinery and equipment	<u>271,880</u>	<u>247,484</u>
Totals	<u>\$ 2,035,356</u>	<u>\$ 1,946,494</u>

The major capital asset events for the current year consisted of:

- Playground equipment resurfacing
- Ball park bleacher canopy
- Bleachers
- Volleyball systems
- Dugout roofs and seats

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

Long-term Debt

At December 31, 2007, the District had \$900,000 of general obligation bonds outstanding after principal payments of \$50,000 during 2007. More detailed information about the District's long-term debt is presented in Note 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2007 assessment, which the District will receive, for the most part, in January 2008.

- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Detail plan of capital projects required to provide services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 1, 101 St. George St., Schriever, Louisiana 70395.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Terrebonne Parish Recreation District No. 1

December 31, 2007

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit B)	Statement of Net Assets
Assets						
Cash	\$ 338,210	\$ 87,085	\$ 109,192	\$ 534,487		\$ 534,487
Investments	607,303	-	-	607,303		607,303
Receivables:						
Taxes	73,439	25,179	-	98,618		98,618
Due from other governmental units	312,144	96,668	-	408,812		408,812
Deferred bond issuance costs	-	-	-	-	\$ 13,003	13,003
Capital assets:						
Non-depreciable	-	-	-	-	27,118	27,118
Depreciable, net of accumulated depreciation	-	-	-	-	1,202,279	1,202,279
Total assets	<u>\$ 1,331,096</u>	<u>\$ 208,932</u>	<u>\$ 109,192</u>	<u>\$ 1,649,220</u>	<u>1,242,400</u>	<u>2,891,620</u>
Liabilities						
Accounts payable and accrued expenditures	\$ 6,950		\$ 19,570	\$ 26,520	13,508	40,028
Contracts payable	-		4,371	4,371	-	4,371
Unearned revenue	385,582	\$ 121,847	-	507,429	-	507,429
Long-term liabilities:						
Due within one year	-	-	-	-	55,000	55,000
Due after one year	-	-	-	-	845,000	845,000
Total liabilities	<u>392,532</u>	<u>121,847</u>	<u>23,941</u>	<u>538,320</u>	<u>913,508</u>	<u>1,451,828</u>
Fund Balances/Net Assets						
Fund balances:						
Reserved - debt service	-	87,085	-	87,085	(87,085)	-
Unreserved - undesignated	938,564	-	85,251	1,023,815	(1,023,815)	-
Total fund balances	<u>938,564</u>	<u>87,085</u>	<u>85,251</u>	<u>1,110,900</u>	<u>(1,110,900)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,331,096</u>	<u>\$ 208,932</u>	<u>\$ 109,192</u>	<u>\$ 1,649,220</u>		
Net assets:						
Invested in capital assets, net of related debt					418,927	418,927
Restricted:						
Capital projects					8,724	8,724
Debt Service					73,577	73,577
Unrestricted					938,564	938,564
Total net assets					<u>\$ 1,439,792</u>	<u>\$ 1,439,792</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Terrebonne Parish Recreation District No. 1

December 31, 2007

Fund Balances - Governmental Fund		\$ 1,110,900
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 2,035,356	
Less accumulated depreciation	<u>(805,959)</u>	1,229,397

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Deferred bond issuance costs	\$ 14,902	
Less current year amortization	<u>(1,899)</u>	13,003

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period and, therefore, are not reported in the governmental funds.

Governmental bonds payable	\$ (900,000)	
Accrued interest payable	<u>(13,508)</u>	<u>(913,508)</u>

Net Assets of Governmental Activities		<u>\$ 1,439,792</u>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues						
Taxes	\$ 338,815	\$ 116,250		\$ 455,065		\$ 455,065
Intergovernmental:						
State of Louisiana:						
State revenue sharing	28,062	-		28,062		28,062
Charges for services	1,550	-		1,550		1,550
Miscellaneous:						
Interest	32,082	1,077	\$ 1,256	34,415		34,415
Other	29	-	-	29		29
Total revenues	400,538	117,327	1,256	519,121		519,121
Expenditures/Expenses						
Current:						
General government:						
Ad valorem tax adjustment	1,739	651	-	2,390		2,390
Ad valorem tax deductions	11,216	4,437	-	15,653		15,653
Total general government	12,955	5,088	-	18,043		18,043
Culture and recreation:						
Personal services	60,445	-	-	60,445		60,445
Supplies and materials	5,114	-	-	5,114		5,114
Other services and charges	59,453	-	-	59,453		59,453
Repairs and maintenance	58,813	-	353	59,166		59,166
Depreciation and amortization	-	-	-	-	\$ 106,980	106,980
Loss on disposal of assets	-	-	-	-	12,779	12,779
Total culture and recreation	183,825	-	353	184,178	119,759	303,937
Debt service:						
Principal retirement	-	50,000	-	50,000	(50,000)	-
Interest and fiscal charges	-	41,600	-	41,600	(517)	41,083
Total Debt Service	-	91,600	-	91,600	(50,517)	41,083
Capital outlay	2,400	-	100,340	102,740	(102,740)	-
Total expenditures/expenses	199,180	96,688	100,693	396,561	(33,498)	363,063
Excess (Deficiency) of revenues over expenditures	201,358	20,639	(99,437)	122,560	(122,560)	-
Change in Net Assets	-	-	-	-	156,058	156,058
Fund Balance/Net Assets						
Beginning of year	737,206	66,446	184,688	988,340	295,394	1,283,734
End of year	\$ 938,564	\$ 87,085	\$ 85,251	\$ 1,110,900	\$ 328,892	\$ 1,439,792

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

Net Change in Fund Balances - Governmental Fund \$ 122,560

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 102,740	
Depreciation expense	(105,081)	
Loss on disposal of assets not fully depreciated	<u>(12,779)</u>	(15,120)

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments	\$ 50,000	
Amortization of deferred bond issuance costs	<u>(1,899)</u>	48,101

Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in accrued interest payable		<u>517</u>
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Change in Net Assets of Governmental Activities **\$ 156,058**

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 295,000	\$ 326,658	\$ 338,815	\$ 12,157
Intergovernmental:				
State of Louisiana:				
State revenue sharing	27,000	28,062	28,062	-
Charges for services	350	1,450	1,550	100
Miscellaneous				
Interest	5,000	20,289	32,082	11,793
Other	-	-	29	29
	<u>327,350</u>	<u>376,459</u>	<u>400,538</u>	<u>24,079</u>
Total revenues				
	<u>327,350</u>	<u>376,459</u>	<u>400,538</u>	<u>24,079</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	3,065	2,188	1,739	449
Ad valorem tax deductions	10,741	11,004	11,216	(212)
	<u>13,806</u>	<u>13,192</u>	<u>12,955</u>	<u>237</u>
Culture and recreation:				
Personal services	71,847	60,627	60,445	182
Supplies and materials	11,000	5,166	5,114	52
Other services and charges	83,500	61,038	59,453	1,585
Repairs and maintenance	84,000	68,798	58,813	9,985
	<u>250,347</u>	<u>195,629</u>	<u>183,825</u>	<u>11,804</u>
Capital outlay	25,000	2,400	2,400	-
	<u>289,153</u>	<u>211,221</u>	<u>199,180</u>	<u>12,041</u>
Total expenditures				
	<u>289,153</u>	<u>211,221</u>	<u>199,180</u>	<u>12,041</u>
Excess of Revenues Over Expenditures	38,197	165,238	201,358	36,120
Fund Balance				
Beginning of Year	601,286	737,206	737,206	-
End of Year	<u>\$ 639,483</u>	<u>\$ 902,444</u>	<u>\$ 938,564</u>	<u>\$ 36,120</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 1

For the Year Ended December 31, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 1 (the District) conform to accounting principles generally accepted in the United States of America (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 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, 2007.

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) Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on the major funds in governmental categories. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is reported as a major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction and renovation of major capital facilities and is reported as a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2007 property taxes which are being levied to finance the 2008 budget will be recognized as revenue in 2008. The 2007 tax levy is recorded as deferred revenue in the District's 2007 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 debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the basic financial statements.

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 approximates market value.

h) Deferred Bond Issuance Costs

The District has recorded deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt using the interest method.

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 – 40 years
Improvements other than building	5 – 25 years
Office furniture, fixtures and equipment	5 years
Machinery and equipment	5 – 20 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

k) Long-Term Debt

The accounting treatment of long-term debt depends on whether reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Long-Term Debt (Continued)

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures

l) Vacation and Sick Leave

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 2007.

m) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

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

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

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

The year-end balances of deposit are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 540,254	534,487
Investments:		
Certificates of deposit	<u>607,303</u>	<u>607,303</u>
Totals	<u>\$ 1,147,557</u>	<u>1,141,790</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2007, \$1,047,557 of the District's bank balance of \$1,147,557 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

At December 31, 2007, cash and certificates of deposit were adequately collateralized by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years.

The last reevaluation was completed for the list of January 1, 2005. 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, 2007 was \$7.00 per \$1,000 of assessed valuation on property within Recreation District No. 1 for the purpose of constructing, maintaining and operating recreational facilities within the District and \$2.40 per \$1,000 of assessed valuation for the payment of debt principal and interest. As indicated in Note 1c, taxes levied November 1, 2007 are for budgeted expenditures in 2008 and will be recognized as revenues in 2008.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2007 consisted of the following

	General Fund	Debt Service Fund
State of Louisiana -		
State revenue sharing	\$ 20,129	
Terrebonne Parish Tax Collector - December, 2007		
collections remitted to the District in January, 2008:		
Ad valorem taxes	281,950	\$ 96,668
State revenue sharing	10,065	-
Total	\$ 312,144	\$ 96,668

**Exhibit F
(Continued)**

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not being depreciated:				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Construction in progress	-	773	-	773
Total capital assets not being depreciated	26,345	773	-	27,118
Capital assets being depreciated:				
Buildings	1,331,598	1,484	(13,878)	1,319,204
Improvements other than building	332,816	76,087	-	408,903
Office furniture, fixtures and equipment	8,251	-	-	8,251
Machinery and equipment	247,484	24,396	-	271,880
Total capital assets being depreciated	1,920,149	101,967	(13,878)	2,008,238
Less accumulated depreciation for:				
Buildings	(508,278)	(76,348)	1,099	(583,527)
Improvements other than building	(87,358)	(16,433)	-	(103,791)
Office furniture, fixtures and equipment	(6,081)	(441)	-	(6,522)
Machinery and equipment	(100,260)	(11,859)	-	(112,119)
Total accumulated depreciation	(701,977)	(105,081)	1,099	(805,959)
Total capital assets being depreciated, net	1,218,172	(3,114)	(12,779)	1,202,279
Total capital assets, net	\$ 1,244,517	\$ (2,341)	\$ (12,779)	\$ 1,229,397

Depreciation amounting to \$105,081 was recorded as cultural and recreation expenses for the year ended December 31, 2007.

Note 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2007 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Governmental activities			
Vendors	\$ 1,135	\$ 19,570	\$ 20,705
Payroll taxes	1,673	-	1,673
Protest taxes	4,142	-	4,142
Total governmental activities	<u>\$ 6,950</u>	<u>\$ 19,570</u>	26,520
Accrued interest on long-term debt			<u>13,508</u>
Total accounts payable and accrued expenditures			<u>\$ 40,028</u>

Note 7 - LONG-TERM DEBT

At December 31, 2007, the District had general obligation bonds outstanding, Series 2004, totaling \$900,000 bearing interest at a rate of 4.58% per year, are repayable through March 1, 2019 primarily from ad valorem tax revenues.

The following is a summary of changes in long-term debt for the year ended December 31, 2007

Bonds payable at January 1, 2007	\$ 950,000
Bonds retired	<u>(50,000)</u>
Bonds payable at December 31, 2007	<u>\$ 900,000</u>

Note 7 - LONG-TERM DEBT (continued)

The annual requirements to amortize all long-term debt outstanding at December 31, 2007 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	55,000	39,576	94,576
2009	60,000	37,518	97,518
2010	60,000	35,222	95,222
2011	65,000	32,672	97,672
2012	65,000	29,878	94,878
2013-2017	400,000	98,154	498,154
2018-2019	195,000	9,753	204,753
Totals	<u>\$ 900,000</u>	<u>\$ 282,773</u>	<u>\$ 1,182,773</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 are 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 stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$3,202,255 at December 31, 2006, then secondly by the District. At December 31, 2007, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2007 totaled \$4,748.

Note 9 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members for the year ended December 31, 2007.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

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

We have audited the financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2007, and have issued our report thereon dated February 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 opinions on the financial statements, but for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LAT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 7, 2008.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

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
- Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 1 did not expend federal awards during the year ended December 31, 2007.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2007.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2006.
No significant deficiencies were reported during the audit for the year ended December 31, 2006.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2006.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 did not expend federal awards during the year ended December 31, 2006.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2006.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2007

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2007.

No significant deficiencies were reported during the audit for the year ended December 31, 2007.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2007.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 did not expend federal awards during the year ended December 31, 2007.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2007.