

Financial Report

Terrebonne Parish Recreation District No. 3

Houma, Louisiana

December 31, 2000

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Terrebonne Parish Recreation District No. 3

December 31, 2000

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 3,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 3, (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2000, 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 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Terrebonne Parish Recreation District No. 3 as of December 31, 2000, and the results of its operations for the year ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the District changed its accounting policy for the recognition of ad valorem tax revenues.

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2001, on our consideration of Terrebonne Parish Recreation District No. 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Certified Public Accountants.

Houma, La.,
June 8, 2001.

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

Terrebonne Parish Recreation District No. 3

December 31, 2000

	Governmental Fund Type	Account Group General Fixed Assets	Total (Memorandum Only)
	<u>General</u>		
Assets			
Cash	\$ 212	\$ -	\$ 212
Receivables - taxes	13,872	-	13,872
Due from other governmental units	57,759	-	57,759
Deposit	70	-	70
Fixed assets	-	361,709	361,709
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 71,913</u>	<u>\$ 361,709</u>	<u>\$ 433,622</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 4,212		\$ 4,212
Due to Terrebonne Parish Consolidated Government	13,212		13,212
Deferred revenue	71,631		71,631
	<u> </u>		<u> </u>
Total liabilities	<u>89,055</u>		<u>89,055</u>
Equity and Other Credits			
Investment in general fixed assets	-	\$ 361,709	361,709
Fund deficit	(17,142)	-	(17,142)
	<u> </u>	<u> </u>	<u> </u>
Total equity and other credits	<u>(17,142)</u>	<u>361,709</u>	<u>344,567</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, equity and other credits	<u>\$ 71,913</u>	<u>\$ 361,709</u>	<u>\$ 433,622</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICIT) - GOVERNMENTAL
FUND TYPE - GENERAL FUND

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

Revenues	
Taxes	\$ 1,858
Miscellaneous - interest	538
	<hr/>
Total revenues	2,396
	<hr/>
Expenditures	
Current:	
General Government:	
Ad valorem tax adjustment	1,244
	<hr/>
Culture and Recreation:	
Personal services	20,501
Supplies and materials	12,127
Other services and charges	20,563
Repairs and maintenance	7,243
Capital expenditures	24,254
	<hr/>
Total culture and recreation	84,688
	<hr/>
Total expenditures	85,932
	<hr/>
Deficiency of revenues over expenditures	(83,536)
 Other Financing Source	
Sale of fixed assets	100
	<hr/>
 Deficiency of Revenues and Other Source Over Expenditures	
	(83,436)
 Fund Balance (Deficit)	
Beginning of year	66,294
	<hr/>
End of year	\$ (17,142)
	<hr/> <hr/>

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. 3

For the year ended December 31, 2000

	Budget	Budgetary Basis	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 55,000	\$ 68,100	\$ 13,100
Intergovernmental:			
State of Louisiana:			
State revenue sharing	6,400	5,389	(1,011)
Miscellaneous- interest	500	538	38
Total revenues	61,900	74,027	12,127
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	1,500	1,244	256
Ad valorem tax deductions	1,200	-	1,200
Total general government	2,700	1,244	1,456
Culture and Recreation:			
Personal services	15,000	20,501	(5,501)
Supplies and materials	12,500	12,127	373
Other services and charges	10,480	20,563	(10,083)
Repairs and maintenance	10,000	7,243	2,757
Capital expenditures	18,000	24,254	(6,254)
Total culture and recreation	65,980	84,688	(18,708)
Total expenditures	68,680	85,932	(17,252)
Deficiency of revenues over expenditures	(6,780)	(11,905)	(5,125)
Other Financing Source			
Sale of fixed assets	-	100	100
Deficiency of Revenues and Other Financing Source Over Expenditures	(6,780)	(11,805)	(5,025)
Fund Balance			
Beginning of year	66,294	66,294	-
End of year	\$ 59,514	\$ 54,489	\$ (5,025)

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 3**

December 31, 2000

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 3 (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, 2000.

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 Group

An account group is used to establish accounting control and accountability. The District's Account Group is as follows:

General Fixed Assets Accounts Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenues) are recognized as revenue in the period for which levied, thus the 2000 property taxes which are being levied to finance the 2001 budget will be recognized as revenue in 2001. The 2000 tax levy is recorded as deferred revenue in the District's 2000 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District or an intermediary collecting agency because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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.

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 during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year end.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - General Fund is presented on the budgetary basis to provide a comparison of actual results with the budget. The major difference between the GAAP basis and budgetary basis is that:

Revenues from ad valorem tax and the related state revenue sharing are recognized in the period for which levied, during the year ending December 31, 2001, (GAAP basis). Revenues from ad valorem tax and state revenue sharing are recognized at the time of levy, during the year ended December 31, 2000, (budgetary basis).

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budgetary basis for the general fund are as follows:

	<u>Deficiency of Revenues Over Expenditures</u>
GAAP basis (as reported)	<u>\$(83,436)</u>
Adjustments:	
Revenues:	
Taxes	66,242
Intergovernmental	<u>5,389</u>
Total revenue adjustments	<u>71,631</u>
Budgetary basis	<u>\$(11,805)</u>

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes 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

The District did not have any investments during the year.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Fixed Assets (Continued)

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. Donated fixed assets are valued at their estimated fair value on the date donated.

i) Vacation and Sick Leave

The District has one full-time employee. There is no material accumulated unpaid vacation at December 31, 2000. Salaries and related employee benefits are paid by the Parish and subsequently reimbursed by the District. All salaries and related employee benefit transactions are reflected as personal services.

j) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

k) 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 accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CHANGE IN ACCOUNTING POLICY

The District changed its accounting policy for the recognition of revenues from ad valorem taxes and the related state revenue sharing for the year ended December 31, 2000. Ad valorem taxes for the 2000 tax roll become due on November 15, 2000 and become delinquent on December 31. These taxes are levied to finance the budget for the 2001 year and will be recognized as revenue in 2001. The taxes levied are reported as deferred revenue as of December 31, 2000.

Note 2 - CHANGE IN ACCOUNTING POLICY (Continued)

Accordingly, the change in accounting for ad valorem taxes and the related state revenue sharing had the effect of reducing revenue for the year ended December 31, 2000 by \$71,631. This accounting policy change was made because the 2000 ad valorem taxes are levied to fund the 2001 budget.

Note 3 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

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

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 balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	<u>\$212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$212</u>

At December 31, 2000, cash was not in excess of the FDIC insurance.

Note 4 - 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, 2000. 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, 2000 was \$5.67 per \$1,000 of assessed valuation on property within Recreation District No. 3 for the purpose of maintaining, constructing and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2000 are for budgeted expenditures in 2001 and will be recognized as revenues in 2001.

Note 5 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2000 consisted of the following:

State of Louisiana - State revenue sharing	\$ 3,592
Terrebonne Parish Tax Collector - December, 2000 State revenue sharing distribution remitted to the District in January, 2001	1,797
Terrebonne Parish Tax Collector - December, 2000 Ad valorem taxes remitted to the District in January, 2001	<u>52,370</u>
Total	<u>\$57,759</u>

Note 6 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Balance January 1, 2000</u>	<u>Addi- tions</u>	<u>Adjust- ments</u>	<u>Dele- tions</u>	<u>Balance December 31, 2000</u>
Land and buildings	\$163,487	\$ -	\$ -	\$ -	\$163,487
Improvements - other than buildings	85,046	16,036	9,667	-	110,749
Machinery and equipment	81,337	8,218	-	2,082	87,473
Construction in progress	<u>9,667</u>	<u>-</u>	<u>(9,667)</u>	<u>-</u>	<u>-</u>
Totals	<u>\$339,537</u>	<u>\$24,254</u>	<u>\$ -</u>	<u>\$2,082</u>	<u>\$361,709</u>

Note 7 - DUE TO TERREBONNE PARISH CONSOLIDATED GOVERNMENT

Amounts due to Terrebonne Parish Consolidated Government (the Parish) at December 31, 2000 consisted of the following:

Insurance	\$ 465
Salary reimbursement	10,247
Loan	<u>2,500</u>
Total	<u>\$13,212</u>

The loan with the Parish is an interest free loan and is covered by an intergovernmental agreement. The loan was to be used for current operations of the District and to pay the general operating expenses. The District made a \$2,500 payment in 2000 on the loan.

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 2% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The current rate is 2.5% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2000, 1999 and 1998 were \$397, \$385 and \$352, respectively, equal to the required contributions for each year.

Note 9 - 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, workers' compensation, group insurance and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability is based on various factors such as its operations and maintenance budget, exposure and claims experience. The premium for group insurance is based on a fixed rate per employee. The premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District for which it has insurance coverage under the Parish. 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
Auto Liability	\$6,250,000

Note 9 - RISK MANAGEMENT (Continued)

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's general liability internal service fund, \$60,594 at December 31, 1999, then secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 1999 was \$6,059,592. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$1,902,633 at December 31, 1999, then secondly by the District or the employee for individual claims in excess of \$1,000,000. At December 31, 2000, the District had no claims in excess of the above coverage limits.

Note 10 - LEASES

The District leases an acreage tract under an operating lease. The option to renew is made each year. The lease is \$1,000 per year with the remaining option to renew exercised at May 1, 2000. Rental expenditures for the lease amounted to \$1,000 for the year ended December 31, 2000.

Note 11 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 2000.

Note 12 - DEFICIT FUND BALANCE

A deficit undesignated fund balance of \$17,142 exists in the general fund. The deficit results from substantial capital expenditures and the implementation of a new accounting policy for the recognition of revenues from ad valorem taxes and the related state revenue sharing.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 3,
Houma, Louisiana.

Our report on our audit of the general-purpose financial statements of Terrebonne Parish Recreation District No. 3 (the District) for the year ended December 31, 2000, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of revenues and expenditures and graphs of revenues and expenditures for the years ended December 31, 2000 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements for the year ended December 31, 2000, taken as a whole.

We also have previously audited, 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, the balance sheets of Terrebonne Parish Recreation District No. 3 as of December 31, 1999 and 1998, and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 1999 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of revenues and expenditures and graphs of revenues and expenditures for the years ended December 31, 1999 and 1998 is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

Certified Public Accountants.

Houma, La.,
June 8, 2001.

SCHEDULE OF REVENUES AND EXPENDITURES**Terrebonne Parish Recreation District No. 3**

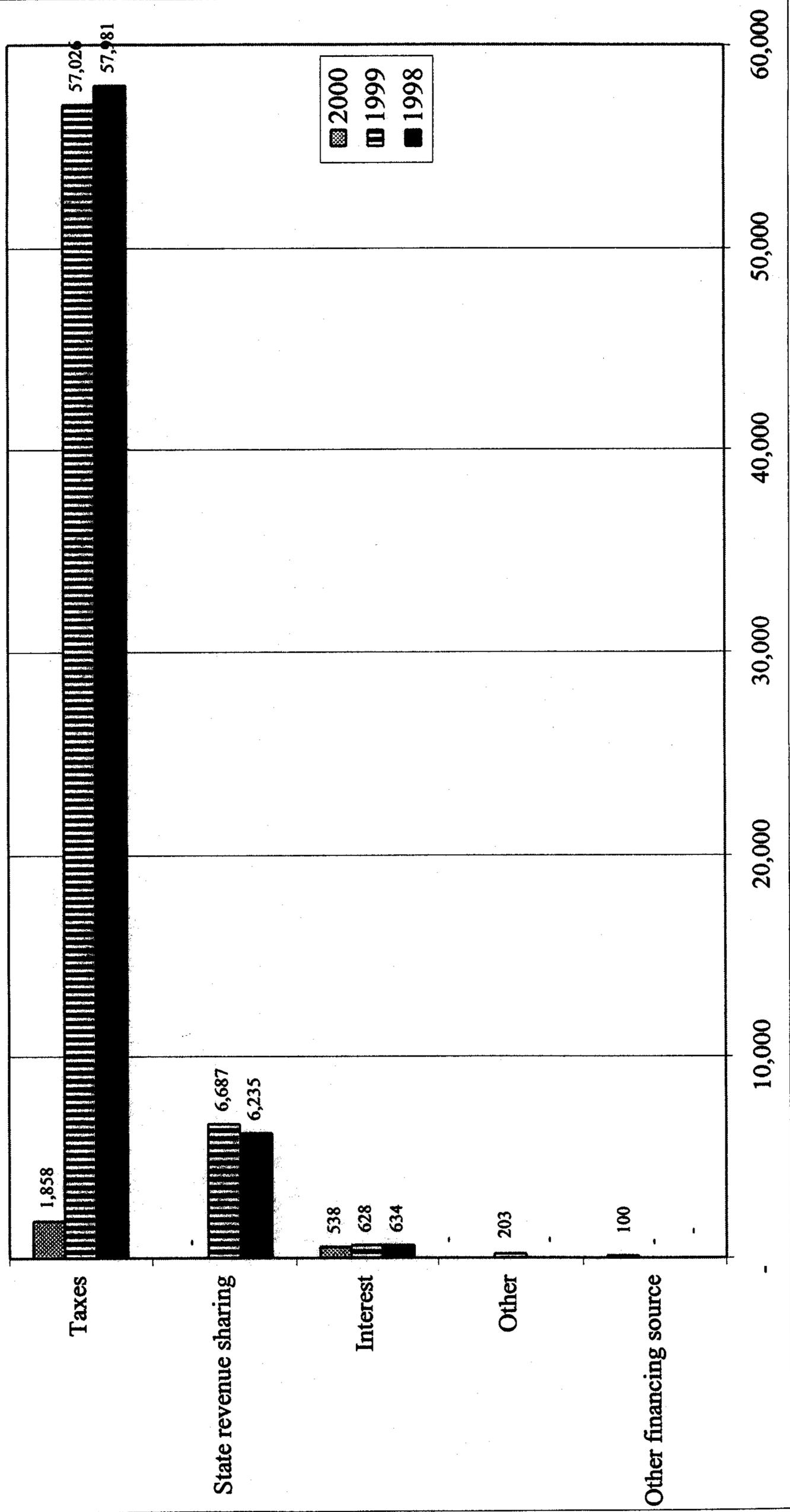
For the years ended December 31, 2000, 1999 and 1998

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Revenues			
Taxes	\$ 1,858	\$ 57,026	\$ 57,981
State revenue sharing	-	6,687	6,235
Interest	538	628	634
Other	-	203	-
Other financing source	100	-	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 2,496</u>	<u>\$ 64,544</u>	<u>\$ 64,850</u>
Expenditures			
General government	\$ 1,244	\$ 4,219	\$ 2,056
Personal services	20,501	20,168	19,321
Supplies and materials	12,127	10,424	2,559
Other services and charges	20,563	14,122	12,499
Repairs and maintenance	7,243	7,223	6,790
Capital expenditures	24,254	15,604	2,268
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 85,932</u>	<u>\$ 71,760</u>	<u>\$ 45,493</u>

REVENUES

Terrebonne Parish Recreation District No. 3

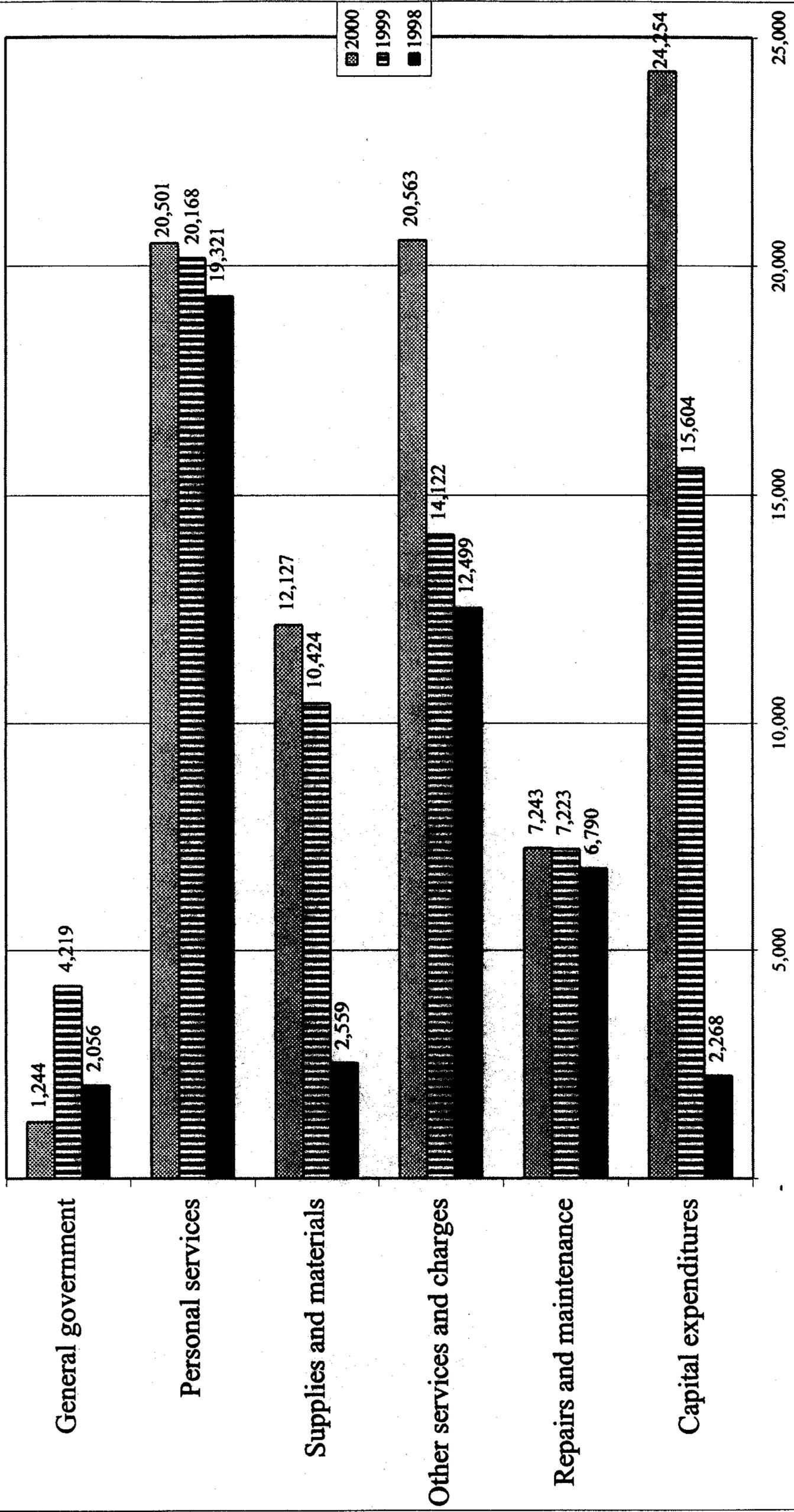
For the years ended December 31, 2000, 1999 and 1998



EXPENDITURES

Terrebonne Parish Recreation District No. 3

For the years ended December 31, 2000, 1999 and 1998



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. 3,
Houma, Louisiana.

We have audited the general-purpose financial statements of Terrebonne Parish Recreation District No. 3 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2000, and have issued our report thereon dated June 8, 2001. 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.

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 as Items 00-1, 00-2 and 00-3.

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. The reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. The reportable conditions are described in the Schedule of Findings and Questioned Costs as Items 00-1 and 00-2.

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, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions 00-1 and 00-2, 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.

Certified Public Accountants.

Houma, La.,
June 8, 2001.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

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? X yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? X yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 3 did not receive federal awards during the year ended December 31, 2000.

Section II Financial Statement Findings

Internal Control

00-1 **Criteria** - Internal controls should be in place that provide reasonable assurance that all transactions are occurring as approved by the Board and are recorded in the accounting records during the proper period.

Condition - During our audit, we noted a lack of internal controls and supervision over cash and expenditures. Furthermore, the District does not maintain a an adequate system for filing original transaction documents. Specifically, we noted duplicate vendor payments, unlocated transaction documents, missing signatures on checks and improper accounting for expenditures. In addition, the monthly bank statement is not reconciled to the District's books and the District failed to file required tax forms with the Internal Revenue Service.

SCHEDULE OF FINDINGS
(Continued)

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

00-1 (Continued)

Questioned costs - None

Context - Not applicable

Effect - A weak system of internal controls over financial reporting may result in errors, irregularities and fraud not being detected in a timely manner.

Cause - The Board has lessened its oversight in these areas.

Recommendation - The Board must increase its level of oversight by requiring monthly financial statements. The financial statements should be supported by an accurate, easy-to-use file system and the reconciliation of banking activity to the financial statements. In addition, all government filings must be made timely.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None

Internal Control and Compliance

00-2 **Criteria** - Internal controls should be in place to ensure that the budget is being prepared properly and monitored throughout the year.

Condition - In our examination of budgetary practices we noted the absence of effective budgetary monitoring. The District does not include the effect on financial position when preparing its budget. Nor does the District prepare monthly financial statements containing comparisons of actual results to the budget. Furthermore, the District did not amend its budget at the time expenditures exceeded the legal budgetary limit.

Effect - A weak system of internal controls and non-compliance with state law has affected the financial status of the District.

Cause - The Board has lessened its oversight in the budgeting area.

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

Section II Financial Statement Findings (Continued)

Internal Control and Compliance (Continued)

00-2 (Continued)

Recommendation - The District must monitor the budget to actual financial results on a monthly basis. Only by monitoring the budget to actual, can the District prevent future cash flow problems. The budget should include a beginning and ending fund balance and should be amended at appropriate times.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None

Compliance

00-3 **Criteria** - Article VII, Section 14 of the 1974 Constitution prohibits advancing wages. In addition, Article VII has been supported by various opinions of the Attorney General.

Condition - The District advanced wages of \$1,800 for 2000 to the Secretary/Treasurer.

Questioned costs - \$1,800

Context - These transactions were limited to the Secretary/Treasurer and were cleared out by year end.

Effect - Wages were advanced to the Secretary/Treasurer and as a result this was a violation of state law.

Cause - The Secretary/Treasurer paid herself in advance for nine months before the services were performed.

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

Section II Financial Statement Findings (Continued)

Internal Control and Compliance (Continued)

00-3 (Continued)

Recommendation - We recommend that wages be paid on the last day of the month. Payments should be issued only after the services are performed as evidenced by invoices or other time and attendance records.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

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

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 1999.
No reportable conditions were reported during the audit for the year ended December 31, 1999.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1999.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 3 did not receive federal awards during the year ended December 31, 1999.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1999.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

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

Internal Control

00-1 **Recommendation** - The Board must increase its level of oversight by requiring monthly financial statements. The financial statements should be supported by an accurate easy-to-use file system and reconciliation of banking activity to the financial statements. In addition, all government filings must be made timely.

Management's Corrective Action - The Board has replaced the Secretary/Treasurer with a bookkeeper who will provide monthly financial statements and bank reconciliations to the board. This new bookkeeper will be responsible for maintaining all District files and completing all filings to governments.

Internal Control and Compliance

00-2 **Recommendation** - The District must monitor the budget to actual financial results on a monthly basis. Only by monitoring the budget to actual, can the District prevent future cash flow problems. The budget should include a beginning and ending fund balance and should be amended at appropriate times.

Management's Corrective Action - The Board will amend the budget as required and monitor the budget to actual on a monthly basis with financial statements provided by the new bookkeeper.

Compliance

00-3 **Recommendation** - We recommend that wages be paid on the last day of the month. Payments should be issued after the services are performed as evidenced by invoices or other time and attendance records.

Management's Corrective Action - The Board has replaced the Secretary/Treasurer with a new bookkeeper who will provide an invoice for services performed.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Recreation District No. 3

For the year ended December 31, 2000

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 3 did not receive federal awards during the year ended December 31, 2000.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2000.