

Financial Report
Terrebonne Parish Recreation District No. 11
Houma, Louisiana
For the year ended December 31, 2005

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

7/26/06

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December 31, 2005

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the general fund of Terrebonne Parish Recreation District No. 11, 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, 2005, 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 of Terrebonne Parish Recreation District No. 11 as of December 31, 2005, 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.

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public
Accountants | Consultants
A Limited Liability Company

1
P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, 17th Floor
Phone (504) 831-4949
Fax (504) 833-9093

507-D St. Philip St.
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2006 on our consideration of Terrebonne Parish Recreation District No. 11'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 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 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

March 21, 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 11

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 11's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2005 by \$1,411,734 (net assets), which represents a 8.88% increase from last fiscal year.

The District's revenue increased \$82,481 (or 10.85%) primarily due to a rise in intergovernmental revenues.

The District's expenses increased \$5,024 (or less than 1%).

Capital assets increased by \$138,709 due to improvements at Dumas pool, gyms, tennis courts and ball fields.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial statements include two kinds of statements that present different 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 the 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 to engage in activities which would promote recreation and any related activity designed to encourage recreation and promote the general health and well being.

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. The District has one governmental fund.

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 balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The District maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. 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 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 provide 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, 2005, assets exceeded liabilities by \$1,411,734. A large portion of the District's net assets (80.50%) reflects its investment in capital assets (e.g., land; buildings; improvements other than building; machinery and equipment; furniture and fixtures; and vehicles). Consequently, these assets are not available for future spending.

Receivables and due from other governmental units total \$725,949 and represent receivables for ad valorem taxes and state revenue sharing assessed in November 2005 to be collected in 2006 and funds given to Terrebonne Parish to distribute to the District as FEMA reimbursements for hurricane damages.

The liabilities associated with the District are accounts payable, accrued expenditures and deferred revenue for taxes assessed in 2005 that will be collected in 2006. Long-term liabilities outstanding relate to the certificates of indebtedness payable for work done on the Mechanicville gym roof.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2005	2004	
Current and other assets	\$ 1,061,853	\$ 1,126,669	\$ (64,816)
Capital assets	1,171,559	1,032,850	138,709
Total assets	<u>2,233,412</u>	<u>2,159,519</u>	<u>73,893</u>
Long-term liabilities outstanding	35,000	65,000	(30,000)
Other liabilities	786,678	797,879	(11,201)
Total liabilities	<u>821,678</u>	<u>862,879</u>	<u>(41,201)</u>
Net Assets:			
Invested in capital assets, net of related debt	1,136,559	967,850	168,709
Unrestricted	275,175	328,790	(53,615)
Total net assets	<u>\$ 1,411,734</u>	<u>\$ 1,296,640</u>	<u>\$ 115,094</u>

Governmental Activities

Governmental activities increased the District's net assets by \$115,094. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2005	2004		
Revenues:				
Ad valorem taxes	\$ 667,160	\$ 653,267	\$ 13,893	2.13%
Intergovernmental	120,827	46,717	74,110	158.64%
Charges for services	46,386	44,402	1,984	4.47%
Miscellaneous	8,445	15,951	(7,506)	-47.06%
Total revenues	<u>842,818</u>	<u>760,337</u>	<u>82,481</u>	10.85%
Expenses:				
General government	28,571	33,020	(4,449)	-13.47%
Culture and recreation	696,878	686,040	10,838	1.58%
Interest on long term debt	2,275	3,640	(1,365)	-37.50%
Total expenses	<u>727,724</u>	<u>722,700</u>	<u>5,024</u>	0.70%
Increase in net assets	115,094	37,637	77,457	205.80%
Net assets beginning of year	1,296,640	1,259,003	37,637	2.99%
Net assets end of year	<u>\$ 1,411,734</u>	<u>\$ 1,296,640</u>	<u>\$ 115,094</u>	8.88%

Intergovernmental revenue increased by \$74,110 mainly due to FEMA reimbursements for hurricane damage and Terrebonne parish reimbursements associated with the completion of the Dumas pool project.

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 fund 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 ending fund balance of \$275,175, a decrease of \$53,615, in comparison with the prior year and is available for spending at the District's discretion.

General Fund Budgetary Highlights

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

Revenues

- Taxes increased \$29,000 to match revenues.
- Intergovernmental revenues increase \$74,981 due to planned reimbursements from Terrebonne Parish Consolidated Government and FEMA.

Expenditures

- Personal services decreased \$16,300.
- Repairs and Maintenance-pools, parks and fields increased \$152,700 for hurricane damages.
- Capital outlay increased \$50,000 for anticipated improvements on the Dumas Pool.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of December 31, 2005, amounts to \$1,171,559 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, machinery and equipment, furniture and fixtures and vehicles (see table below).

	<u>2005</u>	<u>2004</u>
Land	\$ 176,676	\$ 176,676
Buildings	1,632,370	1,599,778
Improvements other than building	402,910	263,007
Machinery and equipment	439,552	375,122
Furniture and fixtures	37,262	28,912
Vehicles	<u>66,086</u>	<u>54,519</u>
Totals	<u>\$ 2,754,856</u>	<u>\$2,498,014</u>

Major capital asset events during the current fiscal year included the following:

- Building Improvements - electrical work on the Dumas pool house (\$17,200).
- Improvements – Installation of new dugouts at the Adult Softball Complex (\$18,360).
- Improvements – Bleachers for the West Houma baseball fields (\$22,494).
- Improvements – Work done to Dumas pool in order to reopen the pool (\$76,392).

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

Long-term Debt

In February 2005, the District paid its third installment on the Certificates of Indebtedness used to finance the replacement of the Mechanicville Gym roof. At December 31, 2005, the District had \$35,000 in long-term obligations outstanding down from \$65,000 for a decrease of \$30,000. More detailed information about the District's long-term obligations is presented in Note 6, 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 is the estimated amount of the November 2005 tax assessment, which the District will receive, for the most part, in January 2006.
- Interest revenues are budgeted with no anticipation of an increase in interest rates and with the expenditure of several large dollar items in 2006 which have resulted in less funds available for investing purposes.
- Capital expenditures includes the amount of \$100,000 which can be designated by the board for specific items/projects.

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. 11, P.O. Box 4294, Houma, Louisiana 70361.

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

Terrebonne Parish Recreation District No. 11

December 31, 2005

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash	\$ 43,812		\$ 43,812
Investments	292,056		292,056
Receivables - taxes	157,576		157,576
Due from other governmental units	568,373		568,373
Other	36		36
Capital assets:			
Non-depreciable	-	\$ 176,676	176,676
Depreciable, net of accumulated depreciation	<u> </u>	<u>994,883</u>	<u>994,883</u>
Total assets	<u>\$ 1,061,853</u>	<u>1,171,559</u>	<u>2,233,412</u>
 Liabilities			
Accounts payable and accrued expenditures	\$ 6,809	-	6,809
Due to Terrebonne Parish Consolidated Government	65,459	-	65,459
Deferred revenue	714,410	-	714,410
Long-term liabilities:			
Due within one year	<u> </u>	<u>35,000</u>	<u>35,000</u>
Total liabilities	<u>786,678</u>	<u>35,000</u>	<u>821,678</u>
 Fund Balance/Net Assets			
Fund balance:			
Unreserved:			
Designated for dedicated emergencies and contingency fund	<u>275,175</u>	<u>(275,175)</u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,061,853</u>		
 Net assets:			
Invested in capital assets, net of related debt		1,136,559	1,136,559
Unrestricted		<u>275,175</u>	<u>275,175</u>
Total net assets		<u>\$ 1,411,734</u>	<u>\$ 1,411,734</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

December 31, 2005

Fund Balance - Governmental Fund		\$ 275,175
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	\$ 2,754,856	
Less accumulated depreciation	<u>(1,583,297)</u>	1,171,559
Long-term liabilities, including certificates of indebtedness, are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Certificates of indebtedness		<u>(35,000)</u>
Net Assets of Governmental Activities		<u>\$ 1,411,734</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2005

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 667,160		\$ 667,160
Intergovernmental:			
State of Louisiana:			
State revenue sharing	45,372		45,372
TPCG			
Portion of construction costs	50,000		50,000
FEMA revenue	25,455		25,455
Charges for services	46,386		46,386
Miscellaneous:			
Interest	7,915		7,915
Other	530		530
	<u>842,818</u>		<u>842,818</u>
Total revenues			
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	5,603		5,603
Ad valorem tax deductions	22,968		22,968
	<u>28,571</u>		<u>28,571</u>
Culture and recreation:			
Personal services	284,393		284,393
Supplies and materials	31,452		31,452
Other services and charges	145,943		145,943
Repairs and maintenance	116,957		116,957
Depreciation	-	\$ 118,133	118,133
	<u>578,745</u>	<u>118,133</u>	<u>696,878</u>
Debt service:			
Principal retirement	30,000	(30,000)	-
Interest	2,275	-	2,275
	<u>32,275</u>	<u>(30,000)</u>	<u>2,275</u>
Capital outlay	256,842	(256,842)	-
	<u>896,433</u>	<u>(168,709)</u>	<u>727,724</u>
Total expenditures/expenses			
Deficiency of Revenues Over Expenditures	(53,615)	53,615	-
Change in Net Assets	-	115,094	115,094
Fund Balance/Net Assets			
Beginning of year	328,790	967,850	1,296,640
End of year	<u>\$ 275,175</u>	<u>\$ 1,136,559</u>	<u>\$ 1,411,734</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2005

Net Change in Fund Balance - Governmental Fund		\$ (53,615)
Amounts reported for governmental activities in the statement of activities are different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 256,842	
Depreciation expense	<u>(118,133)</u>	
Excess of depreciation expense over capital outlay		138,709
<p style="margin-left: 40px;">The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments		<u>30,000</u>
Change in Net Assets of Governmental Activities		<u>\$ 115,094</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 615,000	\$ 644,000	\$ 667,160	\$ 23,160
Intergovernmental:				
State of Louisiana:				
State revenue sharing	46,700	46,700	45,372	(1,328)
TPCG				
Portion of construction costs	-	50,000	50,000	-
FEMA revenue	-	24,800	25,455	655
Charges for services	42,225	42,406	46,386	3,980
Miscellaneous:				
Interest	3,600	5,600	7,915	2,315
Other	700	700	530	(170)
Total revenues	<u>708,225</u>	<u>814,206</u>	<u>842,818</u>	<u>28,612</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	8,400	8,400	5,603	2,797
Ad valorem tax deductions	21,000	11,000	22,968	(11,968)
Total general government	<u>29,400</u>	<u>19,400</u>	<u>28,571</u>	<u>(9,171)</u>
Culture and recreation:				
Personal services	287,890	271,590	284,393	(12,803)
Supplies and materials	28,600	29,000	31,452	(2,452)
Other services and charges	123,900	147,200	145,943	1,257
Repairs and maintenance	94,800	247,500	116,957	130,543
Total culture and recreation	<u>535,190</u>	<u>695,290</u>	<u>578,745</u>	<u>116,545</u>
Debt service:				
Principal retirement	33,750	33,750	30,000	3,750
Interest	-	-	2,275	(2,275)
Total debt service	<u>33,750</u>	<u>33,750</u>	<u>32,275</u>	<u>1,475</u>
Capital outlay	100,000	150,000	256,842	(106,842)
Total expenditures	<u>698,340</u>	<u>898,440</u>	<u>896,433</u>	<u>2,007</u>
Excess (Deficiency) of Revenues Over Expenditures	9,885	(84,234)	(53,615)	30,619
Fund Balances/Net Assets				
Beginning of year	69,272	328,790	328,790	-
End of year	<u>\$ 79,157</u>	<u>\$ 244,556</u>	<u>\$ 275,175</u>	<u>\$ 30,619</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 11**

December 31, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 11 (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, 2005.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

b) Basis of Presentation

The District's 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 non-exchange 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. 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 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.

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.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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, except for FEMA reimbursements for which the period is six months. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2005 property taxes which are being levied to finance the 2006 budget will be recognized as revenue in 2006. The 2005 tax levy is recorded as deferred revenue in the District's 2005 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. 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.

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 budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditure must be approved by the Board. The District amended its budget twice

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

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 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) 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.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

donation. Capital assets with an estimated historical cost amounted to \$517,475. 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	10 - 40 years
Improvements other than building	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture and fixtures	5 - 10 years
Vehicles	5 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.

i) Long-Term Obligation

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

Government-wide Financial Statements:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations (continued)

Fund Financial Statements:

The long-term obligation for the governmental fund is not reported as a liability in the fund financial statements. The obligation proceeds are reported as other financing source and payments of principle and interest reported as expenditures.

j) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as expenditures of the period in which paid.

Employees can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry-forward provisions. Employees earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Sick leave does not vest with employees at separation of employment.

There is no material unpaid vacation and sick leave at December 31, 2005.

k) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (continued)

- 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. As of December 31, 2005 and for the year then ended, the District did not have or receive restricted net assets.

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.

Designated fund balance represents the Board of Director’s intention to hold \$275,175 for dedicated emergencies and contingencies.

l) New Accounting Pronouncements

The District adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3 Statement No. 40 addresses disclosure of common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk, such disclosures are included in Note 2. Adoption of Statement No. 40 does not affect the District’s financial position, results of operation or cash flows.

The District adopted GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.” Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and also establishes accounting requirements for insurance recoveries. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Adoption of Statement No. 42 does not materially affect the District’s financial position, results of operations or cash flows.

Note 2 - DEPOSITS

The District adopted Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, in the current year.

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 deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$ 131,237	\$ 43,812
Investments:		
Certificates of Deposit	292,056	292,056
Total	\$ 423,293	\$ 335,868

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, 2005 \$223,293 of the District's bank balance of \$423,293 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, 2005, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by an unaffiliated bank 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 credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the

Note 2 - DEPOSITS

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, 2005 was \$9.79 per \$1,000 of assessed valuation on property within Recreation District No. 11 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2005 are for budgeted expenditures in 2006 and will be recognized as revenues in 2006.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2005 consisted of the following:

State of Louisiana - State revenue sharing	\$ 29,772
Due from TPCG - FEMA reimbursement	25,455
Terrebonne Parish Tax Collector - December, 2005 collections remitted to the District in January, 2006	
Ad valorem taxes	498,260
State revenue sharing	<u>14,886</u>
 Total	 <u>\$ 568,373</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Additions	Balance December 31, 2005
Capital assets not being depreciated:			
Land	\$ 176,676		\$ 176,676
 Capital assets being depreciated:			
Buildings	1,599,778	\$ 32,592	1,632,370
Improvements other than building	263,007	139,903	402,910
Machinery and equipment	375,122	64,430	439,552
Furniture and fixtures	28,912	8,350	37,262
Vehicles	54,519	11,567	66,086
Total capital assets being depreciated	2,321,338	256,842	2,578,180
 Less accumulated depreciation for:			
Buildings	(1,149,949)	(56,011)	(1,205,960)
Improvements other than building	(69,228)	(27,129)	(96,357)
Equipment	(178,834)	(27,938)	(206,772)
Furniture and Fixtures	(22,516)	(1,683)	(24,199)
Vehicles	(44,637)	(5,372)	(50,009)
Total accumulated depreciation	(1,465,164)	(118,133)	(1,583,297)
Total capital assets being depreciated, net	856,174	138,709	994,883
Total capital assets, net	\$ 1,032,850	\$ 138,709	\$ 1,171,559

Note 6 - LONG-TERM OBLIGATIONS

At December 31, 2005, the District had outstanding certificates of indebtedness totaling \$35,000. The certificates bear interest at 4.55% and are payable through March 1, 2006. The certificates are secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of changes in the long-term obligations of the District for the year ended December 31, 2005:

Certificates of indebtedness payable at January 1, 2005	\$ 65,000
Certificates of indebtedness retired	<u>30,000</u>
Certificates of indebtedness payable at December 31, 2005	<u>\$ 35,000</u>

The requirements to amortize certificates of indebtedness outstanding at December 31, 2005 include interest of \$796 and principal of \$35,000 to be paid in 2006.

Note 7 - 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. 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 3.00% 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 3.75% 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, 2005, 2004, and 2003, were \$7,538, \$6,932, and \$4,140, respectively, equal to the required contributions for each year.

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 and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on such factors as its operations and maintenance budget, exposure and claims experience. The Premiums for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Property	\$100,100,000
Auto Liability	\$6,500,000

Coverage for general liability claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$3,603,543 at December 31, 2004, then secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health. The aggregate deductible of all group claims for 2004 was \$12,725,275. Insurance contracts cover 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 on individual claims. At December 31, 2004, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2005 totaled \$92,504.

Note 9 - RELATED PARTY FEES AND EXPENDITURES

In addition to the placement of various insurances, the District utilizes the Parish for the processing of payroll and purchasing of operating expenditures. The following is a summary of expenditures (including insurance) the District paid the Parish as reimbursement of costs:

Personal services	\$282,368
Supplies and materials	12,881
Other services and charges	8,624
Repairs and maintenance	<u>381</u>
Total	<u>\$304,254</u>

Note 10 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2005:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Kirby Bonvillain	12	\$120
Gwendolyn Chapman	6	60
Winston English	5	50
Keith Gallicio	4	40
Donald Leblanc	12	120
Amos Mosely	10	100
Sidney Smith	14	120
Melvin Spinella	6	60
Joseph Thompson, Jr.	10	<u>100</u>
Total		<u>\$770</u>

Note 11 - CONTINGENCIES

The State of Louisiana incurred significant losses as a result of Hurricanes Katrina and Rita in August and September of 2005. Hurricane relief and recovery efforts have stretched the state's finances and increased the likelihood of cuts in the District's future funding from the State. If significant budget cuts are made at the Federal, state and local government levels, the amount of funds that the District will receive could be reduced significantly and have an adverse impact on its operations. Management is not able to estimate at this time the amount of funds that the District will receive from future state funding. However, management believes that it will receive sufficient funds to avoid a material impact on the District's future operations.

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. 11,
Houma, Louisiana

We have audited the financial statements of the governmental activities and the general fund of Terrebonne Parish Recreation District No. 11, state of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2005, and have issued our report thereon dated March 21, 2006. 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 opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 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,
March 21, 2006.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2005

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

Noncompliance material to financial statements noted? yes X no

b) Federal Awards

Terrebonne Parish Recreation District No. 11 did not receive federal awards during the year ended December 31, 2005.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2005.

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. 11

For the year ended December 31, 2005

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2004.
No reportable conditions were reported during the audit for the year ended December 31, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ending December 31, 2004.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not receive federal awards during the year ended December 31, 2004.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2004.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2005

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2005. No reportable conditions were reported during the audit for the year ended December 31, 2005.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2005.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not receive federal awards exceeding \$500,000 during the year ended December 31, 2005.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2005.