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**HOUMA-TERREBONNE PUBLIC TRUST  
FINANCING AUTHORITY**

**HOUMA, LOUISIANA**

**Comprehensive Annual Financial Report**

**Year Ended March 31, 2011**

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 **OCT 12 2011**

**HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA**

**Comprehensive Annual Financial Report**

**Year Ended March 31, 2011**

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
Houma, Louisiana

Comprehensive Annual Financial Report  
March 31, 2011

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**HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2011**

Management's Discussion and Analysis (MD&A) of the Houma-Terrebonne Public Trust Financing Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended March 31, 2011. The MD&A is designed to provide an objective and easy to read analysis of the Authority's financial activities based on currently known facts, decisions, or conditions. Please read this in conjunction with our financial statements, which begin on page 6.

**Financial Highlights**

- Total assets decreased by \$1,094,932. This is primarily due to principal payments received on Mortgage Backed Investment Securities.
- Total liabilities decreased by \$1,163,701. This is primarily due to \$1,117,000 in bond principal payments paid during the year.
- Assets of the Authority exceeded total liabilities in the current year by \$1,255,279 (net assets). Of this amount, \$853,749 of net assets is unrestricted and available for any purpose under the terms of the Trust Indenture. The remaining \$401,530 in net assets is restricted by the Series 2007 Bond Indenture.
- Total revenues decreased from the prior year by \$197,421. This decrease is due to a \$97,370 decrease in interest and investment income and a \$101,051 decrease in realized and unrealized gains on investment securities. The decrease in interest income is expected to continue as principal collections are received on Mortgaged Backed Securities. The change in unrealized gains (or losses) on investment securities will fluctuate based on the current interest rate environment.
- Total deductions decreased by \$126,897. This decrease is mainly attributed to a decrease in interest expense on the Series 2007 bonds. This decrease is expected to continue as bonds are paid off from mortgage repayments on FNLMA and GNMA Mortgaged Backed Loan Pools in the Series 2007 Bond program.

**Overview of the Financial Statements**

The statements of fiduciary net assets and changes in fiduciary net assets include assets, liabilities, revenues and expenses using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Reading these two statements in conjunction with each other helps the user understand the composition of the Authority's net assets and the driving forces that initiate the changes in the net assets.

The statement of fiduciary net assets presents information on all of the Authority's assets less liabilities which result in net assets. This statement is designed to display the financial position of the Authority. The Authority's net assets can be used to measure the

Authority's financial health. Over time, increases or decreases in the Authority's net assets are indicators of either improvements or deterioration in financial health.

The statement of changes in fiduciary net assets provides information which shows how the Authority's net assets changed as a result of the current year's activities. This allows users of the financial statements to determine the major factors that affected the current financial statements and may have a significant impact on financial statements in the future.

	<u>March 31</u>		Increase (Decrease)
	<u>2011</u>	<u>2010</u>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,060,130	\$ 1,102,258	\$ (42,128)
Investment securities	9,653,006	10,686,634	(1,033,628)
Cost of issuance, net	<u>164,248</u>	<u>183,424</u>	<u>(19,176)</u>
Total assets	<u>10,877,384</u>	<u>11,972,316</u>	<u>(1,094,932)</u>
<b>Liabilities:</b>			
Accounts payable	4,937	5,294	(357)
Bonds payable, net	9,527,442	10,685,507	(1,158,065)
Deferred servicing release fees	<u>89,726</u>	<u>95,005</u>	<u>(5,279)</u>
Total liabilities	<u>9,622,105</u>	<u>10,785,806</u>	<u>(1,163,701)</u>
<b>Net assets:</b>			
Unrestricted	853,749	856,838	(3,089)
Restricted - bond trust indenture	<u>401,530</u>	<u>329,672</u>	<u>71,858</u>
Total net assets	<u>\$ 1,255,279</u>	<u>\$ 1,186,510</u>	<u>\$ 68,769</u>

Total assets decreased by \$1,094,932 from March 31, 2010 to March 31, 2011. This decrease is primarily due to principal payments received on Mortgage Backed Investment Securities and amortization of issuance costs.

Total liabilities decreased by \$1,163,701 from March 31, 2010 to March 31, 2011. This decrease is due to principal payments on bonds payable, amortization of bond premium and recognition of deferred servicing release fees on the Series 2007 bond program.

At March 31, 2011, net assets increased by \$68,769. This increase in net assets can be attributed to the net income for the year which is due mainly to investment and commitment fee income and a decrease in interest expense on bond payable.

At March 31, 2011, net assets totaled \$1,255,279. Of this amount, \$853,749 is unrestricted and available for any valid purpose under the terms of the trust indenture and \$401,530 is restricted for use by the terms of the Series 2007 bond indenture.

**Comparative Changes in Fiduciary Net Assets**

	March 31		Increase (Decrease)
	2011	2010	
Total Revenue	\$ 563,381	\$ 760,802	\$ (197,421)
Total Deductions	494,612	621,509	(126,897)
Change in Net Assets	\$ 68,769	\$ 139,293	\$ (70,524)

Total revenues decreased by \$197,421 for the year ended March 31, 2011. This decrease is due to a \$97,370 decrease in interest and investment income and a \$100,051 decrease in realized and unrealized gains on investment securities.

Total deductions decreased by \$126,897 over the prior year. This decrease is attributable to a decrease in interest expense on the Series 2007 bonds. This decrease is expected to continue as bonds are paid off from mortgage repayments on FNLMA and GNMA Mortgaged Backed Loan Pools in the Series 2007 Bond program.

**Debt Administration**

The Authority had \$9,173,000 in bonds payable outstanding and \$354,442 in unamortized premium on bonds as of March 31, 2011. This is a \$1,158,065 decrease over the prior year and is due to \$1,117,000 in principal payments or prepayments on the bonds payable and amortization of bond premium. The bonds bear interest at 5.15% maturing serially through December 1, 2040. More information about the Authority's long-term debt is presented in the bonds payable footnote in the financial section of this report.

**Contacting the Authority's Financial Management**

This financial report is designed to provide taxpayers, customers and creditors with a general overview of the Authority's finances and to display the Authority's accountability for the funds it received. If you have questions about this report or need additional financial information, contact the Houma-Terrebonne Public Trust Financing Authority at 1054 West Tunnel Boulevard, Houma, LA 70360.

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# Lanaux & Felger

CERTIFIED PUBLIC ACCOUNTANTS ---  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MARK S. FELGER, CPA

## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Houma-Terrebonne Public Trust Financing Authority  
Houma, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Houma-Terrebonne Public Trust Financing Authority, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended March 31, 2011, which collectively comprise the Authority's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Houma-Terrebonne Public Trust Financing Authority as of March 31, 2011, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011 on our consideration of the Houma-Terrebonne Public Trust Financing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements taken as a whole. The supplementary information on pages 16 to 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

September 23, 2011

*Janaux + Felger*



HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Statements of Fiduciary Net Assets  
Fiduciary Fund - Private-purpose Trust

March 31, 2011

<b>Assets:</b>	
Cash and cash equivalents	\$ 1,060,130
FHLMC securities	6,754,221
GNMA securities	2,898,785
Cost of issuance, net	<u>164,248</u>
<b>Total assets</b>	<b><u>10,877,384</u></b>
<b>Liabilities:</b>	
Accounts payable	4,937
Bonds payable, net	9,527,442
Deferred servicing release fees	<u>89,726</u>
<b>Total liabilities</b>	<b><u>9,622,105</u></b>
<b>Net assets:</b>	
Unrestricted	853,749
Restricted - bond trust indenture	<u>401,530</u>
<b>Total net assets</b>	<b><u>\$ 1,255,279</u></b>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Statements of Changes in Fiduciary Net Assets  
Fiduciary Fund - Private-purpose Trust

Year Ended March 31, 2011

Additions:	
Interest and investment income	\$ 528,429
Commitment fee income	5,278
Net realized and unrealized gains (losses) on investments	<u>29,674</u>
Total additions	563,381
Deductions:	
Amortization of deferred financing costs	19,177
Interest expense	463,304
Professional services	7,542
Other expenses	<u>4,589</u>
Total deductions	<u>494,612</u>
Change in net assets	68,769
Net assets at beginning of the year	<u>1,186,510</u>
Net assets at end of the year	<u>\$ 1,255,279</u>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Notes to Financial Statements

1) Reporting Entity

The Houma-Terrebonne Public Trust Financing Authority (Authority) is a public trust created by a Trust Indenture dated December 26, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes, as amended. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing in the Houma-Terrebonne area through low interest first mortgage loans and other purposes as specified by the Trust Indenture.

The Authority has a five member appointed Board of Trustees, each member having a five-year term, and having the power to designate management, the ability to significantly influence operations, and collectively having primary accountability for fiscal matters. This report includes all of the funds of the Authority.

Responsibility of indebtedness is solely the obligation of the Authority and is not the obligation of the Urban Services District, Terrebonne Parish Consolidated Government, or the State of Louisiana.

The Authority is classified as a component unit of the Terrebonne Parish Consolidated Government (Parish) which is the beneficiary of the Trust on behalf of the Urban Services District.

2) Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

- a) Basis of presentation. The accompanying basic financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards, published by GASB. The Authority applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Notes to Financial Statements, Continued

- b) **Fund Type.** The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, additions and deductions. The fund type presented in the financial statements is described as follows:

Fiduciary Fund – Private-purpose Trust: This fund is used to account for bond proceeds that were used to finance residential housing through low interest first mortgage loans and for other purposes as specified by the Trust indenture.

- c) **Basis of accounting.** The Authority follows the accrual basis of accounting. Revenues are recognized when they are earned, and deductions are recognized when they are incurred.
- d) **Budgetary data.** The Authority is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Authority's fiduciary fund.
- e) **Interest income.** Interest income is recorded as revenue in the year the interest is earned.
- f) **Use of estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- g) **Investments.** Investments are recorded at fair value, based on quoted market prices for the investments as reported by the Trustee. Fluctuations in the fair value of investments are recorded as gains (losses) in the Statement Changes in Fiduciary Net Assets.
- h) **Amortization.** Bond issuance costs, including the underwriters' discount on the sale of the bond, are amortized ratably over the average life of the bonds based upon the principal amounts outstanding.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Notes to Financial Statements, Continued

3) Cash and Investments

Louisiana state law allows the Authority to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade commercial paper of domestic corporations.

At March 31, 2011, the Authority had the following cash and cash equivalent balances:

<u>Cash and Cash Equivalents</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Insurance Coverage</u>	<u>Pledged Securities</u>
Cash deposits	\$ 858,686	\$ 858,686	\$ 250,000	\$ 1,007,659
Money market mutual funds	<u>201,444</u>	<u>201,444</u>	<u>201,444</u>	<u>-</u>
Total	<u>\$ 1,060,130</u>	<u>\$ 1,060,130</u>	<u>\$ 451,444</u>	<u>\$ 1,007,659</u>

State Law requires cash bank deposits (or the resulting bank balances) to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or with a trust company for the account of the political subdivision. At March 31, 2011, the Authority's cash and cash equivalents were insured or collateralized with securities held by the pledging financial institution or trust company but not in the Authority's name.

The Authority's investments at March 31, 2011 are recorded at market value as summarized in the following schedule:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (losses)</u>
FHLMC Mortgage Backed Loan Pool	\$ 6,677,459	\$ 6,754,221	\$ 76,762
GNMA Mortgage Backed Loan Pool	<u>2,868,152</u>	<u>2,898,785</u>	<u>30,633</u>
Total	<u>\$ 9,545,611</u>	<u>\$ 9,653,006</u>	<u>\$ 107,395</u>

The FHLMC and GNMA mortgage backed securities are restricted to Series 2007 bond program for bond debt service and payment of various program expenses. These securities are held by the Trustee bank in the Trustee's name and are pledged to secure the Authority's investments.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Notes to Financial Statements, Continued

Net realized and unrealized gains (losses) on the Statement of Changes in Fiduciary Net Assets for the year ended March 31, 2011 includes realized losses of \$(71,948) and unrealized gains of \$101,622.

As of March 31, 2011, the Authority's investments had the following maturities:

Investment Type	Amortized Cost	Fair Value	Investment Maturities (in years)			
			Less Than 1	1-5	6-10	More Than 10
U.S. Agencies	\$ 9,545,611	\$ 9,653,006	\$ -	\$ 1,673,385	\$ 2,190,747	\$ 5,788,874

**Interest Rate Risk.** Investments of the Authority's bond program are limited to those authorized in the bond indenture. The Authority does not have a formal investment policy, but limits its exposure to fair value losses arising from changes in interest rates by emphasizing liquidity to match specific cash flows.

**Credit Risk.** Credit risk is defined as the risk that an issuer or other counter party to an investment will not fulfill its obligations. Investments of the Authority's bond program are limited to those authorized in the bond indenture. The Authority operates under the "Prudent Person" rule exercising judgment and care, under the circumstances prevailing, which people of ordinary prudence would employ in the management of their own affairs – not in regard to speculation, but as to the permanent disposition of their own funds, considering both safety of capital and income.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party.

**Concentration of Credit Risk.** The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5% of the Authority's investments are in FHLMCs and GNMA.

4) Bonds Payable

In May 2007, the Authority issued \$15,000,000 of Series 2007 (Go Zone) Single Family Mortgage Bonds to purchase GNMA, FNMA and/or FHLMC securities backed by and based on the mortgage loans made by certain mortgage lending institutions. These loans must be made in the eligible loan area to finance owner-occupied single family residential immovable property located in Terrebonne Parish and must be owned and occupied by low and moderate income families or persons residing in the eligible loan area. The lending institutions assemble these loans into pools in order to permit GNMA,

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
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Notes to Financial Statements, Continued

FNMA, and/or FHLMC securities to be issued and therefore to be purchased by the Authority with proceeds of the Series 2007 bond issue.

The outstanding bonds payable at March 31, 2011 consists of the following:

Series 2007 (Go Zone) Single Family Mortgage Revenue Bonds maturing serially through December 1, 2040, bearing interest at 5.15% payable monthly. Principal payments will be made monthly in an amount equal to the mortgage repayments, principal prepayments and/or excess revenues as defined in the bond indenture.	\$ 9,173,000
Add: Unamortized bond premium	<u>354,442</u>
Total Bonds Payable	<u>\$ 9,527,442</u>

A schedule of changes in long-term debt for the year is as follows:

Balance at April 1, 2010	\$ 10,685,507
Deletions:	
Regular Principal Repayments	(1,117,000)
Amortization of Premium	(41,065)
	<u>(1,158,065)</u>
Balance at March 31, 2011	<u>\$ 9,527,442</u>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Notes to Financial Statements, Continued

Debt service requirements to maturity, including interest requirements, are as follows:

	Principal	Interest	Total
2012	354,435	425,145	\$ 779,580
2013	333,216	446,364	779,580
2014	350,788	428,792	779,580
2015	369,286	410,294	779,580
2016	388,760	390,820	779,580
2017 - 2021	2,273,800	1,624,100	3,897,900
2022 - 2026	2,939,976	957,924	3,897,900
2027 - thereafter	2,162,739	176,001	2,338,740
	<u>9,173,000</u>	<u>4,859,440</u>	<u>14,032,440</u>
Add: unamortized bond premium	354,442	-	354,442
Total amounts outstanding at March 31, 2011	<u>\$ 9,527,442</u>	<u>\$ 4,859,440</u>	<u>\$ 14,386,882</u>

Computations of annual principal redemptions for Series 2007 are determined by applying the 0% PSA Prepayment Model, which projects the average life of the bond to be approximately 20 years. The PSA Prepayment Model was developed by the Public Securities Association and is based on various assumptions. Actual principal redemptions may vary.

5) Unreserved and Undesignated Net Assets

Monies in the Residual Fund are not pledged as security for the bonds and are not subject to the lien of the bond indentures. These funds are available for any valid purpose under the terms of the Trust Indenture.

6) Extinguishment Through In-Substance Defeasance of Debt

a. 1979 Series A, Single Family Mortgage Revenue Bonds.

On June 16, 1992, the Authority defeased the 1979 Series A, Single Family Mortgage Revenue bonds by depositing approximately \$8,997,000 from the issuance of the Series 1992 refunding bonds along with approximately \$4,597,000 held in the 1979 Series A bond program accounts in an irrevocable trust account with an escrow agent to be invested in governmental obligations maturing at such times to provide for all future debt service payments on the 1979 Series A bonds. Accordingly, the 1979 Series A bonds are considered to be defeased and do not appear as a liability in the financial statements. At March 31, 2011, defeased 1979 Series A bonds of \$3,050,000 remain outstanding.



HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Notes to Financial Statements, Continued

b. 1980 Series A, Single Family Mortgage Revenue Bonds.

On May 12, 1988, the Authority defeased the 1980 Series A, Single Family Mortgage Revenue bonds by selling all of the program's assets and depositing the proceeds of \$7,242,272 in an irrevocable trust account to be invested in governmental obligations maturing at such times so that sufficient moneys will be available to pay bond principal of \$6,365,000 and interest as it becomes due. Accordingly, the 1980 Series A bonds are considered to be extinguished and do not appear as a liability in the accompanying balance sheet. As of March 31, 2011, defeased 1980 Series A bonds of \$1,645,000 remain outstanding.

c. Taxable Refunding Bonds, Series 1992B, Class B-1, B-2 and Series 1992C.

On May 21, 2003, the Authority defeased its Taxable Refunding Bonds Series 1992 by selling all of the program's assets and depositing the proceeds of \$2,058,791 in an irrevocable trust account to be invested in governmental obligations maturing at such times so that sufficient moneys will be available to pay bond principal and interest as it becomes due. Accordingly, the Taxable Refunding Bonds Series 1992 bonds are considered to be extinguished and do not appear as a liability in the accompanying balance sheet. As of March 31, 2011, defeased 1992 Series B, Class B-2, of \$200,000 remain outstanding.

7) Compensation of Board Members

The Trustees serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their duties as Trustees. The Trustees did not receive any per diem, compensation, or reimbursement for actual expenses for the year ended March 31, 2011.

8) Subsequent Events

The Authority evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through September 23, 2011, the date the financial statements were available for issuance.

**SUPPLEMENTARY INFORMATION**

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Schedule of Fiduciary Net Assets by Program  
Fiduciary Fund - Private-purpose Trust

March 31, 2011

	Residual Fund	Series 2007	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 858,686	\$ 201,444	\$ 1,060,130
FHLMC securities	-	6,754,221	6,754,221
GNMA securities	-	2,898,785	2,898,785
Cost of issuance, net	-	164,248	164,248
<b>Total assets</b>	<b>858,686</b>	<b>10,018,698</b>	<b>10,877,384</b>
<b>Liabilities:</b>			
Accounts payable	4,937	-	4,937
Bonds payable, net	-	9,527,442	9,527,442
Deferred servicing release fees	-	89,726	89,726
<b>Total liabilities</b>	<b>4,937</b>	<b>9,617,168</b>	<b>9,622,105</b>
<b>Net assets:</b>			
Unrestricted	853,749	-	853,749
Restricted - bond trust indenture	-	401,530	401,530
<b>Total net assets</b>	<b>\$ 853,749</b>	<b>\$ 401,530</b>	<b>\$ 1,255,279</b>

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
HOUMA, LOUISIANA

Schedule of Changes in Fiduciary Net Assets by Program  
Fiduciary Fund - Private-purpose Trust

Year Ended March 31, 2011

	Residual Fund	Series 2007	Total
<b>Additions:</b>			
Interest and investment income	\$ 4,453	\$ 523,976	\$ 528,429
Commitment fee income	-	5,278	5,278
Net realized and unrealized gains (losses) on investments	-	29,674	29,674
Total additions	4,453	558,928	563,381
<b>Deductions:</b>			
Amortization of deferred financing costs	-	19,177	19,177
Interest expense	-	463,304	463,304
Professional services	7,542	-	7,542
Other expenses	-	4,589	4,589
Total deductions	7,542	487,070	494,612
Change in net assets	(3,089)	71,858	68,769
Net assets at beginning of the year	856,838	329,672	1,186,510
Net assets at end of the year	<u>\$ 853,749</u>	<u>\$ 401,530</u>	<u>\$ 1,255,279</u>

**SUPPLEMENTARY FINANCIAL REPORTS**

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# Lanaux & Felger

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MARK S. FELGER, CPA

## 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

The Board of Trustees  
Houma-Terrebonne Public Trust Financing Authority  
Houma, Louisiana

We have audited the basic financial statements of the Houma-Terrebonne Public Trust Financing Authority (the Authority), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended March 31, 2011, and have issued our report thereon dated September 23, 2011. 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 solely for the information and use of the Authority's Board of Trustees 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.

September 23, 2011

*Famaux & Felger*

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended March 31, 2011

**Section I – Summary of Auditor’s Reports**

a. Financial Statements:

Type of auditor’s report issued on financial statement: unqualified

b. Internal Control and Compliance:

Internal control over financial reporting:

- Material weakness(es) identified  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness  Yes  None reported

Noncompliance material to financial statements noted  Yes  No

c. Federal Awards

Houma-Terrebonne Public Trust Financing Authority did not expend federal awards during the year ended March 31, 2011.

**Section II – Financial Statement Findings**

There were no financial statement findings noted during the audit for the year ended March 31, 2011.

**Section III – Federal Award Findings and Questioned Costs**

Not Applicable.



**HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
For the Year Ended March 31, 2011

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

There were none reported for the year ended March 31, 2010.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Not applicable.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the March 31, 2010 audit.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended March 31, 2011

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT**

Internal Control

No material weaknesses were reported which require a response from management for the year ended March 31, 2011.

No deficiencies were reported during the audit of the financial statements for the year ended March 31, 2011.

Compliance

No compliance findings material to financial statements were noted during the year ended March 31, 2011.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Not applicable.

**SECTION III MANAGEMENT LETTER**

No management letter was issued for the March 31, 2011 audit.