

Financial Report

Terrebonne Parish Recreation District No. 5

Bourg, Louisiana

For the year ended December 31, 2012

TABLE OF CONTENTS

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2012

	<u>Exhibit</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii – iii
Financial Section		
Independent Auditor's Report		1 – 3
Management's Discussion and Analysis		4 – 8
Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	10
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	C	11
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	D	12
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E	13
Notes to Financial Statements	F	14 – 24

TABLE OF CONTENTS
(Continued)

	<u>Exhibit</u>	<u>Page</u> <u>Number</u>
Special Reports Of Certified Public Accountants		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		25 – 26
Schedule of Findings and Responses		27
Reports By Management		
Schedule of Prior Year Findings and Responses		28
Management's Corrective Action Plan		29

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 5,
Bourg, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5, 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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5 as of December 31, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2013 on our consideration of Terrebonne Parish Recreation District No. 5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 25, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 5

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 5's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2012. 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 2012 by \$1,233,736 (net position), which represents an 11.99% increase from last fiscal year.

The District's revenue increased \$20,893 (or 8.78%) primarily due to the increases in ad valorem taxes.

The District's expenses increased \$14,639 (or 13.06%) primarily due to increases in repairs and maintenance.

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 position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The only fund of the District is a 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 governmental funds 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 provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2012, assets exceeded liabilities and deferred inflows by \$1,233,736. A large portion of the District's net position (30.77%) reflects its investment in capital assets (e.g., land; buildings; improvements; and machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar Change
	2012	2011	
Current and other assets	\$ 1,116,431	\$ 960,154	\$ 156,277
Capital assets	379,637	400,836	(21,199)
Total assets	<u>1,496,068</u>	<u>1,360,990</u>	<u>135,078</u>
Current and other liabilities	3,595	3,558	37
Long-Term liabilities	6,708	9,708	(3,000)
Total liabilities	<u>10,303</u>	<u>13,266</u>	<u>(2,963)</u>
Deferred Inflow of Resources	<u>252,029</u>	<u>246,029</u>	<u>6,000</u>
Net Position:			
Invested in capital assets	379,637	400,836	(21,199)
Unrestricted	854,099	700,859	153,240
Total net position	<u>\$ 1,233,736</u>	<u>\$ 1,101,695</u>	<u>\$ 132,041</u>

Governmental Activities

Governmental activities increased the District's net position by \$132,041. Key elements of this increase are as follows:

Condensed Statements of Activities

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2012	2011		
Revenues:				
Taxes	\$ 237,239	\$ 213,495	\$ 23,744	11.12%
Intergovernmental	18,462	18,789	(327)	-1.74%
Unrestricted investment earnings	1,314	2,257	(943)	-41.78%
Other	1,752	3,333	(1,581)	-47.43%
Total revenues	<u>258,767</u>	<u>237,874</u>	<u>20,893</u>	<u>8.78%</u>
Expenses:				
General government	9,296	8,446	850	10.06%
Culture and recreation	117,430	103,641	13,789	13.30%
Total expenses	<u>126,726</u>	<u>112,087</u>	<u>14,639</u>	<u>13.06%</u>
Increase in net position	132,041	125,787	6,254	4.97%
Net position, beginning of year	1,101,695	975,908	125,787	12.89%
Net position, end of year	<u>\$ 1,233,736</u>	<u>\$ 1,101,695</u>	<u>\$ 132,041</u>	<u>11.99%</u>

In 2012, the District's ad valorem tax revenue increased due to settlements of prior years' taxes filed in protest and increased assessments within the District. The net increase in expenses is due to an increase in repairs and maintenance for repairs to the ball fields.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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, unassigned 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 General Fund's ending fund balance is \$856,186, which is an increase of \$150,229 (21.28%) in comparison with the prior year. Of the total fund balance, \$361,510 is assigned for subsequent year's expenditures and \$494,676 is unassigned and available for spending at the District's discretion.

General Fund Budgetary Highlights

The budget was amended once 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

- Ad valorem revenue was decreased to reflect actual collections.
- State revenue sharing increased to reflect actual collections.

Expenditures

- Capital outlay decreased because work did not start on the land.
- Supplies and materials decreased to better reflect the expenditures incurred District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$379,637 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment (see the table on the following page).

	<u>2012</u>	<u>2011</u>
Land	\$ 210,694	\$ 210,694
Construction in progress	-	2,400
Buildings and improvements	434,275	434,275
Machinery and equipment	<u>203,959</u>	<u>201,559</u>
Totals	<u>\$ 848,928</u>	<u>\$ 848,928</u>

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

- Trophy case totaling \$2,400.

Additional information on the District's capital assets can be found in the Note 5, 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 2013 budgeted amount for ad valorem taxes remained at the same level as 2012 because the District expects no major increases or decreases in revenue.
- The 2013 budgeted amount for capital expenditures include the District's plans to prepare the land for a ball complex.

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. 5, 118 Retreat Drive, Bourg, LA 70343.

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

Terrebonne Parish Recreation District No. 5

December 31, 2012

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 723,409		\$ 723,409
Investments	140,468		140,468
Receivables - taxes	22,763		22,763
Prepaid insurance	-	\$ 4,621	4,621
Due from other governmental units	225,170	-	225,170
Capital assets:			
Non-depreciable	-	210,694	210,694
Depreciable, net of accumulated depreciation	-	<u>168,943</u>	<u>168,943</u>
Total assets	<u>\$ 1,111,810</u>	<u>384,258</u>	<u>1,496,068</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 3,595	-	3,595
Long-term liabilities:			
Due within one year	-	3,000	3,000
Due after one year	-	<u>3,708</u>	<u>3,708</u>
Total liabilities	<u>3,595</u>	<u>6,708</u>	<u>10,303</u>
Deferred Inflow of Resources	<u>252,029</u>	<u>-</u>	<u>252,029</u>
Fund Balance/Net Position			
Fund balance:			
Assigned			
Subsequent year's expenditures:			
Next year's budget deficit	361,510	(361,510)	-
Unassigned	<u>494,676</u>	<u>(494,676)</u>	<u>-</u>
Total fund balance	<u>856,186</u>	<u>(856,186)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,111,810</u>	<u>(849,478)</u>	
Net position:			
Net Invested in Capital Assets, Unrestricted		<u>379,637</u>	<u>379,637</u>
Unrestricted		<u>854,099</u>	<u>854,099</u>
Total net position		<u>\$ 1,233,736</u>	<u>\$ 1,233,736</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

December 31, 2012

Fund Balances - Governmental Fund		\$ 856,186
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	\$ 848,928	
Less accumulated depreciation	<u>(469,291)</u>	379,637
Long-term liabilities, including outstanding interest free loan from Terrebonne Parish Consolidated Government, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term debt		(6,708)
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		<u>4,621</u>
Net Position of Governmental Activities		<u>\$ 1,233,736</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. 5

For the year ended December 31, 2012

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 237,239		\$ 237,239
Intergovernmental:			
State of Louisiana:			
State revenue sharing	18,462		18,462
Miscellaneous:			
Interest	1,314		1,314
Other	1,752		1,752
	<u>258,767</u>		<u>258,767</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustments	962		962
Ad valorem tax deductions	8,334		8,334
	<u>9,296</u>		<u>9,296</u>
Culture and recreation:			
Personal services	45,684		45,684
Supplies and materials	5,317		5,317
Other services and charges	26,506	\$ (11)	26,495
Repairs and maintenance	18,735	-	18,735
Depreciation	-	21,199	21,199
	<u>96,242</u>	<u>21,188</u>	<u>117,430</u>
Debt service:			
Principal retirement	3,000	(3,000)	-
	<u>108,538</u>	<u>18,188</u>	<u>126,726</u>
Excess of Revenues over Expenditures	150,229	(150,229)	-
Change in Net Position	-	132,041	132,041
Fund Balance/Net Position			
Beginning of year	<u>705,957</u>	<u>395,738</u>	<u>1,101,695</u>
End of year	<u>\$ 856,186</u>	<u>\$ 377,550</u>	<u>\$ 1,233,736</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. 5

For the year ended December 31, 2012

Net Change in Fund Balance - Governmental Fund \$ 150,229

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

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

Depreciation expense (21,199)

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.

Principal payments 3,000

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

Prepaid insurance 11

\$ 132,041

Change in Net Position of Governmental Activities

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 230,000	\$ 221,298	\$ 237,239	\$ 15,941
Intergovernmental:				
State of Louisiana:				
State revenue sharing	15,000	18,463	18,462	(1)
Miscellaneous:				
Interest	1,531	454	1,314	860
Other	150	721	1,752	1,031
Total revenues	<u>246,681</u>	<u>240,936</u>	<u>258,767</u>	<u>17,831</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	550	784	962	(178)
Ad valorem tax deductions	7,900	7,662	8,334	(672)
Total general government	<u>8,450</u>	<u>8,446</u>	<u>9,296</u>	<u>(850)</u>
Culture and recreation:				
Personal services	46,300	44,901	45,684	(783)
Supplies and materials	15,000	6,015	5,317	698
Other services and charges	28,500	25,634	26,506	(872)
Repairs and maintenance	20,000	17,356	18,735	(1,379)
Total culture and recreation	<u>109,800</u>	<u>93,906</u>	<u>96,242</u>	<u>(2,336)</u>
Debt service:				
Principal retirement	3,000	3,000	3,000	-
Capital outlay	150,000	3,772	-	3,772
Total expenditures	<u>271,250</u>	<u>109,124</u>	<u>108,538</u>	<u>586</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,569)	131,812	150,229	18,417
Fund Balance				
Beginning of year	705,957	705,957	705,957	-
End of year	<u>\$ 681,388</u>	<u>\$ 837,769</u>	<u>\$ 856,186</u>	<u>\$ 18,417</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 5**

December 31, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 5 (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 the 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, 2012.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position 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.

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 account and operations of the District continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are 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 and report all financial resources not accounted for and reported 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2012 property taxes which are being levied to finance the 2013 budget will be recognized as revenue in 2013. The 2012 tax levy is recorded as a deferred inflow of resources in the District's 2012 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts that 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 that are stated at cost and approximate 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 \$250 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (continued)

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 Position. 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 and improvements	20 - 40 years
Machinery and equipment	5 - 20 years

Fund Financial Statements:

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

i) Long-Term Debt

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

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of an interest-free loan payable to Terrebonne Parish Consolidated Government.

Fund Financial Statements:

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

j) Vacation and Sick Leave

The District has no written vacation and sick leave policy in place. There is no accumulated unpaid vacation and sick leave at December 31, 2012.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity

Government-wide Statements:

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

- a. Invested in capital assets – 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 position – Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets.”

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, 2012 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements:

Government fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the District’s Board of Commissioners. Commitment may be established, modified, or rescinded only through ordinances or resolutions approved by the District’s Board of Commissioners.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (continued)

- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

For the classification of Government Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as assigned and unassigned as of December 31, 2012.

l) New GASB Statements

During the year ending December 31, 2012, the District implemented the following GASB Statements:

Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position and related disclosures.

Statement No. 65, "*Items previously reported as Assets and Liabilities.*" The statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Note 2 - DEPOSITS

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

State law requires that 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.

Note 2 - DEPOSITS (continued)

The year-end balances of deposits are as follows:

	Bank Balances	Reported Amounts
Cash	\$ 726,808	\$ 723,409
Investments - certificates of deposit	140,468	140,468
Totals	\$ 867,276	\$ 863,877

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, which requires compliance with state law. As of December 31, 2012, \$476,808 of the District's bank balance of \$867,276 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, 2012, cash and certificates of deposit in excess of FDIC insurance were adequately collateralized, under state law, by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial 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 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, 2012. 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, 2012 was \$11.00 per \$1,000 of assessed valuation on property within Recreation District No. 5 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2012 are for budgeted expenditures in 2013 and will be recognized as revenues in 2013.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2012 consisted of the following:

State of Louisiana - State revenue sharing	\$ 12,194
Terrebonne Parish Tax Collector - December 2012 collections remitted to the District in January 2013:	
Ad Valorem taxes	206,879
State revenue sharing	<u>6,097</u>
Total	<u>\$ 225,170</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2012</u>
Capital assets not being depreciated:				
Construction in progress	\$ 2,400		\$ (2,400)	\$ -
Land	<u>210,694</u>		<u>-</u>	<u>210,694</u>
Total capital assets not being depreciated	<u>213,094</u>		<u>(2,400)</u>	<u>210,694</u>
Capital assets being depreciated:				
Buildings and improvements	434,275	\$ -	-	434,275
Machinery and equipment	<u>201,559</u>	<u>2,400</u>	<u>-</u>	<u>203,959</u>
Total capital assets being depreciated	<u>635,834</u>	<u>2,400</u>	<u>-</u>	<u>638,234</u>
Less accumulated depreciation for:				
Buildings and improvements	(377,001)	(10,282)	-	(387,283)
Machinery and equipment	<u>(71,091)</u>	<u>(10,917)</u>	<u>-</u>	<u>(82,008)</u>
Total accumulated depreciation	<u>(448,092)</u>	<u>(21,199)</u>	<u>-</u>	<u>(469,291)</u>
Total capital assets being depreciated, net	<u>187,742</u>	<u>(18,799)</u>	<u>-</u>	<u>168,943</u>
Total capital assets, net	<u>\$ 400,836</u>	<u>\$ (18,799)</u>	<u>(2,400)</u>	<u>\$ 379,637</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures at December 31, 2012 consisted of the following:

Vendors	\$	1,881
Terrebonne Parish Consolidated Government		<u>1,714</u>
 Total	 \$	 <u>3,595</u>

Note 7 - Long-Term Debt

At December 31, 2012, the District had an outstanding interest free loan from Terrebonne Parish Consolidated Government.

The following is a summary of changes in the long-term debt of the District for the year ended December 31, 2012:

	<u>January 1, 2012</u>	<u>Debt Retirement</u>	<u>December 31, 2012</u>
Terrebonne Parish Consolidated Government	<u>\$ 9,708</u>	<u>\$ 3,000</u>	<u>\$ 6,708</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2012 are as follows:

<u>Year</u>	
2013	\$ 3,000
2014	3,000
2015	<u>708</u>
 Total	 <u>\$ 6,708</u>

Note 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation. No settlements

Note 8 - RISK MANAGEMENT (Continued)

were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The Parish handles all claims filed against the District related to the workers' compensation and general liability. The District could have additional exposures for claims in excess of the Parish's insurance contracts as describe below:

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

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$1,640,995 at December 31, 2011, then secondly by the District. At December 31, 2012, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2012 totaled \$2,862.

Note 9 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2012:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Gerald Arcenau	7	\$ 175
Mike Aucoin	8	200
Rodney Boudreaux	9	225
Travis Carrell	5	125
Kurt Charpentier	9	225
Bert LeBoeuf	2	50
Russell Soulet	2	50
Kenny White	10	250
Total		<u>\$ 1,300</u>

Note 11 - SUBSEQUENT EVENTS

Management 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 March 25, 2013, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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. 5
Bourg, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities and General Fund of Terrebonne Parish Recreation District No. 5 (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated March 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

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 that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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 or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the District in a separate letter dated March 25, 2013.

District's Response to Findings

The District's response to certain matters we reported to management of the District in a separate letter dated March 25, 2013 are described in the accompanying Management's Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the District 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 25, 2013.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2012

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2012 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2012.

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. 5

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

11-01 Recommendation – We recommend the District consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

Management's Response – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation. **Resolved.**

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2011 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2012. No significant deficiencies were reported during the audit for the year ended December 31, 2012

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2012.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2012 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

12-01 Recommendation – We recommend the District publish all notices as required by state law.

Management's Response – The District will publish notices as required by state law.

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 5,
Bourg, Louisiana.

We have audited the basic financial statements of the Terrebonne Parish Recreation District No. 5 (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2012, and have issued our report thereon dated March 25, 2013. 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. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the District's compliance in our report dated March 25, 2013. This letter does not affect our report dated March 25, 2013 on the basic financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the District, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 25, 2013.

MANAGEMENT COMMENTS

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2012

12-01 Condition – Louisiana Revised Statute 39:1307 requires political subdivisions whose total proposed expenditures exceed \$500,000 to publish a notice stating that the proposed budget is available for public inspection. The notice must also state that a public hearing on the proposed budget will be held with the date, time and place of the hearing specified in the notice. The District shall certify completion of the budget adoption by publishing a notice of completion.

Context – Systematic.

Condition – In prior years the expenditures budgeted have not exceeded \$500,000, therefore public participation was not required.

Effect – The District was not in compliance with state budget laws.

Cause – The District's was unaware of the need for public participation in the budget process.

Recommendation – We recommend that the District publish all notices as required by state law.