

Financial Report
Terrebonne Parish Recreation District No. 11
Houma, Louisiana
For the year ended December 31, 2012

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 APR 03 2013

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Terrebonne Parish Recreation District No. 11

For the Year Ended December 31, 2012

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 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 respective financial position of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11 as of December 31, 2012, and the respective changes in financial position thereof 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 and the Schedule of Funding Progress for the OPEB Plan on pages 4 through 9 and 33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required but 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 8, 2013 on our consideration of Terrebonne Parish Recreation District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana
March 8, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 11

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 11's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 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 and deferred inflows of resources at the close of fiscal year 2012 by \$2,575,705 (Net Position), which represents a 8.13% increase from last fiscal year.

The District's revenue increased \$126,112 (or 9.45%) primarily due to increases taxes and concession sales at the Adult Softball Complex.

The District's expenses increased \$34,135 (or 2.77%) because of increases in personal services and supplies and materials.

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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is to engage in activities which would promote recreation and any related activity designed to encourage recreation and promote the general health and well being.

Fund Financial Statements

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

Governmental Funds

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

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and the Debt Service 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 10 -14 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 \$2,575,705.

Receivables and due from other governmental units total \$1,291,443 and primarily represent receivables for ad valorem taxes and state revenue sharing assessed in November 2012 to be collected in 2013.

The liabilities associated with the District are accounts payable and accrued expenditures, due to Terrebonne Parish Consolidated Government and long-term obligations. Deferred inflow of resources are related to taxes assessed in 2012 which will be recognized as revenue in 2013.

Condensed Statements of Net Position

	December 31,		Dollar Change	Total Percent Change
	2012	2011		
Current and other assets	\$ 1,417,610	\$ 1,330,653	\$ 86,957	6 53%
Capital assets	3,018,221	2,928,757	89,464	3 05%
Total assets	4,435,831	4,259,410	176,421	4 14%
Current liabilities	43,045	22,404	20,641	92 13%
Long-term obligations	511,449	601,267	(89,818)	-14 94%
Total liabilities	554,494	623,671	(69,177)	-11 09%
Deferred inflow of resources	1,305,632	1,253,785	51,847	4 14%
Net assets (deficit)				
Invested in capital assets	2,568,221	2,383,521	184,700	7.75%
Restricted for adaptive park	20,601	-	20,601	100.00%
Unrestricted	(13,117)	(1,567)	(11,550)	737 08%
Total net assets	\$ 2,575,705	\$ 2,381,954	\$ 193,751	8 13%

Current and other assets increased due to an increase in cash and the amount of ad valorem due to the district from the tax collector. Capital assets increased because of capital improvement projects made throughout the District. The decrease in liabilities is due to payments of long-term debt.

Governmental Activities

Governmental activities increased the District's net position by \$193,751. Key elements of this increase are as follows:

Condensed Changes in Net Position

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2012	2011		
Revenues:				
Ad valorem taxes	\$ 1,263,590	\$ 1,165,772	\$ 97,818	8 39%
Intergovernmental	76,242	96,268	(20,026)	-20 80%
Charges for services	91,050	69,377	21,673	31 24%
Miscellaneous	29,162	2,515	26,647	1059 52%
Total revenues	1,460,044	1,333,932	126,112	9.45%
Expenses:				
General government	48,708	46,671	2,037	4 36%
Culture and recreation	1,205,377	1,171,362	34,015	2 90%
Debt Service	12,208	14,125	(1,917)	-13.57%
Total expenses	1,266,293	1,232,158	34,135	2.77%
Increase in net position	193,751	101,774	91,977	90 37%
Net position beginning of year, as restated	2,381,954	2,280,180	101,774	4 46%
Net position end of year	\$ 2,575,705	\$ 2,381,954	\$ 193,751	8.13%

Ad valorem revenue increased due to increases in valuation of assessed property valuations and the settlement of taxes filed in protest. Intergovernmental revenues decreased because the District received less funding from Terrebonne Parish Consolidated Government. Charges for services revenues increased as the District held more tournaments increasing the availability to sell more concessions. Miscellaneous revenue increased due to donations received for the adaptive park. Culture and recreation expenses increased by \$34,015, this increase was primarily due to increases in supplies and materials, and personal services. The increase in supplies and materials relates mainly to the concessions bought for the added tournaments and the personnel to work the tournaments. Personal services increased because all District employees received a 4% pay rate increase.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$72,891, an increase of \$13,802 in comparison with the prior year. Of the total fund balance, \$20,601 is restricted for an adaptive park specified by donors, and \$52,290 is unassigned and is 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

- Increased taxes by \$11,001 to approximate cash received.
- Increased charges for services by \$17,411 to reflect increased concession sales and rental fees.

Expenditures

- Increased capital outlay by \$73,500 to adjust for charges for swimming pool improvements, new basketball courts, and dirt purchased for various fields.
- Increased personal services by \$19,479 to adjust for 4% pay increase for District employees.
- Increase repairs and maintenance by \$62,300 to reflect increases in repairs and maintenance at the pools and parks/fields.
- Supplies and materials increased by \$15,000 due to the increased need for concession supplies and gasoline, oil, and diesel.

- Other services and charges decreased by \$18,800 primarily due to decreased utility charges and a decrease in charges for advertisements.

During the year, revenues and expenditures exceeded budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of December 31, 2012, amounts to \$3,018,221 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures and vehicles (see table below)

	<u>2012</u>	<u>2011</u>
Land	\$ 175,021	\$ 175,021
Construction in progress	35,840	34,554
Buildings	2,398,545	2,395,882
Improvements other than buildings	2,198,686	1,981,765
Machinery and equipment	482,753	546,905
Furniture and fixtures	54,153	21,521
Vehicles	<u>59,366</u>	<u>59,366</u>
Totals	<u>\$ 5,404,364</u>	<u>\$ 5,215,014</u>

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

- Renovations to East Houma pool.
- Dirt for baseball fields, football fields, parks and walking track.
- Basketball courts at Dumas and Gum St.
- Swing set and play structure at Dumas park.

Construction-in-progress consists of professional fees for the press box concession stand and restrooms at Mechanicville and Dumas baseball field lights. Additional information on the District's capital assets can be found in Note 5, Exhibit F of the financial statements.

Long-term Obligations

At December 31, 2012, the District had \$511,449 in long-term obligations. This includes Certificates of Indebtedness, Series 2009 that were reduced for \$100,000 principal payments to an outstanding balance of \$450,000. More detailed information about the District's long-term debt is presented in Note 6, Exhibit F of this report. The District has also recognized an obligation of \$61,449 for other postemployment benefits, see further explanation of this obligation in Note 7, Exhibit F of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted is the estimated amount of the November 2012 tax assessment, which the District will receive, for the most part, in January 2013.
- Expenditures have been budgeted carefully to include the bare necessity of operating costs i.e., utilities, repairs, employee wages, etc. and are basically anticipated to remain in line with 2012 with the exception of capital expenditures.
- Capital expenditures include the amount of \$265,000 which includes construction projects slated for completion during the year ending December 31, 2013. Also included are funds which can be designated by the Board for specific items/projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 11, P.O. Box 4294, Houma, Louisiana 70361.

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

Terrebonne Parish Recreation District No 11

December 31, 2012

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Exhibit B)</u>	
Assets					
Cash	\$ 79,151		\$ 79,151		\$ 79,151
Investments	47,016		47,016		47,016
Receivables					
Taxes	121,697		121,697		121,697
Due from other governmental units	1,169,746		1,169,746		1,169,746
Capital assets					
Non-depreciable	-		-	\$ 210,861	210,861
Depreciable, net of accumulated depreciation	-		-	2,807,360	2,807,360
Total assets	\$ 1,417,610	\$ -	\$ 1,417,610	3,018,221	4,435,831
Liabilities					
Accounts payable and accrued expenditures	\$ 8,501		\$ 8,501	3,958	12,459
Due to Terrebonne Parish Consolidated Government	30,586		30,586	-	30,586
Long Term Obligations					
Due within one year	-		-	105,000	105,000
Due in more than one year	-		-	406,449	406,449
Total liabilities	39,087		39,087	515,407	554,494
Deferred Inflow of Resources	1,305,632		1,305,632	-	1,305,632
Fund Balance/Net Position					
Fund Balance					
Restricted	20,601		20,601	(20,601)	-
Unassigned	52,290		52,290	(52,290)	-
	72,891		72,891	(72,891)	-
Total liabilities, deferred inflows and fund balance	\$ 1,417,610	\$ -	\$ 1,417,610		
Net position (deficit)					
Net invested in capital assets				2,568,221	2,568,221
Restricted for an adaptive park				20,601	20,601
Unrestricted				(13,117)	(13,117)
Total net position				\$ 2,575,705	\$ 2,575,705

See notes to financial statements

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

Terrebonne Parish Recreation District No. 11

December 31, 2012

Fund Balance - Governmental Fund **\$ 72,891**

Amounts reported for governmental activities in the statement of net position 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	\$ 5,404,364	
Less accumulated depreciation	<u>(2,386,143)</u>	3,018,221

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund

Certificates of indebtedness payable	(450,000)	
Accrued interest payable	(3,958)	
Other postemployment benefit obligations	<u>(61,449)</u>	<u>(515,407)</u>

Net Position of Governmental Activities **\$ 2,575,705**

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$ 1,263,590		\$ 1,263,590		\$ 1,263,590
Intergovernmental					
State of Louisiana					
State revenue sharing	43,242		43,242		43,242
Terrebonne Parish Consolidated Government	33,000		33,000		33,000
Charges for services	91,050		91,050		91,050
Miscellaneous					
Donation	22,387		22,387		22,387
Interest	3,256		3,256		3,256
Other	<u>3,519</u>		<u>3,519</u>		<u>3,519</u>
Total revenues	<u>1,460,044</u>		<u>1,460,044</u>		<u>1,460,044</u>
Expenditures/Expenses					
Current					
General government					
Ad valorem tax adjustment	6,258		6,258		6,258
Ad valorem tax deductions	<u>42,450</u>		<u>42,450</u>		<u>42,450</u>
Total general government	<u>48,708</u>		<u>48,708</u>		<u>48,708</u>
Culture and recreation					
Personal services	411,905		411,905	\$ 10,182	422,087
Supplies and materials	81,639		81,639	-	81,639
Other services and charges	214,517		214,517	31,742	246,259
Repairs and maintenance	242,876		242,876	-	242,876
Depreciation and amortization	<u>-</u>		<u>-</u>	<u>212,516</u>	<u>212,516</u>
Total culture and recreation	<u>950,937</u>		<u>950,937</u>	<u>254,440</u>	<u>1,205,377</u>
Debt Service					
Principal Retirement	-	\$ 100,000	100,000	(100,000)	-
Interest and fiscal charges	<u>-</u>	<u>12,875</u>	<u>12,875</u>	<u>(667)</u>	<u>12,208</u>
Total debt service	<u>-</u>	<u>112,875</u>	<u>112,875</u>	<u>(100,667)</u>	<u>12,208</u>
Capital outlay	<u>333,722</u>	<u>-</u>	<u>333,722</u>	<u>(333,722)</u>	<u>-</u>
Total expenditures/expenses	<u>1,333,367</u>	<u>112,875</u>	<u>1,446,242</u>	<u>(179,949)</u>	<u>1,266,293</u>
Excess (deficiency) of revenues over expenditures	<u>126,677</u>	<u>(112,875)</u>	<u>13,802</u>	<u>(13,802)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	112,875	112,875	(112,875)	-
Transfers out	<u>(112,875)</u>	<u>-</u>	<u>(112,875)</u>	<u>112,875</u>	<u>-</u>
Total other financing sources (uses)	<u>(112,875)</u>	<u>112,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures	13,802	-	13,802	(13,802)	-
Change in Net Position	-	-	-	193,751	193,751
Fund Balance/Net Position					
Beginning of year, as restated	<u>59,089</u>	<u>-</u>	<u>59,089</u>	<u>2,322,865</u>	<u>2,381,954</u>
End of year	<u>\$ 72,891</u>	<u>\$ -</u>	<u>\$ 72,891</u>	<u>\$ 2,502,814</u>	<u>\$ 2,575,705</u>

See notes to financial statements

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

Net Change in Fund Balance - Governmental Fund **\$ 13,802**

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
useful lives and reported as depreciation expense.

Capital outlay	\$ 333,722	
Depreciation expense	(212,516)	
Loss on disposal of assets	<u>(31,742)</u>	89,464

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

Principal payment	100,000
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Some expenditures reported in the statement of activities does not require
the use of current financial resources and, therefore, are not reported
as expenditures in governmental funds

Decrease in accrued interest payable	667
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Long-term liabilities are not due and payable in the current period and
therefore are not reported in the governmental fund

Other postemployment benefit obligations	<u>(10,182)</u>
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Change in Net Position of Governmental Activities **\$ 193,751**

See notes to financial statements

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 1,154,500	\$ 1,165,501	\$ 1,263,590	\$ 98,089
Intergovernmental				
State of Louisiana				
State revenue sharing	44,000	44,000	43,242	(758)
Terrebonne Parish Consolidated Government	31,000	33,000	33,000	-
Charges for services	71,000	88,411	91,050	2,639
Miscellaneous				
Donation	-	-	22,387	22,387
Interest	500	850	3,256	2,406
Other	100	2,850	3,519	669
Total revenues	<u>1,301,100</u>	<u>1,334,612</u>	<u>1,460,044</u>	<u>125,432</u>
Expenditures				
Current				
General government				
Ad valorem tax adjustment	10,000	10,000	6,258	3,742
Ad valorem tax deductions	15,000	15,000	42,450	(27,450)
Total general government	<u>25,000</u>	<u>25,000</u>	<u>48,708</u>	<u>(23,708)</u>
Culture and recreation				
Personal services	396,100	415,579	411,905	3,674
Supplies and materials	54,000	69,000	81,639	(12,639)
Other services and charges	233,400	214,600	214,517	83
Repairs and maintenance	249,000	311,300	242,876	68,424
Total culture and recreation	<u>932,500</u>	<u>1,010,479</u>	<u>950,937</u>	<u>59,542</u>
Capital outlay	<u>200,000</u>	<u>273,500</u>	<u>333,722</u>	<u>(60,222)</u>
Total expenditures	<u>1,157,500</u>	<u>1,308,979</u>	<u>1,333,367</u>	<u>(24,388)</u>
Excess of revenues over expenditures	143,600	25,633	126,677	101,044
Other Financing Uses				
Transfers out	<u>(112,875)</u>	<u>(112,875)</u>	<u>(112,875)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	30,725	(87,242)	13,802	101,044
Fund Balances (Deficit)				
Beginning of year	<u>59,089</u>	<u>59,089</u>	<u>59,089</u>	<u>-</u>
End of year	<u>\$ 89,814</u>	<u>\$ (28,153)</u>	<u>\$ 72,891</u>	<u>\$ 101,044</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 11

December 31, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 11 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 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 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (continued)

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

b) Basis of Presentation

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

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net 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 accounts 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 funds 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 are the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

Debt Service Fund - The Debt Service Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs. The Debt Service Fund is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these 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 deferred inflow of resources in the District’s 2012 financial statements. Charges for services are recorded when earned since they are measurable and available. Management has determined interest income earned in the current period is susceptible to the accrual method. Other 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

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

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditure must be approved by the Board. The District amended its budget once during the year.

All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

The General Fund budget presentation is included in the 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 during the year consisted of investments in Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC – registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with an estimated historical cost amounted to approximately \$515,275 or 9.53% of total capital assets. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net 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	10 - 40 years
Improvements other than buildings	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years

Fund Financial Statements:

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

i) Long-Term Obligations

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations (continued)

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consists of Certificates of Indebtedness and other postemployment benefit obligations.

Fund Financial Statements:

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

j) Vacation and Sick Leave

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

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

There is no material unpaid vacation and sick leave at December 31, 2012.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (continued)

- b. Restricted – 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 – All other net position that does 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 had resources of \$20,601 restricted in use by donors.

Fund Financial Statements:

Governmental 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 non-spendable 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 for specific purposes determined by a formal action of the District’s Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District’s Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified or either restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

For the classification of Governmental 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 restricted in the amount of \$20,601 and \$52,290 as unassigned as of December 31, 2012.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Restatement of Net Position

As of January 1, 2012, the District implemented GASB No 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*" and GASB No. 65 "*Items Previously Reported as Assets and Liabilities*" which required retroactive recognition of bond issuance as an expense in the period incurred, accordingly net position at December 31, 2011 was restated.

Statements of Activities	As Previously Reported	Adjustment	Restated
Net Position			
Beginning of year	\$ 2,386,718	\$ (4,764)	\$ 2,381,954

m) 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 AND INVESTMENTS

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

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

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The year-end balances of deposits are as follows.

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 79,466</u>	<u>\$ 79,151</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2012, none of the District's bank balance of \$79,466 was exposed to custodial credit risk.

At December 31, 2012, deposits were adequately collateralized in accordance with state law by FDIC insurance.

Investments:

State statutes authorizes the Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP at December 31, 2012, amounted to \$47,016.

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Reported amounts of deposits	\$	79,151
Reported amount of investments - LAMP		<u>47,016</u>
Total		<u>\$ 126,167</u>
Cash	\$	79,151
Investments		<u>47,016</u>
Total		<u>\$ 126,167</u>

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

Note 3 - PROPERTY TAXES (Continued)

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 \$10.00 per \$1,000 of assessed valuation on property within Recreation District No. 11 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 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	\$ 29,204
Terrebonne Parish Tax Collector - December, 2012 collections remitted to the District in January, 2013	
Ad valorem taxes	1,125,940
State revenue sharing	<u>14,602</u>
Total	<u>\$ 1,169,746</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Capital assets not being depreciated				
Land	\$ 175,021	\$ -	\$ -	\$ 175,021
Construction in progress	34,554	1,286	-	35,840
Total capital assets not being depreciated	209,575	1,286	-	210,861
Capital assets being depreciated				
Buildings	2,395,882	5,263	(2,600)	2,398,545
Improvements other than buildings	1,981,765	261,003	(44,082)	2,198,686
Machinery and equipment	546,905	33,538	(97,690)	482,753
Furniture and fixtures	21,521	32,632	-	54,153
Vehicles	59,366	-	-	59,366
Total capital assets being depreciated	5,005,439	332,436	(144,372)	5,193,503
Less accumulated depreciation for				
Buildings	(1,564,166)	(51,914)	2,600	(1,613,480)
Improvements other than buildings	(365,800)	(116,998)	15,862	(466,936)
Equipment	(284,339)	(36,760)	94,168	(226,931)
Furniture and fixtures	(13,717)	(6,324)	-	(20,041)
Vehicles	(58,235)	(520)	-	(58,755)
Total accumulated depreciation	(2,286,257)	(212,516)	112,630	(2,386,143)
Total capital assets being depreciated, net	2,719,182	119,920	(31,742)	2,807,360
Total capital assets, net	\$ 2,928,757	\$ 121,206	\$ (31,742)	\$ 3,018,221

At December 31, 2012, construction in progress consisted of architectural and engineering fees for the Mechanicville press box, concession stand and restrooms project and Dumas Baseball field Lights.

Note 6 - LONG-TERM OBLIGATIONS

At December 31, 2012, the District had outstanding Certificates of Indebtedness (Series 2009) totaling \$450,000 bearing interest of 2.58% which are repayable semiannually through March 1, 2016. The debt is payable primarily from ad valorem tax revenues.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

The District was obligated in the amount of \$61,449 for other postemployment benefits as further described in Note 7.

The following is a summary of the bond transactions of the District for the year ended December 31, 2012:

	Payable January 1, 2012	Issuances	Obligations Retired	Payable December 31, 2012	Due Within One year
Certificates of Indebtedness					
Series 2009	\$ 550,000	\$ -	\$ 100,000	\$ 450,000	\$ 105,000
Other postemployment benefits	51,267	10,182	-	61,449	-
Total	\$ 601,267	\$ 10,182	\$ 100,000	\$ 511,449	\$ 105,000

The annual requirements to amortize the outstanding Certificates of Indebtedness at December 31, 2012 are as follows:

Year	Principal	Interest	Total
2013	\$ 105,000	\$ 10,694	\$ 115,694
2014	110,000	8,138	118,138
2015	115,000	5,181	120,181
2016	120,000	1,800	121,800
Totals	\$ 450,000	\$ 25,813	\$ 475,813

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees. For employees retiring before January 1, 2005 the District funded the premiums for employees retiring with at least ten years of service upon retiring from the formal retirement systems and will participate in the cost at the applicable single rates. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule as adopted for retirements on or after January 1, 2005: 11 to 15 years of service, 2.75% per year; 16 to 20 years of

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

service, 41.25% plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 20, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 8. The District does not issue a publicly available financial report on the Plan.

Funding Policy

The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2012 the District did not pay any premiums for the retirees

Annual OPEB Cost and Net OPEB Obligation

In fiscal year 2012 the District recognized a net other postemployment benefit (OPEB) obligation for the covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). GASB 45 was implemented prospectively with zero net obligation at the required implementation date, see note 1i). The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB costs for the year, the premiums actually paid and the District's net OPEB obligation.

Annual required contribution (ARC)	\$	10,010
Interest on net OPEB obligation		1,849
Adjustment to ARC		<u>(1,677)</u>
Annual OPEB cost		10,182
 Contributions made		 <u>-</u>
 Increase in net OPEB obligation		 10,182
 Beginning of year		 <u>51,267</u>
 End of year	 \$	 <u><u>61,449</u></u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligation as of December 31, 2012, and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
12/31/2010	\$ 5,557	0.0%	\$ 41,085
12/31/2011	10,182	0.0%	51,267
12/31/2012	10,182	0.0%	61,449

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$141,460. Covered payroll for eligible employees was \$162,497 and the total UAAL represents 87.1 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

In the January 1, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual medical cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after nine years. The dental cost trend was initially 5.5 percent, reduced by decrements to an ultimate rate of 3.5 percent after five years. Zero trends were assumed for valuing life insurance. Other assumptions include (1) expenses per participant per month are expected to increase with inflation at 3 percent per annum, (2) 65 percent of employees will choose to continue basic life insurance benefits, (3) family coverage

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

includes a spouse and no children, and (4) male spouses are three years older than females. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year. The remaining amortization period at January 1, 2010 was 27 years.

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 3.00% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The current rate is 10% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2012, 2011, and 2010, were \$18,874, \$19,739, and \$18,311 respectively, equal to the required contributions for each year.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on such factors as its operations and maintenance budget, exposure and claims experience. The Premiums for workers' compensation based on a fixed percentage of

Note 9 - RISK MANAGEMENT (Continued)

payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described.

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$500,000
Workers' Compensation	Statutory
Property	\$65,000,000
Auto Liability	\$6,500,000

Coverage for general liability claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$1,640,995 for general liability, worker's compensation, and property insurance at December 31, 2011, then secondly by the District. The Parish is self-insured for the first \$150,000 of each claim relating to group health. The aggregate deductible of all group claims relating to group insurance for 2011 was \$18,469,085. Insurance contracts cover excess liability, up to \$2,000,000 on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$5,119,571 at December 31, 2011, then secondly by the District or the employee for individual claims in excess of \$2,000,000. At December 31, 2012, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2012 totaled \$130,408.

Note 10 - RELATED PARTY FEES AND EXPENDITURES

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

Personal services	\$390,655
Supplies and materials	35,055
Other services and charges	1,142
Repairs and maintenance	<u>3,599</u>
Total	<u>\$430,451</u>

Note 11 - 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 Meeting Attended</u>	<u>Per Diem</u>
Chuck Weaver	12	\$ 300
Lora Pride	4	100
Vincent Fusilier	12	300
Randy Galliano	12	300
Carl Harding	5	125
Amos Mosely	12	300
Sidney Smith	12	300
Joseph Thompson Jr.	12	<u>300</u>
Total		<u>\$ 2,025</u>

Note 12 - 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 8, 2013, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN

Terrebonne Parish Recreation District 11

December 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	-	\$ 216,484	\$ 216,484	0.00%	\$ 137,259	157.7%
1/1/2008	-	191,507	191,507	0.00%	174,262	109.9%
1/1/2010	-	141,460	141,460	0.00%	162,497	87.1%

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, 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 each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the District) a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated March 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as 12-1, to be a material weakness.

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 charged with governance. We did not identify any deficiencies that we considered significant deficiencies.

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 8, 2013.

District's Response to Findings

The District's response to the findings identified in our audit 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 entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.
Certified Public Accountants.

Houma, Louisiana,
March 8, 2013.

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

Section II Financial Statement Findings (Continued)

Internal Control (continued)

12-01 (continued)

Context - Systematic

Effect - The override of purchasing/cash disbursement policies can lead to violations of District policies and procedures, possible violations of state law, and the possible misappropriation of District funds.

Cause - Members of the Board and management have overridden the policies and procedures set by the Board for purchasing/cash disbursements.

Recommendation - We recommend the Board of Directors review District policies for purchases and cash disbursements to ensure the District obtains proper authorization for each required transaction, the goods or services are reasonably priced, approval of transactions prior to engaging the vendor, goods and services are inspected and approved prior to payment, and the Board approves the invoice prior to payment. All singular transactions and cumulative projects above \$5,000 are considered required transactions.

Purchasing activities should initiate with the preparation of a requisition or purchase order by a responsible employee, such as the facilities manager or operations supervisor. The pending purchase order should then be completed using competitive prices obtained from catalogues, quotes or bids. All prices, quotes or bids should be presented to the Board of Directors along with the respective purchase order. The lowest responsible vendor would then be selected or the reasons for rejecting the lowest bid should be documented in the District's minutes. Board approval would be obtained prior to the release of the purchase order and start of the project.

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

Section II Financial Statement Findings (Continued)

Internal Control (continued)

12-01 (continued)

Once the job or purchase is complete, management, as noted above, is responsible for inspecting the goods or services to ensure the *quality and quantity of materials*. Management should initial and date the purchase order, requisition form, or other receiving document once the goods or services have been inspected and approved for intended use.

The proof of receipt and the invoice should be presented to the Board for approval prior to payment.

Payment of invoices and signing of checks should not take place unless all controls are documented in purchase packets.

A member of the Board should then flip through the bank statement to review cancelled checks and agree the statement to the bank reconciliation.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2011.

No significant deficiencies were reported during the audit for the year ended December 31, 2011.

Compliance

No compliance findings material to the basic 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. 11 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2011.

Section III Management Letter

A management letter was not issued for the year ended December 31, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

12-01 Recommendation- We recommend the Board of Directors review District policies for purchases and cash disbursements to ensure the District obtains proper authorization for each required transaction, the goods or services are reasonably priced, approval of transactions prior to engaging the vendor, goods and services are inspected and approved prior to payment, and the Board approves the invoice prior to payment. All singular transactions and cumulative projects above \$5,000 are considered required transactions.

Purchasing activities should initiate with the preparation of a requisition or purchase order by a responsible employee, such as the facilities manager or operations supervisor. The pending purchase order should then be completed using competitive prices obtained from catalogues, quotes or bids. All prices, quotes or bids should be presented to the Board of Directors along with the respective purchase order. The lowest responsible vendor would then be selected or the reasons for rejecting the lowest bid should be documented in the District's minutes. Board approval would be obtained prior to the release of the purchase order and start of the project.

Once the job or purchase is complete, management, as noted above, is responsible for inspecting the goods or services to ensure the quality and quantity of materials. Management should initial and date the purchase order, requisition form, or other receiving document once the goods or services have been inspected and approved for intended use.

The proof of receipt and the invoice should be presented to the Board for approval prior to payment.

Payment of invoices and signing of checks should not take place unless all controls are documented in purchase packets.

A member of the Board should then flip through the bank statement to review cancelled checks and agree the statement to the bank reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements (Continued)

Internal Control (continued)

12-01 (continued)

Management's Response- Management agrees with the above internal control issues. Proper action will be taken in the future to ensure all the District's policies are being followed.

Compliance

No compliance findings material to the basic 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. 11 did not expend federal awards exceeding \$500,000 during the year ended December 31, 2012.

Section III Management Letter

12-02 Recommendation – We recommend the District comply with state budget laws by preparing the budget with expenditures not exceeding the total of estimated funds available.

Management's Response – The District will prepare its budget in compliance with state budget laws.

12-03 Recommendation – We recommend the District periodically obtain two sided copies of checks written for high dollar values in order to determine if third party endorsements are made and the District would question those vendors as to the purpose of the third party endorsements.

Management's Response – The District will obtain copies of checks throughout the year and question vendors as deemed necessary.

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

We have audited the basic financial statements of the Terrebonne Parish Recreation District No. 11 (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 8, 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 8, 2013. This letter does not affect our report dated March 8, 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 8, 2013.

MANAGEMENT COMMENTS

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2012

12-02 Condition – The District’s General Fund budget expenditures exceeded the total of estimated funds available for the year ending December 31, 2012.

Context – Systematic.

Effect – The District’s December 31, 2012 budget was approved with a deficiency of revenues over expenditures and other financing uses that was greater than the beginning fund balance

Cause – The District’s General Fund budget did not reflect the correct beginning fund balance.

Recommendation – We recommend that the District comply with State budget laws by preparing the budget with expenditures not exceeding the total of estimated funds available.

12-03 Condition – In reviewing the canceled checks of the District it was noted 17 checks payable to Absolute Contractors, L.L.C. totaling \$255,099 were endorsed by a local convenience store. This reveals that the vendor is negotiating these checks prior to the withdrawal of funds from the District’s checking account.

Context – Isolated.

Effect – The negotiating of checks by vendors can lead to violations of District policies and procedures, possible violations of state law, and the possible misappropriation of District funds.

Cause – The vendor is negotiating checks with a third party.

Recommendation – We recommend the District periodically obtain two sided copies of checks written for high dollar values in order to determine if third party endorsements are made and the District should question those vendors as to the purpose of the third party endorsements.

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

Ms. Arlanda Williams, Council Chair
To the Terrebonne Parish Consolidated Government,
P.O. Box 2768
Houma, Louisiana

Dear Ms. Williams:

We have performed the procedures enumerated below, which were agreed to by the Terrebonne Parish Recreation District 11 (the District) and the Terrebonne Parish Consolidated Government, solely to assist you with respect to various vendor payments for the period August 1, 2011 through December 31, 2012. The District's management is responsible for the District's cash disbursements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We examined 115 payments totaling \$617,377.09 to the following vendors:

Vendor Name	Number of Invoices	Total of Payments
Absolute Contractors, LLC	27	\$308,417.67
CM Janitorial Services	14	72,975.00
GSE Associates, LLC	2	12,679.25
Houma Tractor	17	28,030.30
Poolsure	17	40,515.50
Sport Supply Group, Inc	12	23,077.39
E3 Electrical, Inc	14	43,406.88
Navy Enterprises, LLC	3	15,100.00
Guidry's AC and Refrigeration, Inc	1	19,669.00
Chiggerknob Swings	4	11,938.48
Pioneer Sales Co, Inc	1	27,240.00

Vida Paint and Supply, Inc	1	5,362.00
Griffin Fence of LA, LLC	2	8,965.00

Our procedures and findings related to these transactions are as follows:

1. Was the transaction properly requisitioned/authorized?

In completing this procedure we sought to confirm the transactions were properly authorized in accordance with District policy by examining written documentation of management requisition, transaction authorization by the Board of Directors, and purchase orders for transactions equal to or greater than \$5,000. In our examination of the transactions noted above one or more of these documents were lacking in the following:

	Vendor Name	Number of Invoices	Total of payments
1	Absolute Contractors, LLC	24	\$217,087.43
	CM Janitorial Services	14	72,975.00
	E3 Electrical, Inc	2	16,425.75
	Vida Paint and Supply, Inc	1	5,362.00
	Navy Enterprises, LLC	3	15,100.00

1. Upon interview the Facilities Manager verbally confirmed he requested the contractor place dirt and limestone at various locations. We noted 17 invoices accumulating to \$107,317.94 were for dirt/limestone however written documentation of the request and Board approval was not available. The remaining 7 invoices lacked documentation of authorization.

2. Is the transaction reasonably priced?

In order to determine the transactions were reasonably priced in accordance with District policy we requested documentation of competitive quotes and bids for transactions equal to or greater than \$5,000. Furthermore, we ascertained the lowest price was selected. The following transactions exceeded the District's threshold for competitive pricing, but lacked documentation of compliance with District policy.

	Vendor Name	Number of Invoices	Total of Payments
1	Absolute Contractors, LLC	18	\$177,498.52
1	CM Janitorial Services	5	45,975.00
	GSE Associates, LLC	1	10,469.65
	E3 Electrical, Inc	2	16,425.75

Vida Paint & Supply, LLC	1	5,362.62
Navy Enterprises, LLC	1	8,300.00

- There are 4 invoices paid to Absolute Contractors, LLC \$36,443 and 1 paid to CM Janitorial Services \$25,875 totaling \$62,318.53 that bids were received, the lowest bid was not chosen. Per verbal conversation with the Facilities Manager lowest bidder was not selected due to a failure by the bidder to provide documentation of proper insurance. Documentation of proper insurance furnished by bidders was not made available on any project examined.
- Was project pricing independently approved by the Board of Directors?

The Board of Directors must approve the competitive pricing for all transactions equal to or above \$5,000. It is District policy that all bids or quotes be approved at Board meetings. Documentation of Board approval was not made available for the following transactions:

Vendor Name	Number of Invoices	Total of Payments
Absolute Contractors, LLC	20	\$254,886.15
CM Janitorial Services	5	45,975.00
E3 Electrical, Inc	2	16,425.75
Navy Enterprises, LLC	1	8,300.00
Vida Paint & Supply, LLC	1	5,362.62

- Were goods and services inspected and accepted before invoices were paid?

Receipt of the good or services should be inspected for quantity and quality upon receipt. District policy requires documentation of inspection of all goods and services purchased prior to payment of the invoice. This should be done by the facilities manager or operations manager initialing and dating the purchase order upon receipt of the good or service. For each transaction examined we noted a lack of documentation of inspection or approval of goods and services.

- Was the invoice presented to the Board of Directors before payment?

District policy requires documentation of Board approval of invoices equal to or greater than \$5,000 prior to the payment of the invoices. In completing this procedure we did not have documentation of Board approval prior to payment for any of the examined transactions.

6. Does the check amount agree to the invoices?

- There were no discrepancies between the check amounts recorded in the books and records of the District and the invoices.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the disbursements of the District. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Terrebonne Parish Recreation District 11 and the Terrebonne Parish Consolidated Government and is not intended to be and should not be used by anyone other than these specified parties.

Bougeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 13, 2012