

**PARKS AND RECREATION COMMISSION
OF CARENCRO, INC.**
Carencro, Louisiana

Financial Report

Year Ended November 30, 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 JUN 12 2013

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Parks and Recreation Commission of Carencro, Inc.
Carencro, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Parks and Recreation Commission of Carencro, Inc. (PARC), a component unit of the City of Carencro, Louisiana, as of and for the year ended November 30, 2012, which collectively comprise the PARC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the members of the Parks and Recreation Commission of Carencro, Inc. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Parks and Recreation Commission of Carencro, Inc., as of November 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 21, 2013, on our consideration of the PARC'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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26 and 27 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 consists of inquiries of management about the methods of preparing 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.

The prior year comparative information on the required supplementary information has been derived from the PARC's 2011 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The Parks and Recreation Commission of Carencro, Inc. has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 21, 2013

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Statement of Net Assets
November 30, 2012
With Comparative Totals for November 30, 2011

	2012			2011 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$864,634	\$ 43,379	\$ 908,013	\$ 742,876
Receivables, net	49	-	49	66
Other receivables	-	169	169	311
Inventory	280	25,259	25,539	22,868
Total current assets	864,963	68,807	933,770	766,121
Noncurrent assets:				
Capital assets, net	-	890,322	890,322	885,254
Total assets	864,963	959,129	1,824,092	1,651,375
LIABILITIES				
Accounts and other payables	100	11,126	11,226	14,160
Unearned revenues	-	19,640	19,640	22,050
Total liabilities	100	30,766	30,866	36,210
NET ASSETS				
Invested in capital assets	-	890,322	890,322	885,254
Restricted for recreation	864,863	-	864,863	684,353
Unrestricted	-	38,041	38,041	45,558
Total net assets	\$864,863	\$ 928,363	\$ 1,793,226	\$1,615,165

The accompanying notes are an integral part of the basic financial statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Statement of Activities
For the Year Ended November 30, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 112,616	\$ -	\$ -	\$ -	\$(112,616)	\$ -	\$ (112,616)
Recreation	<u>99,550</u>	<u>2,864</u>	<u>502,596</u>	<u>-</u>	<u>405,910</u>	<u>-</u>	<u>405,910</u>
Total governmental activities	212,166	2,864	502,596	-	293,294	-	293,294
Business-type activities:							
Park operation and maintenance	<u>730,500</u>	<u>601,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,304)</u>	<u>(129,304)</u>
Total	<u>\$ 942,666</u>	<u>\$ 604,060</u>	<u>\$ 502,596</u>	<u>\$ -</u>	<u>293,294</u>	<u>(129,304)</u>	<u>163,990</u>
General revenues:							
Interest and investment earnings					958	-	958
Miscellaneous					12,780	333	13,113
Transfers					<u>(126,522)</u>	<u>126,522</u>	<u>-</u>
Total general revenues and transfers					<u>(112,784)</u>	<u>126,855</u>	<u>14,071</u>
Change in net assets					180,510	(2,449)	178,061
Net assets - December 1, 2011					<u>684,353</u>	<u>930,812</u>	<u>1,615,165</u>
Net assets - November 30, 2012					<u>\$ 864,863</u>	<u>\$ 928,363</u>	<u>\$1,793,226</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Comparative Balance Sheets - Governmental Fund
November 30, 2012 and 2011**

	<u>General Fund</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
Interest-bearing deposits	\$ 864,634	\$ 687,859
Receivables:		
Accrued interest	49	66
Inventory	<u>280</u>	<u>117</u>
 Total assets	 <u>\$ 864,963</u>	 <u>\$ 688,042</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 100</u>	<u>\$ 3,689</u>
Fund balances:		
Nonspendable - inventory	280	117
Restricted for recreation	<u>864,583</u>	<u>684,236</u>
Total fund balances	<u>864,863</u>	<u>684,353</u>
 Total liabilities and fund balance	 <u>\$ 864,963</u>	 <u>\$ 688,042</u>

The accompanying notes are an integral part of the basic financial statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Fund**

For the Years Ended November 30, 2012 and 2011

	General Fund	
	2012	2011
Revenues:		
Charges for services	\$ 2,864	\$ 2,340
Miscellaneous	<u>13,738</u>	<u>14,739</u>
Total revenues	<u>16,602</u>	<u>17,079</u>
Expenditures:		
Current -		
General government	112,616	116,589
Recreation	<u>70,455</u>	<u>62,134</u>
Total expenditures	<u>183,071</u>	<u>178,723</u>
Deficiency of revenues over expenditures	<u>(166,469)</u>	<u>(161,644)</u>
Other financing sources (uses):		
Transfers in - primary government	473,501	364,114
Transfers out	<u>(126,522)</u>	<u>(41,000)</u>
Total other financing sources (uses)	<u>346,979</u>	<u>323,114</u>
Net changes in fund balance	180,510	161,470
Fund balance, beginning	<u>684,353</u>	<u>522,883</u>
Fund balance, ending	<u>\$ 864,863</u>	<u>\$ 684,353</u>

The accompanying notes are an integral part of the basic financial statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Comparative Statements of Net Assets
Proprietary Fund
November 30, 2012 and 2011**

	<u>Park Operating Fund</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash	\$ 5,000	\$ 5,000
Interest-bearing deposits	38,379	50,017
Other receivables	169	311
Inventory	<u>25,259</u>	<u>22,751</u>
Total current assets	68,807	78,079
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>890,322</u>	<u>885,254</u>
Total assets	<u>959,129</u>	<u>963,333</u>
LIABILITIES		
Accounts payable	2,033	3,600
Accrued liabilities	9,093	6,871
Unearned revenues	<u>19,640</u>	<u>22,050</u>
Total liabilities	<u>30,766</u>	<u>32,521</u>
NET ASSETS		
Invested in capital assets	890,322	885,254
Unrestricted	<u>38,041</u>	<u>45,558</u>
Total net assets	<u>\$ 928,363</u>	<u>\$ 930,812</u>

The accompanying notes are an integral part of the basic financial statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Fund
For the Years Ended November 30, 2012 and 2011**

	<u>Park Operating Fund</u>	
	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services -		
Concession sales	\$205,283	\$185,942
Lounge sales	69,875	95,805
Tournament fees	21,175	41,635
League, entry and sponsorship fees	124,603	138,799
Gate receipts	37,571	42,569
Membership dues	80,459	83,474
Pro-shop sales	324	886
Softball sales	15,493	11,545
Uniform sales	86	825
Park rental income	11,455	8,150
Vending machine, pool table, batting cage, and arcade income	-	534
Events	34,871	38,132
Miscellaneous	334	195
Total operating revenues	<u>601,529</u>	<u>648,491</u>
 Costs of revenues:		
Purchases -		
Food	71,675	68,102
Liquor	7,546	10,201
Beer	38,038	41,796
Pro-shop	185	795
Softballs	9,139	6,229
Uniforms	240	1,321
Total cost of revenues	<u>126,823</u>	<u>128,444</u>
 Gross profit	<u>474,706</u>	<u>520,047</u>

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Fund - (Continued)
For the Years Ended November 30, 2012 and 2011**

	Park Operating Fund	
	2012	2011
Operating expenses:		
Salaries	\$ 206,517	\$ 235,911
Payroll taxes	15,583	13,536
Workman's compensation	7,886	8,461
Awards	11,765	19,808
Depreciation expense	85,679	90,461
Legal and accounting	9,790	10,920
Lounge entertainment	450	175
Office and postage expenses	12,696	10,635
Scorekeeper pay	15,346	17,714
Service contracts	19,289	17,365
Sponsorship fees	1,775	2,995
Umpire fees	69,136	73,550
Utilities and telephone	36,930	42,658
USSSA fees	15,481	16,460
Repairs, maintenance and supplies	48,841	53,962
Tournament fees	6,087	9,065
Miscellaneous	15,925	17,807
Total operating expenses	579,176	641,483
Operating loss	(104,470)	(121,436)
Non-operating expenses:		
PARC expenses paid by Pelican Park	(24,501)	(35,465)
Loss before transfers	(128,971)	(156,901)
Transfers in:		
Transfers from General Fund	126,522	41,000
Change in net assets	(2,449)	(115,901)
Net assets, beginning	930,812	1,046,713
Net assets, ending	\$ 928,363	\$ 930,812

The accompanying notes are an integral part of the basic financial statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Comparative Statements of Cash Flows
Proprietary Fund
For the Years Ended November 30, 2012 and 2011**

	Park Operating Fund	
	2012	2011
Cash flows from operating activities:		
Receipts from customers	\$ 601,195	\$ 648,296
Payments to suppliers	(402,341)	(431,896)
Payments to employees	(222,100)	(249,447)
Other receipts	334	195
Net cash used by operating activities	(22,912)	(32,852)
 Cash flows from noncapital financing activities:		
Cash received from General Fund	126,522	41,000
 Cash flows from capital and related financing activities		
Acquisition of property, plant and equipment	(90,747)	(36,285)
PARC expenses paid by Pelican Park	(24,501)	(35,465)
Net cash used by capital and related financing activities	(115,248)	(71,750)
 Net decrease in cash and cash equivalents	(11,638)	(63,602)
 Cash and cash equivalents, beginning of period	55,017	118,619
 Cash and cash equivalents, end of period	\$ 43,379	\$ 55,017
 Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$(104,470)	\$(121,436)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	85,679	90,461
(Increase) decrease in receivables	142	(225)
(Increase) decrease in inventory	(2,508)	4,089
Increase (decrease) in accounts payable	(1,567)	1,252
Increase in accrued liabilities	2,222	4,707
Decrease in unearned revenues	(2,410)	(11,700)
Net cash used by operating activities	\$ (22,912)	\$ (32,852)

The accompanying notes are an integral part of the basic financial statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Parks and Recreation Commission of Carencro, Inc. (PARC) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:514 and to the guides set forth in the industry audit guide, Louisiana Governmental Audit Guide.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The PARC is a component unit of the City of Carencro, Louisiana, the primary government. The PARC is dependent on the City of Carencro for budget approval, approval of debt issuance and appointment of the majority of commission members and is therefore considered a component unit. These financial statements report only the PARC, the component unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the PARC and for each function of the PARC's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Fund Accounting

The accounts of the PARC are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The two funds of the PARC are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the PARC are described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the PARC. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund -

Enterprise fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The PARC's enterprise fund is the Park Operating Fund.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

C. Measurement Focus/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.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the PARC.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds."

Inventories

Inventories in the proprietary fund are accounted for at the lower of cost or market.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the business-type activities column in the government-wide financial statements. The governmental activities have no capital assets. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The PARC maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	40 years
Furniture and fixtures	5 - 10 years

In the fund financial statements, the governmental fund operations have no capital assets. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

The PARC adopted a vacation and sick leave policy similar to that of the City of Carencro during the fiscal year ending November 30, 2012. Sick leave is earned at the rate of one day for each month worked, with a limit of ten days per year. Vacation leave is accumulated as follows:

1-5 years	5 days
6-10 years	10 days
Over 10 years	15 days

Thirty days of sick leave and one week of vacation may be carried over to a subsequent year. Upon termination of employment, employees are to be paid for accumulated vacation leave only.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions 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 decision of the Board of Commissioners, which is the highest level of decision-making authority for the Parc.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the PARC’s adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Parc considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Parc considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Parc has provided otherwise in his commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers.

F. Revenue Restrictions

The PARC has a legal restriction placed over the revenue received from the City of Carencro from the proceeds of the 1993 Sales Tax Fund due to the dedication of the use of the proceeds. See Note 6.

The City uses unrestricted resources only when restricted resources are fully depleted.

G. Budgets and Budgetary Accounting

The following are the procedures required to be followed with regard to preparation and adoption of the budget:

1. The treasurer prepares a proposed budget and submits it to the Parks and Recreation Commission for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Commission.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Commission. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the PARC to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Fund. At November 30, 2012, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

At November 30, 2012, the PARC has cash balances (book balances) totaling \$908,013 as follows:

Cash	\$ 5,000
Interest-bearing deposits	<u>903,013</u>
	<u>\$ 908,013</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the PARC's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at November 30, 2012 are secured as follows:

Bank balances	<u>\$944,310</u>
Federal deposit insurance	\$272,872
Pledged securities	<u>671,438</u>
Total	<u>\$944,310</u>

Deposits in the amount of \$671,438 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the PARC's name (Category 3 deposits). The PARC does not have a policy for custodial credit risk .

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

(3) Capital Assets

Capital asset activity for the year ended November 30, 2012 was as follows:

	<u>Balance</u> <u>12/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>11/30/12</u>
Business-type activities:				
Land	\$ 366,886	\$ 50,000	\$ -	\$ 416,886
Construction in progress	18,685	975	-	19,660
Building and improvements	642,438	-	-	642,438
Furniture, fixtures and equipment	<u>399,563</u>	<u>39,772</u>	<u>14,071</u>	<u>425,264</u>
	1,427,572	90,747	14,071	1,504,248
Less: accumulated depreciation	<u>542,318</u>	<u>85,679</u>	<u>14,071</u>	<u>613,926</u>
Capital assets, net	<u>\$ 885,254</u>	<u>\$ 5,068</u>	<u>\$ -</u>	<u>\$ 890,322</u>

Depreciation expense of \$85,679 was charged to park operation and maintenance.

(4) Unearned revenues

Unearned revenues of \$19,640 consist of league and membership fees collected in advance for the 2012 fall and winter season.

(5) Lease Agreement with the City of Carencro

The Parks and Recreation Commission of Carencro, Inc. entered into a contract with the City of Carencro for PARC to use, maintain, administer, operate, construct, acquire, and improve recreational facilities within the city limits of Carencro and administer and organize recreational, physical, and fitness activities for the general populous of Carencro. Effective December 1, 2005, PARC shall make monthly payments to the City in the amount of \$4,200 as a lease expense for PARC's use of the Pelican Park property. As such, Pelican Park property in the net amount of \$855,878 was removed from PARC's general ledger and is recorded in the City of Carencro's government-wide financial statements. The contract continues for one-year intervals unless and until one of the parties to the contract gives written notice to the other party on or before October 1 of the current calendar year of its intent to terminate the contract. The lease expense is recorded in the General Fund of PARC, Inc. On September 27, 2012, the City of Carencro and PARC amended the contract in force stipulating that the lease payments cease on October 1, 2012.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

(6) External Transactions

Most of the revenues from PARC's General Fund are derived from transfers from the City of Carencro, the primary government. The transfers are made from one-third (1/3) of the 1993 sales and use tax levied by the City. The funds are dedicated for recreational purposes. These transactions are classified as external transactions on the government-wide statement of activities. During the year, external transactions consisted of \$502,596 received from the City of Carencro for operating contributions and \$29,095 paid to the City of Carencro for debt service payments.

(7) Risk Management

PARC is exposed to risks of loss in the area of general liability. These risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(8) Litigation

There was no litigation pending against PARC at November 30, 2012.

(9) Interfund Transactions

Transfers of \$126,522 were made from the General Fund to the Park Operating Fund in order to properly charge the expenditures of the monies to the fund to which they were applicable in accordance with budgetary authorizations.

(10) Subsequent Event Review

PARC's management has evaluated subsequent events through May 21, 2013, the date which the financial statements were available to be issued.

(11) New Accounting Pronouncements

In December 2010, the Governmental Accounting Standards Board (GASB) approved Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position". The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB Nos. 62 and 63 must be implemented by the PARC for the year ending November 30, 2013. The effect of implementation on the PARC's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
General Fund

Budgetary Comparison Schedule
For the Year Ended November 30, 2012
With Comparative Actual Amounts for the Year Ended November 30, 2011

	2012				2011 Actual
	Budget		Actual	Variance - Positive (Negative)	
	Original	Final			
Revenues:					
Charges for services:					
Registration fees	\$ 2,000	\$ 2,864	\$ 2,864	\$ -	\$ 2,340
Miscellaneous -					
Sponsor income	10,000	11,325	12,218	893	13,464
Interest income	1,800	922	958	36	1,145
Other	6,500	80	562	482	130
Total revenues	<u>20,300</u>	<u>15,191</u>	<u>16,602</u>	<u>1,411</u>	<u>17,079</u>
Expenditures:					
Current -					
General government:					
Parc per diem	12,000	12,000	11,750	250	8,000
Parc auto allowance	3,000	3,000	3,000	-	2,860
Legal and accounting	8,500	11,651	8,323	3,328	11,120
Office expenditures and supplies	1,000	228	341	(113)	278
Park insurance	14,600	15,453	17,212	(1,759)	10,755
Utilities	14,400	8,000	6,414	1,586	10,688
Repairs and maintenance	1,800	11,124	10,965	159	6,519
Maintenance - inmates	10,800	10,926	10,953	(27)	10,712
Lease expenditure	50,400	42,000	42,000	-	50,400
Travel and meetings	4,000	3,000	939	2,061	3,833
Miscellaneous	1,850	-	719	(719)	1,424
Total general government	<u>122,350</u>	<u>117,382</u>	<u>112,616</u>	<u>4,766</u>	<u>116,589</u>
Recreation:					
Salaries	20,000	19,750	19,750	-	19,440
CAYSI appropriation	12,000	16,044	12,041	4,003	5,594
Other park appropriations	3,500	3,500	7,317	(3,817)	3,873
Park concert program	32,500	29,257	29,121	136	31,639
Summer recreation program expenditures	4,800	3,426	2,226	1,200	1,588
Total recreation	<u>72,800</u>	<u>71,977</u>	<u>70,455</u>	<u>1,522</u>	<u>62,134</u>
Total expenditures	<u>195,150</u>	<u>189,359</u>	<u>183,071</u>	<u>6,288</u>	<u>178,723</u>
Deficiency of revenues over expenditures	<u>(174,850)</u>	<u>(174,168)</u>	<u>(166,469)</u>	<u>7,699</u>	<u>(161,644)</u>

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.
General Fund

Budgetary Comparison Schedule - (Continued)
For the Year Ended November 30, 2012
With Comparative Actual Amounts for the Year Ended November 30, 2011

	2012			Variance - Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
Other financing sources (uses):					
Transfer from primary government	387,727	480,000	502,596	22,596	389,247
Transfer to primary government	(27,592)	(29,095)	(29,095)	-	(25,133)
Transfer to Park Operating Fund	(142,420)	(140,602)	(126,522)	14,080	(41,000)
Total other financing sources (uses)	<u>217,715</u>	<u>310,303</u>	<u>346,979</u>	<u>36,676</u>	<u>323,114</u>
Excess of revenues and other sources over expenditures and other uses	42,865	136,135	180,510	44,375	161,470
Fund balance, beginning	<u>684,353</u>	<u>684,353</u>	<u>684,353</u>	<u>-</u>	<u>522,883</u>
Fund balance, ending	<u>\$727,218</u>	<u>\$820,488</u>	<u>\$864,863</u>	<u>\$ 44,375</u>	<u>\$ 684,353</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

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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

Board of Commissioners
Parks and Recreation Commission, Inc.
Carencro, Louisiana

We have audited the component unit financial statements of the governmental activities, the business-type activities, and each major fund of the Parks and Recreation Commission of Carencro, Inc. (PARC) as of and for the year ended November 30, 2012, which collectively comprise the PARC's basic financial statements and have issued our report thereon dated May 21, 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.

Internal Control Over Financial Reporting

Management of the PARC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the PARC's internal control over financial reporting as a basis for designing our auditing procedures 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 PARC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the PARC's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan that we consider to be significant deficiencies in internal control over financial reporting as items 12-1(IC) and 12-2(IC). A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PARC'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.

The PARC's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. We did not audit the PARC's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the PARC's management, the City' of Carencro's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 21, 2013

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

**Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended November 30, 2012**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (11/30/12) --						
<u>Internal Control:</u>						
12-1(IC)	1994	Due to the small number of employees, the commission did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Murray Conque, Commissioner	N/A
12-2(IC)	2008	The PARC does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The PARC has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Murray Conque, Commissioner	N/A

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended November 30, 2012

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
PRIOR YEAR (11/30/11) –						
<u>Internal Control:</u>						
11-1(IC)	1994	Due to the small number of employees, the commission did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Murray Conque, Commissioner	N/A
11-2(IC)	2008	The PARC does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The PARC has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Murray Conque, Commissioner	N/A