5031

TECHE-VERMILION FRESH WATER DISTRICT

FINANCIAL REPORT

DECEMBER 31, 2011

C O N T E N T S

BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4112 West Congress
P.O. Box 61400
Lafayette, Louisiana 70596-1400
phone: (337) 988-4930
fax: (337) 984-4574
www.bplb.com

Other Offices:
Crowley, LA
(337) 783-5693
Opelousas, LA
(337) 942-5217
New Iberia, LA
(337) 364-4554

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Teche-Vermilion Fresh Water District
Lafayette, Louisiana

We have audited the accompanying basic financial statements of Teche-Vermilion Fresh Water District as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of Teche-Vermilion Fresh Water District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teche-Vermilion Fresh Water District as of December 31, 2011 and 2010, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2012, on our consideration of the Teche-Vermilion Fresh Water District'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 management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 6, 36 through 40, and page 41 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 management's discussion and analysis 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 management's discussion and analysis and comparing the management's discussion and analysis 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information and schedule of funding progress listed as required supplementary information in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The budgetary comparison information and schedule of funding progress has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Broussard, Poché, Lewis & Breaux LLP

Lafayette, Louisiana
April 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Teche-Vermilion Fresh Water District's financial performance provides an overview of Teche-Vermilion Fresh Water District's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the District's financial statements, which begin on page 10.

I. FINANCIAL HIGHLIGHTS

Teche-Vermilion Fresh Water District's net assets increased by $1,868,999 or 5.30% as a result of 2011's operations.

Teche-Vermilion Fresh Water District's total revenues were $5,109,064 compared to $4,919,986 in 2010, an increase of $189,078 or 3.84%.

Total expenses for Teche-Vermilion Fresh Water District during the year ending December 31, 2011 were $3,240,065 compared to $3,127,444 last year, an increase of $201,127 or 3.60%.

II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The statement of net assets and the statement of activities (pages 10 through 12) provide information about Teche-Vermilion Fresh Water District's activities as a whole and present a longer-term view of Teche-Vermilion Fresh Water District's finances. Fund financial statements start on page 14. These statements tell how the services were financed in the short-term as well as what remains for future spending.

A. REPORTING TECHE-VERMILION FRESH WATER DISTRICT AS A WHOLE

1. THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of Teche-Vermilion Fresh Water District as a whole begins on page 4. One of the most important questions asked about Teche-Vermilion Fresh Water District's finances is, "Is Teche-Vermilion Fresh Water District, as a whole, better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about Teche-Vermilion Fresh Water District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Teche-Vermilion Fresh Water District's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure Teche-Vermilion Fresh Water District's financial position or financial health. Over time, increases or decreases in Teche-Vermilion Fresh Water District's net assets are one indicator of whether its financial health is improving or deteriorating.

We record the fund maintained by the Teche-Vermilion Fresh Water District as governmental activities in the statement of net assets and the statement of activities.

B. REPORTING TECHE-VERMILION FRESH WATER DISTRICT'S MOST SIGNIFICANT FUNDS

1. FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's General Fund, not the District as a whole.

All of Teche-Vermilion Fresh Water District's expenses are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of Teche-Vermilion Fresh Water District's general operations and the expenses paid from this fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future Teche-Vermilion Fresh Water District expenses. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental fund in a reconciliation at the bottom of the fund financial statements.

III. TECHE-VERMILION FRESH WATER DISTRICT AS A WHOLE

Teche-Vermilion Fresh Water District's total net assets increased in the current year from $35,259,360 to $37,128,359. The following reflects the condensed statement of net assets as of December 31, 2011, with comparative figures from 2010:

TABLE I
CONDENSED STATEMENT OF NET ASSETS
DECEMBER 31, 2011 AND 2010

	2011	2010
Assets:		
Current assets	$29,585,635	$28,803,835
Capital assets	7,939,778	6,780,254
Total assets	$37,525,413	$35,584,089
Liabilities:		
Current liabilities	$ 169,646	$ 151,080
Long-term liabilities	227,408	173,649
Total liabilities	$ 397,054	$ 324,729
Net assets:		
Invested in capital assets	$ 7,939,778	$ 6,780,254
Unrestricted	29,188,581	28,479,106
Total net assets	$37,128,359	$35,259,360
Total liabilities and net assets	$37,525,413	$35,584,089

Net assets of Teche-Vermilion Fresh Water District's governmental activities increased by $1,868,999 or 5.30% from 2010. Unrestricted net assets, the part of net assets that can be used to finance Teche-Vermilion Fresh Water District expenses without constraints or other legal requirements, increased $709,475 or 2.49% over 2010.

The following table provides a summary of the changes in net assets for the year ended December 31, 2011, with comparative figures from 2010:

TABLE II
CONDENSED STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
General revenues -		
Ad valorem taxes	$ 3,980,152	$ 3,377,155
Investment earnings	863,468	1,404,369
Other	265,444	138,462
Total revenues	$ 5,109,064	$ 4,919,986
Expenses:		
General government	$ 3,240,065	$ 3,127,444
Increase in net assets	$ 1,868,999	$ 1,792,542

During the fiscal year ended December 31, 2011, property tax revenue increased $602,997 or approximately 17.86%; investment earnings decreased by $540,901 or approximately 38.52% and other revenues increased by $126,982 or approximately 91.71%. Expenses increased by $112,621 or approximately 3.60%. Much of this increase is attributable to inlet channel dredging and various repairs and maintenance done on pumps during the current year.

IV. GENERAL FUND BUDGETARY HIGHLIGHTS

The Teche-Vermilion Fresh Water District's budget had no revisions during the 2011 fiscal year. Actual revenues were more than budgeted revenues by $600,578 and actual expenditures were $234,720 less than budgeted expenditures.

The net change in fund balance for the year ended December 31, 2011 of $131,196 was $847,798 over the anticipated (budgeted) amount. This was due primarily to investment earnings being higher than anticipated and repairs and maintenance expenditures and capital outlay being lower than anticipated.

V. CAPITAL ASSETS

At the end of 2011, Teche-Vermilion Fresh Water District had $7,939,778 invested in capital assets. This amount represents a net increase of $1,159,254 or 17.10% from 2010. This was due primarily to purchasing the new pump casting of $856,400 in 2011.

VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor considered when preparing the fiscal 2012 budget was the ad valorem tax revenue. The ad valorem tax is expected to produce $3,795,000 or approximately 78% of the total budgeted revenues. Interest earnings are budgeted at $450,150 or approximately 9% of the total budgeted revenues. Total expenses have been fairly constant over the years. Accordingly, the 2012 budget was prepared based on 2011 results.

VII. CONTACTING THE TECHE-VERMILION FRESH WATER DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the funds maintained by Teche-Vermilion Fresh Water District and to show Teche-Vermilion Fresh Water District's accountability for the money it receives. If you have any questions or need additional financial information, contact Teche-Vermilion Fresh Water District, Mr. Donald Sagrera, Executive Director, at 315 South College Road, Suite 110, Lafayette, Louisiana 70503.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash	$ 2,951,108	$ 431,112
Investments	22,788,521	24,648,492
Receivables:		
Ad valorem taxes	3,166,024	3,244,588
State revenue sharing	92,356	121,042
Accrued interest	73,898	111,645
Other	2,121	182
Inventory	423,101	246,774
Prepaid expense	88,506	-
Total current assets	$29,585,635	$28,803,835
CAPITAL ASSETS		
Non-depreciable	$ 922,471	$ 807,743
Depreciable, net	7,017,307	5,972,511
Total capital assets	$ 7,939,778	$ 6,780,254
Total assets	$37,525,413	$35,584,089

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2011	2010
CURRENT LIABILITIES		
Accounts payable	$ 130,384	$ 111,732
Accrued liabilities	19,002	18,943
Accrued annual leave, current portion due	20,260	20,405
Total current liabilities	$ 169,646	$ 151,080
LONG-TERM LIABILITIES		
Accrued annual leave, net of current portion due	$ 50,791	$ 56,113
OPEB obligation	176,617	117,536
Total long-term liabilities	$ 227,408	$ 173,649
Total liabilities	$ 397,054	$ 324,729
NET ASSETS		
Invested in capital assets	$ 7,939,778	$ 6,780,254
Unrestricted	29,188,581	28,479,106
Total net assets	$37,128,359	$35,259,360
Total liabilities and net assets	$37,525,413	$35,584,089

Exhibit B

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2011 and 2010

	2011	2010
Expenses:		
Governmental activities-fresh water supply -		
General government:		
Personnel services	$ 835,661	$ 780,358
Utilities	1,150,649	978,040
Other services and charges	1,052,945	1,197,019
Depreciation	200,810	172,027
Total government activities	$ 3,240,065	$ 3,127,444
General revenues:		
Ad valorem taxes	$ 3,980,152	$ 3,377,155
Grants and contributions not restricted to specific programs	139,329	135,306
Investment earnings	863,468	1,404,369
Miscellaneous revenue	121,022	3,156
Gain on sale of capital assets	5,093	-
Total general revenues	$ 5,109,064	$ 4,919,986
Change in net assets	$ 1,868,999	$ 1,792,542
Net assets, beginning of the year	35,259,360	33,466,818
Net assets, end of the year	$37,128,359	$35,259,360

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

Exhibit C

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

BALANCE SHEETS - GOVERNMENTAL FUND
December 31, 2011 and 2010

ASSETS	2011	2010
Cash	$ 2,951,108	$ 431,112
Investments	22,788,521	24,648,492
Receivables:		
Ad valorem taxes	3,166,024	3,244,588
State revenue sharing	92,356	121,042
Accrued interest	73,898	111,645
Other	2,121	182
Inventory	423,101	246,774
Prepaid expense	88,506	-
Total assets	$29,585,635	$28,803,835
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 130,384	$ 111,732
Accrued liabilities	19,002	18,943
Deferred revenue	4,133,031	3,501,138
Total liabilities	$ 4,282,417	$ 3,631,813
Fund balance:		
Nonspendable -		
Inventory	$ 423,101	$ 246,774
Prepaid expenses	88,506	-
Assigned to -		
Replacement of equipment	23,831,611	23,965,248
Operation and maintenance	500,000	500,000
Contingencies	300,000	300,000
Insurance deductible	160,000	160,000
Total fund balance	$25,303,218	$25,172,022
Total liabilities and fund balance	$29,585,635	$28,803,835

See Notes to Financial Statements.

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
December 31, 2011 and 2010

	2011	2010
Total fund balance - governmental fund	$25,303,218	$25,172,022
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	7,939,778	6,780,254
Taxes and state revenue sharing revenues will be collected after year end; but, they are not available soon enough to pay for the current period expenditures; therefore, they are reported as deferred revenue in the fund.	4,133,031	3,501,138
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at December 31, are:		
Compensated absences	(71,051)	(76,518)
OPEB obligation	(176,617)	(117,536)
Total net assets of governmental activities	$37,128,359	$35,259,360

See Notes to Financial Statements.

Exhibit E

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
Years Ended December 31, 2011 and 2010

	2011	2010
Revenues:		
Taxes - ad valorem	$ 3,349,144	$ 3,204,109
Intergovernmental	138,444	137,528
Investment earnings	863,468	1,404,369
Miscellaneous	121,022	3,156
Total revenues	$ 4,472,078	$ 4,749,162
Expenditures:		
Current -		
General government	$ 2,985,180	$ 2,891,623
Capital outlay	1,368,202	72,358
Total expenditures	$ 4,353,382	$ 2,963,981
Excess of revenues over expenditures	$ 118,696	$ 1,785,181
Other financing sources:		
Sale of capital assets	12,500	-
Net change in fund balance	$ 131,196	$ 1,785,181
Fund balance, beginning	25,172,022	23,386,841
Fund balance, ending	$25,303,218	$25,172,022

See Notes to Financial Statements.

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Years Ended December 31, 2011 and 2010

	2011	2010
Net change in fund balance - governmental fund	$ 131,196	$ 1,785,181
The change in net assets reported for governmental activities in the statement of activities is different because:		
The governmental fund reports capital outlays as expenditures; however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Depreciation expense	(200,810)	(172,027)
Capital outlay	1,367,741	72,358
Taxes and state revenue sharing revenues in the statement of activities that do not provide current resources is not reported as revenue in the fund.	631,893	170,824
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, they are not reported as expenditures in the governmental fund. The adjustment here relates to the adjustment for accrued compensated absences in the current period.	5,467	(4,437)
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to decrease net assets.	(7,407)	-
Issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		
Net OPEB obligation	(59,081)	(59,357)
Change in net assets of governmental activities	$ 1,868,999	$ 1,792,542

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

The financial statements of Teche-Vermilion Fresh Water District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the District are described below.

Reporting entity:

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

Teche-Vermilion Fresh Water District - The District is a body corporate created under Act 41 of 1969. Its purpose is that of establishing, maintaining and protecting a fresh water supply in Bayou Teche and the Vermilion River in the parishes of Iberia, Lafayette, St. Martin, and Vermilion. The District is governed by a Board of Commissioners composed of one member from each of the parishes constituting the District. The members are appointed by the police juries/parish councils of their respective parishes. In addition, the St. Landry Parish Police Jury appoints an advisory member who can vote on all matters relating to drainage. The Chairman is appointed by the Commission. For financial reporting purposes, the District includes all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana.

The activities of the parish governing authorities, school boards, independently elected parish officials and municipal level governments of the parishes constituting the District are not included within the accompanying financial statements, as they are considered autonomous governments. These units of government issue financial statements separate from that of the District.

Basis of presentation:

The District's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities of the District. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in two parts - invested in capital assets and unrestricted. The District does not have any restricted resources.

The government-wide statement of activities reports both the gross and net cost of the District. The District is supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The District has no program revenues for the years ended December 31, 2011 and 2010.

The net cost of the District is normally covered by general revenues (ad valorem taxes, interest income, etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. The District has only one fund, its General Fund. The General Fund is the District's general operating fund. It is used to account for all of the financial resources of the District.

Basis of accounting:

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as "available" in the year following the assessment, when the majority of the taxes are collected. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Fixed assets:

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

Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on all capital assets, excluding land and improvements, is calculated on the straight-line method over the following estimated useful lives:

	Years
Water control structures	5 - 67
Buildings and improvements	10 - 25
Equipment	5 - 15

Fund financial statements -

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

Compensated absences:

Employees of the District earn annual and sick leave at varying rates according to years of service with the District. Upon resignation or retirement, unused annual leave up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, accumulated annual leave above 300 hours and accumulated sick leave is used in the retirement benefit computation as earned service. No payment is made for accrued and unused sick leave.

In the government-wide statements, the District accrues accumulated unpaid vacation and associated related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in two components:

a. Invested in capital assets - Consists of capital assets net of accumulated depreciation.

b. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets."

Fund statements -

Beginning with fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

Use of estimates:

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

Investments:

State statutes authorize the District to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The District is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The District recorded no impairment losses during the year ended December 31, 2011.

Inventory:

Inventory consist of spare parts and is stated at cost (historical cost). Inventory is recorded under the consumption method in the fund financial statements.

Note 2. Deposits and Investments

Deposits:

Custodial Credit Risk - The 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's policy to ensure there is no exposure to this risk is to require the financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the District's name. Accordingly, the District has no custodial credit risk related to its deposits at December 31, 2011.

Investments:

As of December 31, 2011, the District had the following investments and maturities:

		Investment Maturities			
Investment Type	Fair Value	Less Than One Year	One - Five Years	Five To Ten Years	More Than Ten Years
Fixed U.S. Government Obligations	$21,149,002	$1,767,245	$14,530,395	$4,851,362	$ -
Mortgage Backed Securities	1,639,519	-	62,561	107,818	1,469,140
	$22,788,521	$1,767,245	$14,592,956	$4,959,180	$1,469,140

Interest Rate Risk - As a means of limiting its exposure to fair value losses, the District only invests in the following:

1. Bonds or securities which are direct obligations of the U.S. government or any agency thereof, provided that such obligations are backed by the full faith and credit of the United States of America,

2. Repurchase agreements where the collateral for the agreement is a direct obligation of the U.S. government; as long as these agreements are in writing, have a specific maturity date, properly identify each security to which the agreement applies, and state that in the event of default by the party agreeing to repurchase the securities described in the agreement at the term contained in the agreement, title to the described securities shall pass immediately to the District without recourse,

3. Pass-through mortgage-backed securities and collateralized mortgage obligations issued by the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Federal Housing Commission; and having a minimum rating of "AA" by Moody's Standard & Poors or Fitch, and

4. Other investments which meet limitations imposed by the state of Louisiana R.S. 33:2955.

In addition, the District's policy states that the weighted average maturity of the District's investment portfolio is not to exceed 10 years and that no individual security shall have a maturity in excess of 20 years, with the exception of mortgage bank pools.

Credit Risk/Concentration of Credit Risk - 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 limits investments to the types of investments noted in the previous paragraph. In addition, the District's investment policy limits individual issues to 10% of the portfolio; with the exception of U.S. Treasuries, where credit risk is recognized as minimal. Of the District's investments in U.S. Instrumentalities and Mortgage Backed securities, investments with market values totaling $21,149,002 were rated Aaa by Moody's Investors Service at December 31, 2011. Ratings on investments with market values totaling $1,639,519 were not available at December 31, 2011. All of the District's investments are fixed income securities.

Custodial Credit Risk - 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 that are in the possession of an outside party. The District does not have a policy for custodial credit risk as it relates to investments. All investments are uninsured, uncollateralized, and held by a bank's trust department not in the District's name.

Note 3. Ad Valorem Taxes

Fund financial statements -

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Taxes are billed and collected by the individual parishes comprising the District.

Ad valorem tax revenue is recognized in the year following the assessment, when the majority of the taxes are actually collected.

In 2000, a 10 year tax renewal in the amount of 1.5 mills was approved by the voters of Iberia, Lafayette, St. Martin, and Vermilion parishes. The tax is for the purpose of constructing, establishing, extending, maintaining, operating and protecting a fresh water supply and abating pollution in Bayou Teche and the Vermilion River within the District. On March 27, 2010, the District's 1.5 mill tax was renewed by voters. The tax will expire in the year 2020. The Board of Commissioners has established an assessment of 1.5 mills and 1.26 mills in 2011 and 2010, respectively.

Government-wide financial statements -

Ad valorem tax revenue is recognized in the year for which they are levied net of uncollectible amounts, as applicable.

Note 4. Long-Term Debt

The District's long-term debt consist of accrued annual leave and an other post-employment benefit obligation at December 31, 2011. The following is a summary of changes in long-term debt for the year ended December 31, 2011:

	Balance 01/01/10	Additions	Reductions	Balance 12/31/11
Accrued compensated absences	$ 76,518	$ -	$ (5,467)	$ 71,051
Other post-employment benefit obligation	117,536	59,081	-	176,617
	$ 194,054	$ 59,081	$ (5,467)	$ 247,668

Note 5. Employee Retirement Systems

All permanent employees of the District are eligible for the Parochial Employees Retirement System (PERS) of Louisiana, a multiple-employer public employee retirement system.

Parochial Employees' Retirement System (PERS)

Plan description:

Members of the plan may retire with 30 years of creditable service regardless of age, with 25 years of service at age 55, and with 10 years of service at age 60. Benefit rates are 1% of final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) plus $2.00 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after January 1, 1980. The System also provides disability and survivor benefits. Benefits are established by State statue. PERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding policy:

Plan members are required to contribute 9.50% of their annual covered salary to the plan and the District is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of plan members and the District are established by statute. The District's contribution to PERS for the years ended December 31, 2011, 2010 and 2009 were $89,704, $83,577 and $62,447, respectively, equal to the required contribution for each year.

Note 6. Capital Assets

Capital assets activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated -				
Construction in progress	$ -	$ 114,728	$ -	$ 114,728
Land	807,743	-	-	807,743
Total capital assets not being depreciated	$ 807,743	$ 114,728	$ -0-	$ 922,471

(continued)

NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated -				
Water control structure	$ 25,293,265	$ 856,400	$ -	$ 26,149,665
Buildings and improvements	337,493	259,134	-	596,627
Equipment	362,239	137,479	(25,737)	473,981
Total capital assets being depreciated	$ 25,992,997	$1,253,013	$ (25,737)	$ 27,220,273
Less accumulated depreciation for -				
Water control structure	$(19,493,017)	$ (171,080)	$ -	$(19,664,097)
Buildings and improvements	(285,403)	(4,526)	-	(289,929)
Equipment	(242,066)	(25,204)	18,330	(248,940)
Total accumulated depreciation	$(20,020,486)	$ (200,810)	$ 18,330	$(20,202,966)
Total capital assets being depreciated, net	$ 5,972,511	$1,052,203	$ (7,407)	$ 7,017,307
Governmental activities capital assets, net	$ 6,780,254	$1,166,931	$ (7,407)	$ 7,939,778

Depreciation expense for the years ended December 31, 2011 and 2010 was charged as follows:

	2011	2010
General government	$200,810	$172,027

Note 7. Board Members Compensation

Board members receive $75 per diem for attendance at each official meeting of the board, not to exceed one regular meeting per month and six special meetings per year. The following reflects the per diem earned by the Commissioners:

	Number	Amount
Mike Detraz	13	$ 975
Donald Segura	11	825
Edward Sonnier	13	975
Tommy Thibodeaux	10	750
Total		$ 3,525

Note 8. Assigned Fund Balance

The District and the United States Corps of Engineers entered into an agreement of local cooperation for the construction of improvements to supplement water supply in the Teche-Vermilion Basins. This agreement requires the District to maintain and operate all works after initial completion of the Project, including major replacements as necessary. The Board of Commissioners, by resolution and on recommendation of the Corps of Engineers, has assigned $23,831,611 to provide the necessary funds for anticipated major replacements. In addition, the District has assigned $160,000 of the fund balance for insurance deductibles, $500,000 for future operation and maintenance and $300,000 for contingencies of the District.

Note 9. Postemployment Benefits Other Than Pensions

Plan description:

The District's medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region.

The Louisiana Office of Group Benefits plan provisions are contained in the official plan documents of the OGB, available at www.groupbenefits.org - "Quick Links" - "Health Plans." The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation. This valuation has been performed using the standard OGB rate structure. In addition, the valuation has been performed for the OGB "Medicare Advantage" plan which has been assumed as an alternative to those employees after

Medicare eligibility. Medical benefits are provided to employees upon actual retirement. Employees have been assumed to be subject to the following retirement eligibility (D.R.O.P. entry) provisions: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. For employees hired on or after January 1, 2007, the provisions are age 55 and 30 years of service, or age 62 and 10 years of service.

Contribution rates:

Employees do not contribute to their post employment benefits costs until the become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund policy:

Until 2009, the District recognized the cost of providing post employment medical benefits (the District's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post employment benefits on a pay-as-you-go basis.

Effective with the fiscal year beginning January 1, 2009, the District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions* (GASB 45). The requirements of GASB 45 are being implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for the post employment benefits liability at the date of transition. The funding policy is not to fund the Annual Required Contribution (the "ARC") except to the extent of the current year's retiree funding costs. In 2011 and 2010, the District's portion of health care funding cost for retired employees totaled $30,162 and $27,512, respectively. These amounts were applied toward the net OPEB obligation as shown in the table on the next page.

Annual required contribution:

The District's ARC is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post employment benefits. The total ARC for the fiscal years beginning January 1, 2011 and 2010 is $87,875, as set forth below:

	Medical
Normal cost	$ 38,075
30 year UAL amortization amount	49,800
ARC	$ 87,875

Net post employment benefit obligation (asset):

The table below shows the District's net other post employment benefit (OPEB) obligation (asset) for fiscal years ending December 31, 2011 and 2010:

	Medical	
	2011	2010
Beginning net OPEB obligation, January 1	$117,536	$ 58,179
ARC	$ 87,875	$ 87,875
Interest on net OPEB obligation, (asset)	4,701	2,327
ARC adjustment	(3,333)	(3,333)
OPEB cost	$ 89,243	$ 86,869
Contribution	-	-
Current year retiree premiums	(30,162)	(27,512)
Change in net OPEB obligation	$ 59,081	$ 59,357
Ending net OPEB obligation, December 31	$176,617	$117,536

The following table shows the District's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded OPEB liability:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	12/31/2011	$89,243	33.80%	$ 176,617
Medical	12/31/2010	$86,869	31.67%	$ 117,536
Medical	12/31/2009	$87,875	33.79%	$ 58,179

Funded status and funding progress:

In the fiscal years ending December 31, 2011, 2010 and 2009, the District made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of January 1, 2009, the first and most recent actuarial valuation, the AAL was $861,142, which is defined as that portion, as determined by a particular actuarial cost method (the District uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal years 2011, 2010 and 2009, the entire actuarial accrued liability of $861,142 was unfunded.

Actuarial methods and assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actual calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actual cost method:

The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial value of plan assets:

The District has not funded the plan. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, will be used.

Turnover rate:

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 3%. The rates for each age are below:

Age	Percent Turnover
18 - 25	8.0%
26 - 40	5.0%
41 - 54	3.0%
55+	3.0%

Post employment benefit plan eligibility requirements:

It is assumed that entitlement to benefits will commence four years after earliest eligibility to enter the D.R.O.P. This consists of a three year D.R.O.P. period plus one additional year. Medical benefits are provided to employees upon actual retirement. Employees have been assumed to be subject to the following retirement eligibility (D.R.O.P. entry) provisions: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. For employees hired on or after January 1, 2007, the provisions are age 55 and 30 years of service, or age 62 and 10 years of service. Entitlement to benefits continue through Medicare to death.

Investment return assumption (discount rate):

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio under professional management.

Health care cost trend rate:

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers of Medicare and Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2009-2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality rate:

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of determining value of benefits:

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The "State Share" premiums in the OGB medical rate schedule provided are "unblended" rates for active and retired as required by GASB 45 and have been used for valuation purposes.

Note 10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover any claims related to these risks.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2011
With Comparative Actual Amounts for Year Ended December 31, 2010

	2011		
	Original Budget	Final Budget	Actual
Revenues:			
Taxes -			
Ad valorem taxes	$ 3,275,000	$ 3,275,000	$ 3,349,144
Intergovernmental revenues -			
State revenue sharing	143,000	143,000	138,444
Investment earnings	450,500	450,500	863,468
Miscellaneous revenues	3,000	3,000	121,022
Total revenues	$ 3,871,500	$ 3,871,500	$ 4,472,078
Expenditures:			
Current -			
General government:			
Personnel services -			
Salaries	$ 570,302	$ 570,302	$ 589,081
Group insurance	98,000	98,000	96,948
Retirement	89,800	89,800	89,704
Payroll taxes	7,000	7,000	6,314
	$ 765,102	$ 765,102	$ 782,047
Utilities	$ 954,750	$ 1,104,750	$ 1,150,649
Other services and charges -			
Advertising	$ 1,000	$ 1,000	$ 874
Assessors' retirement	128,000	128,000	121,825
Compensation - board members	5,400	5,400	3,525
Dues	6,500	6,500	8,305
Tax renewal	-	-	-
Fuel, oil and lubricants	14,000	14,000	19,295
Inlet channel dredging	-	-	-
Insurance	100,000	100,000	63,414
Maintenance contracts	1,600	1,600	1,004
Miscellaneous	38,100	38,100	14,473
Office supplies	4,800	4,800	11,090
Operating supplies	56,450	56,450	23,717
Professional services	95,000	95,000	86,078
Rent	16,000	16,000	15,058
Repairs and maintenance	787,900	972,900	628,936
Telephone	9,000	9,000	9,901
Travel	47,000	47,000	44,989
	$ 1,310,750	$ 1,495,750	$ 1,052,484

(continued)

Variance With Final Budget Positive (Negative)	2010 Actual
$ 74,144	$ 3,204,109
(4,556)	137,528
412,968	1,404,369
118,022	3,156
$ 600,578	$ 4,749,162
$ (18,779)	$ 533,157
1,052	93,999
96	83,577
686	5,831
$ (16,945)	$ 716,564
$ (45,899)	$ 978,040
$ 126	$ 2,480
6,175	121,952
1,875	3,825
(1,805)	8,750
-	254,819
(5,295)	13,871
-	151,391
36,586	78,116
596	1,041
23,627	7,217
(6,290)	4,285
32,733	6,803
8,922	95,799
942	14,495
343,964	385,038
(901)	9,751
2,011	37,386
$ 443,266	$ 1,197,019

(continued)

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
Year Ended December 31, 2011
With Comparative Actual Amounts for Year Ended December 31, 2010

	2011		
	Original Budget	Final Budget	Actual
Total general government	$ 3,030,602	$ 3,365,602	$ 2,985,180
Capital outlay:			
Office equipment	$ 6,500	$ 6,500	$ 2,584
Automotive equipment	20,000	20,000	26,215
Operation and maintenance equipment	1,020,000	1,020,000	892,799
Improvements	176,000	176,000	446,604
Total capital outlay	$ 1,222,500	$ 1,222,500	$ 1,368,202
Total expenditures	$ 4,253,102	$ 4,588,102	$ 4,353,382
Excess (deficiency) of revenues over expenditures	$ (381,602)	$ (716,602)	$ 118,696
Other financing sources:			
Sale of capital assets	-	-	12,500
Net change in fund balance	$ (381,602)	$ (716,602)	$ 131,196
Fund balance, beginning	23,024,749	23,024,749	25,172,022
Fund balance, ending	$22,643,147	$22,308,147	$25,303,218

See Note to Budgetary Comparison Schedule.

Variance With Final Budget Positive (Negative)	2010 Actual
$ 380,422	$ 2,891,623
$ 3,916	$ 1,232
(6,215)	-
127,201	24,511
(270,604)	46,615
$ (145,702)	$ 72,358
$ 234,720	$ 2,963,981
$ 835,298	$ 1,785,181
12,500	-
$ 847,798	$ 1,785,181
2,147,273	23,386,841
$ 2,995,071	$25,172,022

Exhibit G-2

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

NOTE TO BUDGETARY COMPARISON SCHEDULE

Note 1. Budgets and Budgetary Accounting

The Teche-Vermilion Fresh Water District follows the procedures detailed below in adopting its budget.

1. An annual budget, prepared on a basis consistent with generally accepted accounting principles as applied to governmental units, is adopted for the General Fund. The budget is proposed by the Director and adopted by the District.

2. Any amendments must be approved by the Board of Teche-Vermilion Fresh Water District. All appropriations lapse at the end of the fiscal year.

Budgeted amounts presented reflect the original budget and the final budget. There were no amendments to the original budget during the year.

Exhibit G-3

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

SCHEDULE OF FUNDING PROGRESS
Year Ended December 31, 2011

Fiscal Year	Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2009	01/01/09	-	$861,142	$861,142	0.00%	$419,417	205%
2010	01/01/10	-	$861,142	$861,142	0.00%	$533,157	162%
2011	01/01/11	-	$861,142	$861,142	0.00%	$589,081	146%

This page intentionally left blank.

BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4112 West Congress
P.O. Box 61400
Lafayette, Louisiana 70596-1400
phone: (337) 988-4930
fax: (337) 984-4574
www.bplb.com

Other Offices:
Crowley, LA
(337) 783-5693
Opelousas, LA
(337) 942-5217
New Iberia, LA
(337) 364-4554

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
Teche-Vermilion Fresh Water District
Lafayette, Louisiana

We have audited the basic financial statements of Teche-Vermilion Fresh Water District as of and for the year ended December 31, 2011 and have issued our report thereon dated April 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 at #2011-1 to be a material weakness.

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, and therefore, there can be no such assurance that all such deficiencies have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poché, Lewis & Breaux, L.L.P.

Lafayette, Louisiana
April 18, 2012

TECHE-VERMILION FRESH WATER DISTRICT
LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2011

We have audited the basic financial statements of Teche-Vermilion Fresh Water District as of and for the year ended December 31, 2011, and have issued our report thereon dated April 18, 2012. 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. Our audit of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control		
Material weaknesses	X Yes	___ No
Control deficiencies identified that are not considered to be material weaknesses	___ Yes	X None reported
Compliance		
Compliance material to financial statements	___ Yes	X No

Section II - Financial Statement Findings

Finding #2011-1 Segregation of Duties

Finding: Due to the size of the District, an adequate segregation of duties does not exist in the administrative offices. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the District may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the District should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Management Response: We have segregated duties as much as possible. We will continue to monitor the situation.

TECHE-VERMILION FRESH WATER DISTRICT

SCHEDULE OF PRIOR FINDINGS
Year Ended December 31, 2011

Section I. Internal Control and Compliance Material to the Financial Statements

Finding #2010-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the District should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is repeated in the current year at #2011-1.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.