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**RECREATION DISTRICT NO. 1
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements
with Independent Auditors' Report**

and

**Report on Compliance and Internal Control
Over Financial Reporting**

For the Year Ended September 30, 2003

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 3-24-04

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Recreation District No. 1 of the Parish
of St. Mary, State of Louisiana
Amelia, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended September 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

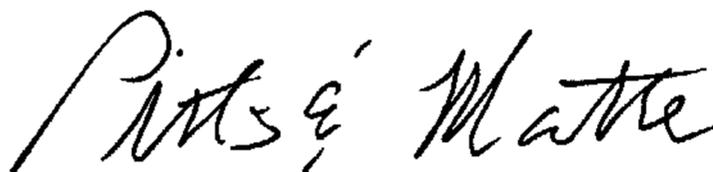
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, as of September 30, 2003, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, for the year ending September 30, 2003.

The District 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.

In accordance with Government Auditing Standards, we have also issued a report dated November 11, 2003 on our consideration of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Pitts & Matte". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

November 11, 2003

**RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Net Assets
September 30, 2003**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | \$207,185 |
| Investments | 922,169 |
| Receivable from other governments | 40,870 |
| Total current assets | <u>1,170,224</u> |
| Capital Assets | |
| Land | 80,000 |
| Construction in progress | 234,146 |
| Buildings and improvements, net of accumulated depreciation | 851,906 |
| Equipment, net of accumulated depreciation | 97,875 |
| Total net capital assets | <u>1,263,927</u> |
| Total assets | <u><u>\$2,434,151</u></u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Current liabilities | |
| Accounts payable and accrued expenses | \$11,890 |
| Contracts payable | 100,982 |
| Retainage payable | 20,734 |
| Accrued interest payable | 5,735 |
| Current portion of long-term debt | 160,000 |
| Total current liabilities | <u>299,341</u> |
| Noncurrent liabilities | |
| Noncurrent portion of long-term debt | 1,325,000 |
| Total long-term liabilities | <u>1,325,000</u> |
| Total liabilities | <u>1,624,341</u> |
| Net assets | |
| Invested in capital assets, net of related debt | 481,082 |
| Restricted for: | |
| Debt service | 267,760 |
| Unrestricted | 60,968 |
| Total net assets | <u>809,810</u> |
| Total liabilities and net assets | <u><u>\$2,434,151</u></u> |

The accompanying notes are an integral part of these financial statements.

**RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Activities
For the Year Ended September 30, 2003**

| | <u>Total</u> |
|-------------------------------------|--------------|
| <u>Expenses</u> | |
| Culture and recreation | |
| Salaries, wages, and benefits | \$91,421 |
| Repairs and maintenance | 49,206 |
| Insurance | 51,154 |
| Utilities | 45,784 |
| Professional services | 15,084 |
| Recreation | 16,698 |
| Contract labor | 2,925 |
| Operating supplies | 13,917 |
| Gas and diesel | 1,438 |
| Advertising | 1,755 |
| Office | 11,256 |
| Miscellaneous | 968 |
| Depreciation expense | 49,539 |
| Interest and fiscal charges on debt | 58,321 |
| | 409,466 |
| <u>Program revenues</u> | |
| Rental income | 9,238 |
| Other | 9,354 |
| | 390,874 |
| <u>General revenues</u> | |
| Taxes: | |
| Sales | 225,090 |
| Ad valorem | 192,429 |
| Investment income | 7,593 |
| | 425,112 |
| Change in net assets | 34,238 |
| Net assets - beginning of year | 775,572 |
| Net assets - end of year | \$809,810 |

The accompanying notes are an integral part of these financial statements.

**RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Balance Sheet
Governmental Funds
September 30, 2003**

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Construction Fund</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|-------------------------|----------------------------------|------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$29,968 | \$105,973 | \$71,244 | \$207,185 |
| Investments | | 167,522 | 754,647 | 922,169 |
| Receivable from other governments | 18,537 | | | 18,537 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$48,505</u> | <u>\$273,495</u> | <u>\$825,891</u> | <u>\$1,147,891</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$9,870 | | \$2,020 | \$11,890 |
| Contracts payable | | | 100,982 | 100,982 |
| Retainage payable | | | 20,734 | 20,734 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>9,870</u> | <u>—</u> | <u>123,736</u> | <u>133,606</u> |
| Fund balances: | | | | |
| Reserved for debt service | | \$273,495 | | 273,495 |
| Reserved for capital improvements | | | 702,155 | 702,155 |
| Unreserved/undesignated | 38,635 | | | 38,635 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balances | <u>38,635</u> | <u>273,495</u> | <u>702,155</u> | <u>1,014,285</u> |
| Total liabilities and fund balances | <u>\$48,505</u> | <u>\$273,495</u> | <u>\$825,891</u> | <u>\$1,147,891</u> |

Reconciliation of the total fund balance – total governmental funds
to the nets assets of governmental activities:

| | | |
|---|-----------|------------------|
| Total fund balance - Governmental Funds | | \$1,014,285 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | |
| Some of the amounts due from other governments are not current financial resources; therefore, they are not reported in the governmental funds balance sheet. | | 22,333 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. | | 1,263,927 |
| Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet. | | (5,735) |
| Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet: | | |
| Current portion of long-term debt | \$160,000 | |
| Noncurrent portion of long-term debt | 1,325,000 | (1,485,000) |
| Net assets of governmental activities | | <u>\$809,810</u> |

**RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2003**

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Construction Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|------------------------------|------------------------------|---|
| Revenues | | | | |
| Sales tax | \$220,833 | | | \$220,833 |
| Ad valorem taxes | | \$192,429 | | 192,429 |
| Investment income | 386 | 2,222 | \$4,985 | 7,593 |
| Rental income | 9,238 | | | 9,238 |
| Other | 9,354 | | | 9,354 |
| Total revenues | <u>239,811</u> | <u>194,651</u> | <u>4,985</u> | <u>439,447</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and recreation | | | | |
| Salaries, wages, and benefits | 91,421 | | | 91,421 |
| Repairs and maintenance | 19,300 | | | 19,300 |
| Insurance | 51,154 | | | 51,154 |
| Utilities | 45,784 | | | 45,784 |
| Professional services | 15,084 | | | 15,084 |
| Recreation | 16,698 | | | 16,698 |
| Contract labor | 2,925 | | | 2,925 |
| Operating supplies | 13,917 | | | 13,917 |
| Gas and diesel | 1,438 | | | 1,438 |
| Advertising | 1,755 | | | 1,755 |
| Office | 11,256 | | | 11,256 |
| Miscellaneous | 968 | | | 968 |
| Capital outlay | | | 302,830 | 302,830 |
| Debt service: | | | | |
| Principal | | 110,000 | | 110,000 |
| Interest and fiscal charges | | 52,586 | | 52,586 |
| Total expenditures | <u>271,700</u> | <u>162,586</u> | <u>302,830</u> | <u>737,116</u> |
| Excess (deficiency) of revenues over expenditures | (31,889) | 32,065 | (297,845) | (297,669) |
| Other financing sources (uses): | | | | |
| Bond proceeds | | | 1,000,000 | 1,000,000 |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| Excess (deficiency) of revenues and other financing sources (uses) over expenditures | (31,889) | 32,065 | 702,155 | 702,331 |
| Fund balances, beginning of year | <u>70,524</u> | <u>241,430</u> | | <u>311,954</u> |
| Fund balances, end of year | <u>\$38,635</u> | <u>\$273,495</u> | <u>\$702,155</u> | <u>\$1,014,285</u> |

| | |
|--|------------------------|
| Reconciliation of the changes in fund balances - total governmental funds to the change in net assets of governmental activities: | |
| Net change in fund balance - Governmental Funds | \$702,331 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| <p>Sales tax revenue is earned before the District's fiscal year end. However because some of it will not be collected for several months after year end, it is not considered "available" revenues in the governmental funds. This is the amount by which the receivable at the end of the current year exceeded the receivable at the beginning of the current year.</p> | 4,257 |
| <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$272,924) exceeded depreciation (\$49,539) in the current period.</p> | 223,385 |
| <p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases noncurrent liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayment.</p> | (890,000) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds:</p> <p style="padding-left: 40px;">Interest and fiscal charges</p> | <u>(5,735)</u> |
| Change in net assets of governmental activities | <u><u>\$34,238</u></u> |

The accompanying notes are an integral part of these financial statements.

**RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Budgetary Comparison - General Fund
For the Year Ended September 30, 2003**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget |
|--|-------------------------|-----------------|---------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) |
| <u>Revenues</u> | | | | |
| Sales tax | \$238,000 | \$221,000 | \$220,833 | (\$167) |
| Investment income | 1,100 | 400 | 386 | (14) |
| Rental income | 8,000 | 9,000 | 9,238 | 238 |
| Other | 8,800 | 9,100 | 9,354 | 254 |
| | <u>255,900</u> | <u>239,500</u> | <u>239,811</u> | <u>311</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Culture and recreation | | | | |
| Salaries, wages, and benefits | 79,450 | 90,900 | 91,421 | (521) |
| Repairs and maintenance | 22,000 | 19,500 | 19,300 | 200 |
| Insurance | 40,000 | 50,000 | 51,154 | (1,154) |
| Utilities | 41,000 | 45,000 | 45,784 | (784) |
| Professional services | 15,000 | 15,000 | 15,084 | (84) |
| Recreation | 13,800 | 16,500 | 16,698 | (198) |
| Contract labor | 1,200 | 3,000 | 2,925 | 75 |
| Property improvements | 8,500 | | | |
| Operating supplies | 16,000 | 14,000 | 13,917 | 83 |
| Gas and diesel | 3,000 | 1,500 | 1,438 | 62 |
| Advertising | 1,500 | 1,500 | 1,755 | (255) |
| Office | 12,000 | 12,000 | 11,256 | 744 |
| Miscellaneous | 2,300 | 950 | 968 | (18) |
| | <u>255,750</u> | <u>269,850</u> | <u>271,700</u> | <u>(1,850)</u> |
| Excess (deficiency) of revenues over expenditures | 150 | (30,350) | (31,889) | (1,539) |
| Fund balances, beginning of year | <u>68,096</u> | <u>70,524</u> | <u>70,524</u> | <u>--</u> |
| Fund balances, end of year | <u>\$68,246</u> | <u>\$40,174</u> | <u>\$38,635</u> | <u>(\$1,539)</u> |

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 1 OF THE PARISH OF
ST. MARY, STATE OF LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 942 of the St. Mary Parish Police Jury (forerunner of the St. Mary Parish Council) on November 14, 1984. The District encompasses Ward Nine of the Parish. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

The financial statements of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

In June 1999, the GASB approved Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments (Statement). Significant changes required by the Statement include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, the preparation of the financial statements using full accrual accounting for all of the District's activities (Government-wide Financial Statements), and the reporting of infrastructure assets. The major change under full accrual accounting includes reporting fixed assets (net of accumulated depreciation) and long-term liabilities in the Government-wide Financial Statements. The District has elected to implement the provisions of the Statement in the current year except for the reporting of infrastructure. The District plans to retroactively report infrastructure assets (acquired prior to October 1, 2002) in the fiscal year ending September 30, 2007. These changes are reflected in the accompanying financial statements (including notes to the financial statements).

The District has not presented a MD & A that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of the St. Mary Parish Council (the primary government).

These financial statements include only the operations of the District.

B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily 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. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. In accordance with GASB No. 34 this is the first year that Government-wide Financial Statements are presented.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

Implementation of GASB No. 34 has not resulted in any significant changes in the Fund Financial Statements.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

General Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund

The Construction Fund, a capital projects fund, is used to account for financial resources to be used for the acquisition or construction of major facilities for the District.

D. Basis of Accounting

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

Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities (whether current or noncurrent) are included on the statement of net assets and the statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under 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.

Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a thirty day period after year end).

E. Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Sales Tax

In the government-wide financial statements, sales tax revenue is recognized under the economic resources measurement focus and is recorded when the sales tax is earned, regardless of when they are collected by the St. Mary Parish Council's sales tax department.

The fund financial statements recognize sales and use tax revenues under the current financial resources measurement focus. With this focus, sales and use tax revenues are recorded in the month collected by the St. Mary Parish Council's sales tax department.

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the taxes are assessed.

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

F. Expenses Expenditures

The government-wide financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred.

In the fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due.

G. Budgets

The District adopts a budget for its General Fund. The District is not required and does not adopt budget for its Debt Service Fund and Capital Projects Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with Board approval. In the financial statement comparison of the budget to actual amounts, both the original and final amended budget amounts are shown.

H. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

Investments

The District invests primarily in bank certificates of deposit (CDs) and external investment pools. The CDs (nonparticipating contracts) are recorded at cost, unless there is significant impairment of the credit standing of the issuer. The pooled investments are recorded at amortized costs which approximate fair market.

I. Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they 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 purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

| <u>Category</u> | <u>Years</u> |
|---------------------------|--------------|
| Buildings and improvement | 40 |
| Equipment | 5-10 |
| Vehicles | 5 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB No. 34 requires that in the initial year of implementation, accumulated depreciation on fixed assets be recorded retroactively since their acquisition. Due to this change, the value of fixed assets was reduced by approximately \$800,000 at the beginning of the year

Fund Financial Statements

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

J. Long-term Debt

Government-wide Financial Statements

In the government-wide financial statements, all long-term debt is reported as a liability. The long-term debt of the District consists of bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

K. Compensated Absences

Employees earn annual and sick leave at varying rates depending upon length of service. No liability has been accrued for compensated absences because the amount is immaterial.

L. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in the three components:

- a) Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds 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, contributions, 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"

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

M. Interfund Transfers

Permanent reallocations of resources between funds of the District are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The District may deposit funds with a fiscal agent bank and certain other financial institutions. The District may also invest in time deposits or certificates of deposit.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

Under the provision of the Governmental Accounting Standards Board (GASB) codification, accounts secured by the pledged securities which are not in the name of the governmental unit are considered uncollateralized.

The following is a summary of the cash and cash equivalents and the related federal deposit insurance and pledged securities at year end.

| | |
|--|------------------|
| Cash and cash equivalents - stated value | <u>\$207,185</u> |
| Cash and cash equivalents - bank balance | 214,495 |
| Portion insured by federal deposit insurance | 208,521 |
| Collateralized by securities in the District's name | |
| Held by the District or third parties | NONE |
| Balance uninsured and uncollateralized under GASB codification | 5,974 |
| Portion of deposits secured under Louisiana law | <u>5,974</u> |
| Amount unsecured under Louisiana law | <u>NONE</u> |

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

Under state law the District may invest in certain federally guaranteed accounts, certain bank time certificates of deposit, mutual or trust funds, and in the Louisiana Asset Management Pool (LAMP). LAMP is an external investment pool operated to allow local government to pool their investment funds. LAMP is not registered with the SEC as an investment company. LAMP is subject to regulatory oversight of the Louisiana State Treasurer and the LAMP board of directors. Share values for the pool are valued at amortized cost which may vary slightly from the fair value.

At year end all of the District's invested funds were invested with LAMP. These investments total \$922,169 and are carried at amortized cost value which approximates fair value. These investment pool amounts have not been assigned a credit risk category since the District is not issued securities.

NOTE 3 - TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

NOTE 4 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2003 is as follows:

| | Balance September 30, <u>2002</u> | <u>Additions</u> | <u>Deletions</u> | Balance September 30, <u>2003</u> |
|---|---|-------------------|-------------------|---|
| Capital assets not being depreciated: | | | | |
| Land | \$80,000 | | | \$80,000 |
| Construction in progress | <u> </u> | \$234,146 | <u> </u> | <u>234,146</u> |
| Total capital assets not being depreciated | <u>80,000</u> | <u>234,146</u> | <u>--</u> | <u>314,146</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 1,552,873 | | | 1,552,873 |
| Equipment | 232,015 | 37,779 | (26,856) | 242,938 |
| Vehicles | <u>12,824</u> | <u> </u> | <u> </u> | <u>12,824</u> |
| Total other capital assets at historical cost | <u>1,797,712</u> | <u>37,779</u> | <u>(26,856)</u> | <u>1,808,635</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (656,094) | (44,873) | | (700,967) |
| Equipment | (140,397) | (11,010) | 6,344 | (145,063) |
| Vehicles | <u>(12,824)</u> | <u> </u> | <u> </u> | <u>(12,824)</u> |
| Total accumulated depreciation | <u>(809,315)</u> | <u>(55,883)</u> | <u>6,344</u> | <u>(858,854)</u> |
| Other capital assets, net | <u>988,397</u> | <u>(18,104)</u> | <u>(20,512)</u> | <u>949,781</u> |
| Total capital assets, net | <u>\$1,068,397</u> | <u>\$216,042</u> | <u>\$(20,512)</u> | <u>\$1,263,927</u> |

The beginning balance recorded in accumulated depreciation is for the cumulative effect for depreciation not recorded in years prior to the effect of GASB No. 34.

Approximately \$12,300 in equipment is considered to be idle at September 30, 2003.

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2003:

| | |
|-------------------------------|--------------------|
| Balance at October 1, 2002 | \$595,000 |
| Additions | 1,000,000 |
| Reductions | <u>(110,000)</u> |
| Balance at September 30, 2003 | <u>\$1,485,000</u> |

Obligations payable at September 30, 2003, are as follows:

General Obligation Bonds

\$925,000 of General Obligation Refunding Bonds were issued on November 1, 1994, for the purpose of advance refunding certain outstanding General Obligation Bonds, Series 1986. The bonds bear interest at rates ranging from 4.0 percent to 5.85 percent and mature March 1, 1997 to March 1, 2006. The Refunding Bonds are being retired from ad valorem taxes. \$ 340,000

\$250,000 of General Obligation Bonds were issued on December 1, 1990, for the purpose of purchasing and acquiring lands, buildings, equipment and other facilities to be used in providing recreational facilities. The bonds bear interest at rates of 7.2 percent and 7.25 percent and are payable through the year 2010. The bonds are being retired from ad valorem taxes. 145,000

\$1,000,000 of General Obligations Bonds were issued on April 1, 2003 for the purpose of constructing and improving public parks, buildings, and other recreational facilities. The bonds bear interest at rates ranging from 3.75 percent to 4.65 percent and are payable through the year 2018. The bonds are being retired from ad valorem taxes. 1,000,000

Total General Obligations \$1,485,000

NOTE 5 - LONG-TERM DEBT (continued)

The following is an approximation of future debt requirements at September 30, 2003:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|--------------------|------------------|--------------------|
| 2004 | \$160,000 | \$69,000 | \$229,000 |
| 2005 | 175,000 | 60,000 | 235,000 |
| 2006 | 180,000 | 51,000 | 231,000 |
| 2007 | 80,000 | 44,000 | 124,000 |
| 2008 | 85,000 | 39,000 | 124,000 |
| 2009-2013 | 385,000 | 134,000 | 519,000 |
| 2014-2018 | <u>420,000</u> | <u>50,000</u> | <u>470,000</u> |
| | <u>\$1,485,000</u> | <u>\$447,000</u> | <u>\$1,932,000</u> |

The District is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. The covenants include but are not limited to:

1. Establishment and funding of certain debt service funds.
2. Restriction as to additional debt issuance.

NOTE 6 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits.

NOTE 7 - LEASES

The District has no material long-term non-cancellable lease commitments at September 30, 2003.

NOTE 8 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the year ended September 30, 2003:

| <u>Name</u> | <u>Amount</u> |
|------------------|---------------|
| Tony Booty | \$80 |
| Andrew Gros | 20 |
| Delores LaJaunie | 100 |
| Steve Patureau | 100 |
| Jeff Reed | 10 |
| Keith Tabor | <u>90</u> |
| | <u>\$400</u> |

NOTE 9 - CONCENTRATIONS

The District receives ninety-four percent of its revenues from the general public in the form of ad valorem (forty-four percent) and sales (fifty percent) taxes.

NOTE 10 - RISK MANAGEMENT AND CONTINGENCIES

The District is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils.

There has been no significant reduction in insurance coverage from prior years.

Settlements in the prior three years have not exceed insurance coverages.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The District entered into an agreement to expand the parking area of the Recreation Center. The total cost of this project is estimated to be \$245,000. During the year, the District expended approximately \$200,000 on this project.

The District entered into another agreement to construct a new maintenance building. The total cost of this project is estimated to be \$200,000. The District expended approximately \$7,000 on this project during the year.

In addition to these agreements, the District plans to spend approximately \$600,000 more to improve the recreational facilities.

COMPLIANCE AND INTERNAL CONTROL SECTION



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

Board of Commissioners
Recreation District No. 1 of the
Parish of St. Mary,
State of Louisiana
Amelia, Louisiana

We have audited the financial statements of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 2003, and have issued our report thereon dated November 11, 2003, which contains two additional paragraphs. One paragraph notes that during the year, the District adopted GASB No. 34. The second paragraph states that management elected to omit 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. 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.

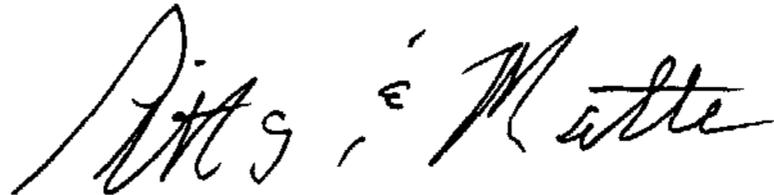
Compliance

As part of obtaining reasonable assurance about whether Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the use of the management of the District, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council, and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.

A handwritten signature in cursive script that reads "Pitts & Matte".

CERTIFIED PUBLIC ACCOUNTANTS

November 11, 2003

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Schedule of Findings, Questioned Costs, and Federal Awards
For the Year Ended September 30, 2003

A. SUMMARY OF AUDIT FINDINGS

1. The auditors' report expressed an unqualified opinion on the financial statements of the Recreation District No. 1 of the Parish of St. Mary.
2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

No findings were required to be reported for the year ended September 30, 2003.

Compliance

There were no material instances of noncompliance noted during the audit of the financial statements.

3. Federal Awards

This section is not applicable for the year ended September 30, 2003.

4. Management Letter

No letter was issued.

B. FINDINGS FINANCIAL STATEMENT AUDIT

There are no findings to be reported for the year ended September 30, 2003.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2003.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY RECREATION DISTRICT NO. 1 OF ST. MARY PARISH

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL
STATEMENTS

Internal Control and Compliance

There were no findings in the prior year.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable.