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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 Internal Control and Compliance and
Other Matters**

For the Year Ended September 30, 2006

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 3-28-07

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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, each major fund and the respective budgetary comparison for the General 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, 2006, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, as of September 30, 2006, 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.

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 December 22, 2006 on our consideration of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's, internal control over financial reporting and on 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.



CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006
Morgan City, Louisiana

FINANCIAL INFORMATION SECTION

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

**Statement of Net Assets
September 30, 2006**

ASSETS	<u>Governmental Activities</u>
Current assets	
Cash and cash equivalents	\$277,375
Investments	233,160
Receivable from other governments	56,311
Total current assets	<u>566,846</u>
Capital Assets	
Land	80,000
Buildings and improvements, net of accumulated depreciation	1,248,901
Equipment, net of accumulated depreciation	95,120
Construction in progress	108,099
Total net capital assets	<u>1,532,120</u>
Total assets	<u><u>\$2,098,966</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$8,120
Retainage payable	9,006
Accrued interest payable	3,811
Current portion of long-term debt	80,000
Total current liabilities	<u>100,937</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	890,000
Total long-term liabilities	<u>890,000</u>
Total liabilities	<u>990,937</u>
Net assets	
Invested in capital assets, net of related debt	787,285
Restricted for:	
Debt service	48,653
Unrestricted	272,091
Total net assets	<u>1,108,029</u>
Total liabilities and net assets	<u><u>\$2,098,966</u></u>

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

**Statement of Activities
For the Year Ended September 30, 2006**

<u>Expenses</u>	<u>Total</u>
Culture and recreation	
Salaries, wages, and benefits	\$81,717
Repairs and maintenance	19,014
Insurance	41,154
Utilities and telephone	44,942
Professional services	15,572
Recreation	6,470
Lawn care labor	355
Operating supplies	15,993
Gas and diesel	4,426
Concessions	9,568
Advertising	866
Office	2,005
Miscellaneous	1,035
Depreciation expense	74,912
Interest and fiscal charges on debt	52,023
	<hr/>
Total program expenses	370,052
	<hr/>
<u>Program revenues</u>	
Rental income	6,839
Concession income	7,069
Other	2,668
	<hr/>
Total program revenues	16,576
	<hr/>
Net program expense	353,476
	<hr/>
<u>General revenues</u>	
Taxes:	
Sales	293,606
Ad valorem	195,780
Investment income	16,845
	<hr/>
Total general revenues	506,231
	<hr/>
Change in net assets	152,755
Net assets - beginning of year	955,274
	<hr/>
Net assets - end of year	<u>\$1,108,029</u>

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

**Balance Sheet
Governmental Funds
September 30, 2006**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Construction Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$221,522	\$237	\$55,616	\$277,375
Investments		54,516	178,645	233,161
Receivable from other governments	24,340			24,340
Due from Debt Service Fund	2,289			2,289
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$248,151</u>	<u>\$54,753</u>	<u>\$234,261</u>	<u>\$537,165</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$8,030		\$90	\$8,120
Retainage payable			\$9,006	\$9,006
Due to general fund		2,289		2,289
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>8,030</u>	<u>2,289</u>	<u>9,096</u>	<u>19,415</u>
Fund balances:				
Reserved for debt service		\$52,464		52,464
Reserved for capital improvements			225,165	225,165
Unreserved/undesignated	240,121			240,121
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>240,121</u>	<u>52,464</u>	<u>225,165</u>	<u>517,750</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$248,151</u>	<u>\$54,753</u>	<u>\$234,261</u>	<u>\$537,165</u>

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

Total fund balance - Governmental Funds		\$517,750
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.		31,970
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		1,532,120
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.		(3,811)
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	\$80,000	
Noncurrent portion of long-term debt	890,000	(970,000)
Net assets of governmental activities		<u>\$1,108,029</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, 2006**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Construction Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Sales tax	\$280,816			\$280,816
Ad valorem taxes	78,312	\$117,468		195,780
Investment income	722	4,557	\$11,566	16,845
Rental income	6,839			6,839
Concession revenue	7,069			7,069
Other	2,668			2,668
	376,426	122,025	11,566	510,017
 <u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries, wages, and benefits	81,717			81,717
Repairs and maintenance	19,678			19,678
Insurance	41,154			41,154
Utilities and telephone	44,942			44,942
Professional services	15,572			15,572
Recreation	6,470			6,470
Lawn care labor	355			355
Operating supplies	15,993			15,993
Gas and diesel	4,426			4,426
Concessions	9,568			9,568
Advertising	866			866
Office	2,005			2,005
Miscellaneous	1,035			1,035
Capital outlay			90,459	90,459
Debt service:				
Principal		180,000		180,000
Interest and fiscal charges		52,825		52,825
	243,781	232,825	90,459	567,065
 Excess (deficiency) of revenues over expenditures				
	132,645	(110,800)	(78,893)	(57,048)
 Fund balances, beginning of year				
	107,476	163,264	304,058	574,798
 Fund balances, end of year				
	\$240,121	\$52,464	\$225,165	\$517,750

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	(\$57,048)
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	12,790
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 (\$91,123) [total capital outlays \$90,459 plus \$664 outlays not meeting capitalization policy] exceeded depreciation (\$74,912) in the current period.	16,211
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 repayments exceeded proceeds.	180,000
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:	
Interest and fiscal charges	<u>802</u>
Change in net assets of governmental activities	<u><u>\$152,755</u></u>

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

**Budgetary Comparison - General Fund
For the Year Ended September 30, 2006**

	Budgeted Amount Original & <u>Final</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
<u>Revenues</u>			
Sales tax	\$230,000	\$280,816	\$50,816
Ad Valorem tax	95,000	78,312	(16,688)
Investment income	500	722	222
Rental income	10,000	6,839	(3,161)
Concession revenue	10,000	7,069	(2,931)
Other	4,500	2,668	(1,832)
	<u>350,000</u>	<u>376,426</u>	<u>26,426</u>
 <u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries, wages, and benefits	90,720	81,717	9,003
Repairs and maintenance	20,000	19,678	322
Insurance	55,000	41,154	13,846
Utilities and telephone	44,000	44,942	(942)
Professional services	17,000	15,572	1,428
Recreation	8,500	6,470	2,030
Lawn care labor	2,500	355	2,145
Operating supplies	18,000	15,993	2,007
Gas and diesel	4,000	4,426	(426)
Concessions	8,500	9,568	(1,068)
Advertising	1,900	866	1,034
Office	3,000	2,005	995
Miscellaneous	1,700	1,035	665
	<u>274,820</u>	<u>243,781</u>	<u>31,039</u>
Excess (deficiency) of revenues over expenditures	75,180	132,645	57,465
Fund balances, beginning of year	<u>89,134</u>	<u>107,476</u>	<u>18,342</u>
Fund balances, end of year	<u>\$164,314</u>	<u>\$240,121</u>	<u>\$75,807</u>

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

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2006

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 implemented the provisions of the Statement in 2004 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.

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.

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.

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

The District considers all three of its governmental funds to be major 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 budgets 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. The budget comparison is presented as a basic financial statement.

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)

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

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition the District does not have a formal investment policy related to credit risk (including concentrations of credit). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end, the carrying amount of the District's cash was \$277,375 and the bank balance was \$279,813. A portion of the bank balance was covered by federal depository insurance. The uninsured portion of \$90,722 was collateralized by securities held by the financial institution's Agent but not in the District's name.

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.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

At year end all of the District's invested funds were invested with LAMP. These investments total \$233,160 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, however LAMP has a AAAM rating from Standard and Poor's.

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.

The District receives 7.5 mils of property tax, 3 mils is distributed to the general fund and dedicated to operations and maintenance and 4.5 mils is distributed to the debt service fund and dedicated to debt retirement.

NOTE 4 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2006 is as follows:

	Balance September 30, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2006</u>
Capital assets not being depreciated:				
Land	\$ 80,000			\$ 80,000
Construction in process	<u>18,040</u>	\$ 90,059		<u>108,099</u>
Total capital assets not being depreciated	<u>98,040</u>	<u>90,059</u>		<u>188,099</u>
Other capital assets:				
Buildings and improvements	2,095,664			2,095,664
Equipment	270,051	1,064	(29,032)	242,083
Vehicles	<u>14,178</u>			<u>14,178</u>
Total other capital assets at historical cost	<u>2,379,893</u>	<u>1,064</u>	<u>(29,032)</u>	<u>2,351,925</u>
Less accumulated depreciation for:				
Buildings and improvements	(794,371)	(52,392)		(846,763)
Equipment	(163,399)	(20,393)	29,032	(154,760)
Vehicles	<u>(4,254)</u>	<u>(2,127)</u>		<u>(6,381)</u>
Total accumulated depreciation	<u>(962,024)</u>	<u>(74,912)</u>	<u>29,032</u>	<u>(1,007,904)</u>
Other capital assets, net	<u>1,417,869</u>	<u>(73,848)</u>	<u>--</u>	<u>1,344,021</u>
Total capital assets, net	<u>\$ 1,515,909</u>	<u>\$ 16,211</u>	<u>\$ -</u>	<u>\$ 1,532,120</u>

Approximately \$3000 in equipment is idle at September 30, 2006.

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2006:

Balance at October 1, 2005	\$1,150,000
Reductions	(180,000)
Balance at September 30, 2006	<u>\$ 970,000</u>

Obligations payable at September 30, 2006, are as follows:

General Obligation Bonds

\$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 with ad valorem taxes by the Debt Service Fund. \$ 115,000

\$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 with ad valorem taxes by the Debt Service Fund.

855,000

Total General Obligations

\$970,000

NOTE 5 - LONG-TERM DEBT (continued)

The following is an approximation of future debt requirements at September 30, 2006:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	80,000	44,000	124,000
2008	85,000	39,000	124,000
2009	90,000	35,000	125,000
2010	90,000	30,000	120,000
2011	65,000	26,000	91,000
2012-2016	80,000	85,000	465,000
2017-2018	<u>180,000</u>	<u>8,000</u>	<u>188,000</u>
	<u>\$ 970,000</u>	<u>\$267,000</u>	<u>\$ 1,237,000</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 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the year ended September 30, 2006:

<u>Name</u>	<u>Amount</u>
Timothy Aucoin	\$ 110
Randy BiJeaux	40
Dolores LaJaunie	40
Steve Patureau	120
Jeff Reed	90
Keith Tabor	<u>120</u>
	<u>\$520</u>

NOTE 8 - CONCENTRATIONS

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

NOTE 9 - 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 four years have not exceeded insurance coverages.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The District plans to spend the remaining bond proceeds of approximately \$225,000 to improve the recreation facilities.

**INTERNAL ACCOUNTING CONTROL
AND COMPLIANCE AND OTHER MATTERS**



a corporation of
certified public accountants

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

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, each major fund and the respective budgetary comparisons for the General Fund of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 2006, which collectively comprise the Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's basic financial statements and have issued our report thereon dated December 22, 2006, which contains an additional paragraph. The additional paragraph notes 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.

Internal Control Over Financial Reporting

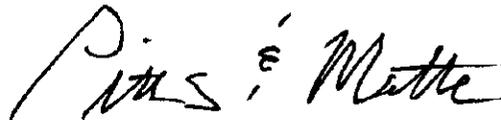
In planning and performing our audit, we considered Recreation District No. 1 of the Parish of St. Mary, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by errors or fraud 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 a material weakness.

Compliance and Other Matters

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 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 test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.



CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006
Morgan City, Louisiana

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, 2006

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 Over Financial Reporting

No findings were required to be reported for the year ended September 30, 2006.

Compliance and Other Matters

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, 2006.

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, 2006.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2006.

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.