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**RECREATION DISTRICT NO. 5
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 4-21-04

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Recreation District No. 5 of the Parish
of St. Mary, State of Louisiana
Jeanerette, Louisiana

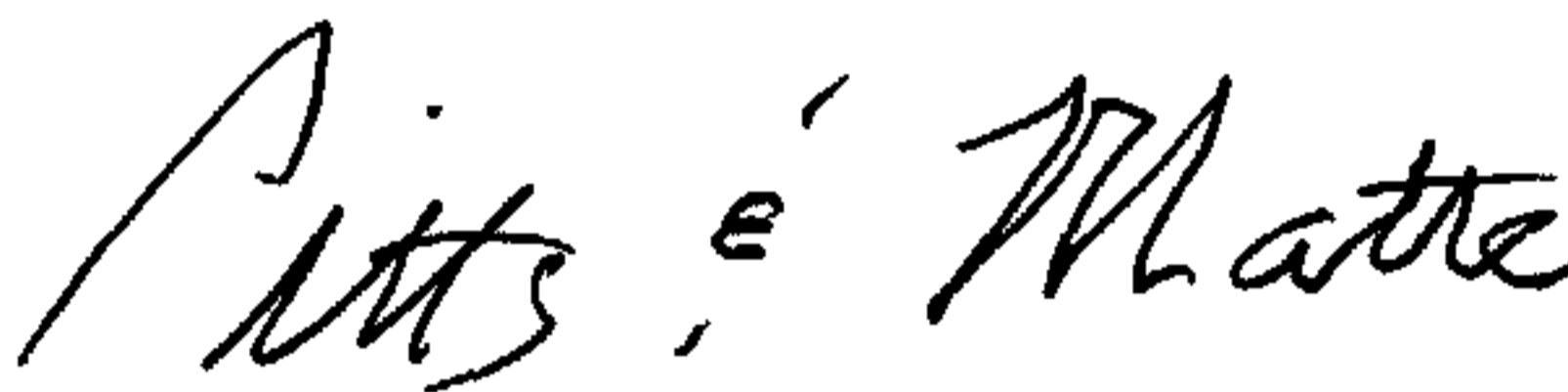
We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended September 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Recreation District No. 5 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. 5 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.

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 March 5, 2004 on our consideration of Recreation District No. 5 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 cursive script that reads "Pitts & Matte".

CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2004

**RECREATION DISTRICT NO. 5 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	\$2,189,601
Total current assets	<u>2,189,601</u>
Capital Assets	
Land	67,500
Construction in progress	7,085
Total capital assets	<u>74,585</u>
Total assets	<u><u>\$2,264,186</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$91
Accrued interest payable	8,079
Current portion of long-term debt	65,000
Total current liabilities	<u>73,170</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	1,975,000
Total noncurrent liabilities	<u>1,975,000</u>
Total liabilities	<u>2,048,170</u>
Net assets	
Invested in capital assets, net of related debt	74,585
Restricted for:	
Capital projects	65,308
Debt service	(5,338)
Unrestricted	81,461
Total net assets	<u>216,016</u>
Total liabilities and net assets	<u><u>\$2,264,186</u></u>

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

**RECREATION DISTRICT NO. 5 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	\$1,043
Professional services	7,666
Advertising	162
Office	566
Miscellaneous	1,593
Interest and fiscal charges on debt	81,639
Bond issue costs	30,686
	<hr/>
Total program expenses	123,355
	<hr/>
<u>Program revenues</u>	
Operating grant	500
	<hr/>
Net program expense	122,855
	<hr/>
<u>General revenues</u>	
Taxes:	
Ad valorem	319,209
Investment income	18,144
	<hr/>
Total general revenues	337,353
	<hr/>
Change in net assets	214,498
Net assets - beginning of year	1,518
	<hr/>
Net assets - end of year	<u>\$216,016</u>

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

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

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

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Construction Fund</u>	
ASSETS				
Cash and cash equivalents	\$77,682	\$2,741	\$2,109,178	\$2,189,601
Due from Construction Fund	3,870			3,870
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$81,552</u>	<u>\$2,741</u>	<u>\$2,109,178</u>	<u>\$2,193,471</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$91			\$91
Due to General Fund			\$3,870	3,870
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>91</u>	<u>—</u>	<u>3,870</u>	<u>3,961</u>
Fund balances:				
Reserved for debt service		\$2,741		2,741
Reserved for capital improvements			2,105,308	2,105,308
Unreserved/undesignated	81,461			81,461
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>81,461</u>	<u>2,741</u>	<u>2,105,308</u>	<u>2,189,510</u>
Total liabilities and fund balances	<u>\$81,552</u>	<u>\$2,741</u>	<u>\$2,109,178</u>	<u>\$2,193,471</u>

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

Total fund balance - Governmental Funds			\$2,189,510
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.			74,585
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.			(8,079)
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	\$65,000		
Noncurrent portion of long-term debt	1,975,000		
			<u>(2,040,000)</u>
Net assets of governmental activities			<u>\$216,016</u>

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

**RECREATION DISTRICT NO. 5 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				
Ad valorem taxes	\$117,054	\$202,155		\$319,209
Interest income	278	3,578	\$14,288	18,144
Parish grant	500			500
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	117,832	205,733	14,288	337,853
Expenditures				
Current:				
Culture and recreation				
Salaries, wages, and benefits	1,043			1,043
Professional services	7,666			7,666
Advertising	162			162
Office	566			566
Miscellaneous	1,575		18	1,593
Capital outlay	67,500		7,085	74,585
Debt service:				
Principal		60,000		60,000
Interest and fiscal charges		73,560		73,560
Bond issue costs	30,686			30,686
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	109,198	133,560	7,103	249,861
Excess (deficiency) of revenues over expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	8,634	72,173	7,185	87,992
Other financing sources (uses):				
Bond proceeds	2,100,000			2,100,000
Transfer in		1,430,568	2,165,123	3,595,691
Transfer out	(2,028,691)	(1,500,000)	(67,000)	(3,595,691)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	71,309	(69,432)	2,098,123	2,100,000
Excess (deficiency) of revenues and other financing sources (uses) over expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	79,943	2,741	2,105,308	2,187,992
Fund balances, beginning of year	1,518			1,518
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$81,461</u>	<u>\$2,741</u>	<u>\$2,105,308</u>	<u>\$2,189,510</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	\$2,187,992
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures.	74,585
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.	(2,040,000)
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>(8,079)</u>
Change in net assets of governmental activities	<u><u>\$214,498</u></u>

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

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Budgetary Comparison (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2003**

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Ad valorem taxes	\$117,054	\$117,054	
Parish grant	500	500	
	<u>117,554</u>	<u>117,554</u>	<u>--</u>
<u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries, wages, and benefits	1,055	1,043	12
Election expense	3,085	3,083	2
Printing expense	2,280	2,277	3
Professional services	32,000	30,946	1,054
Advertising	2,650	2,208	442
Office	580	566	14
Miscellaneous	1,575	1,575	
	<u>43,225</u>	<u>41,698</u>	<u>1,527</u>
Excess (deficiency) of revenues over expenditures	<u>74,329</u>	<u>75,856</u>	<u>1,527</u>
Other financing sources (uses):			
Bond proceeds	2,100,278	2,100,278	
Transfer out	(2,028,700)	(2,028,691)	9
	<u>71,578</u>	<u>71,587</u>	<u>9</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>145,907</u>	<u>147,443</u>	<u>1,536</u>
Fund balances, beginning of year	<u>1,518</u>	<u>1,518</u>	<u>--</u>
Fund balances, ending of year	<u>\$147,425</u>	<u>\$148,961</u>	<u>\$1,536</u>

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

RECREATION DISTRICT NO. 5 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. 5 of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 1528 of the St. Mary Parish Council on May 8, 2002. The District encompasses Wards 2 and 7, and a portion of Ward 1. 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. 5 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.

The District has not presented a Management's Discussion & Analysis (MD & A) that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 sixty day period after year end).

E. Revenues

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets

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

Budgets are adopted on a basis consistent with generally accepted accounting principles for fund accounting, except for the purchase of land in the amount of \$67,500 which is budgeted as an addition to assets for budget reporting purposes rather than as a capital outlay expenditure. 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

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.

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
Infrastructure	10-50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District is in the process of constructing assets; however, since the assets are not yet placed in service, they are not yet subject to depreciation.

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. 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 appropriate for expenditure or legally segregated for a specific future use.

L. 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>\$2,189,600</u>
Cash and cash equivalents - bank balance	2,189,600
Portion insured by federal deposit insurance	100,000
Collateralized by securities in the District's name	
Held by the District or third parties	NONE
Balance uninsured and uncollateralized under GASB codification	2,089,600
Portion of deposits secured under Louisiana law	<u>2,089,600</u>
Amount unsecured under Louisiana law	<u>NONE</u>

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:				
Land		\$67,500		\$67,500
Construction in progress		<u>7,085</u>		<u>7,085</u>
Total capital assets not being depreciated	<u>--</u>	<u>\$74,585</u>	<u>--</u>	<u>\$74,585</u>

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	--
Additions	\$2,100,000
Reductions	(<u>60,000</u>)
Balance at September 30, 2003	<u>\$2,040,000</u>

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

General Obligation Bonds

\$2,100,000 of General Obligation Bonds, Series 2002 were issued on December 1, 2002, 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 4.2 percent and 5.2 percent and are payable through the year 2022. The bonds are being retired from ad valorem taxes.

\$2,040,000

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	\$65,000	\$95,000	\$160,000
2005	65,000	92,000	157,000
2006	70,000	88,000	158,000
2007	75,000	85,000	160,000
2008	80,000	81,000	161,000
2009-2013	470,000	344,000	814,000
2014-2018	605,000	225,000	830,000
2019-2022	<u>610,000</u>	<u>63,000</u>	<u>673,000</u>
	<u>\$2,040,000</u>	<u>\$1,073,000</u>	<u>\$3,113,000</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, 2003:

<u>Name</u>	<u>Amount</u>
Charles Carline	\$50
Rosa Crosby	50
Clara Johnson	40
Marcel Marquette, III	50
Craig Mathews	<u>50</u>
	<u>\$230</u>

NOTE 8 - CONCENTRATIONS

The District receives ninety-four percent of its revenues from the general public in the form of ad valorem 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.

NOTE 10 - COMMITMENTS

The District plans to spend approximately \$2 million more towards the construction of a recreational facility.

Subsequent to year end, the District entered into an agreement to construct water and sewer lines for the Recreation Center. The total cost of this project is estimated to be \$125,000.

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. 5 of the
Parish of St. Mary,
State of Louisiana
Amelia, Louisiana

We have audited the financial statements of Recreation District No. 5 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 March 5, 2004, which contains one additional paragraph. The 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.

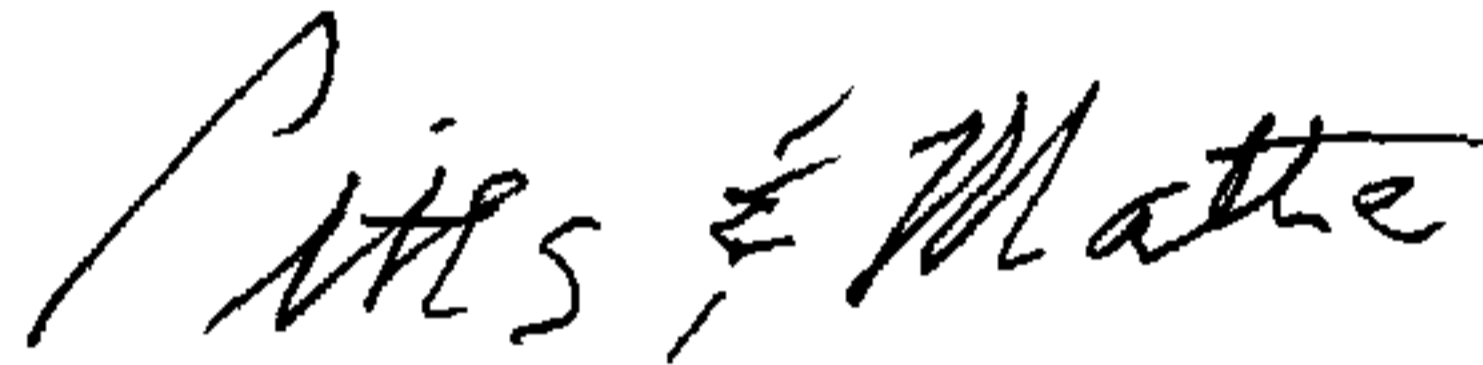
Compliance

As part of obtaining reasonable assurance about whether Recreation District No. 5 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 one instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item 2003-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Recreation District No. 5 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.



CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2004

RECREATION DISTRICT NO. 5 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. 5 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 was one material instance 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

ITEM OF NONCOMPLIANCE

ITEM 2003-1

Budget

Auditor's Comments

Condition: During the course of the audit for the year ended September 30, 2003, it was noted that the District did not have the 2003 budget submitted or adopted prior to the fiscal year 2002.

Criteria: Louisiana statues require that a proposed budget be adopted no later than fifteen days prior to the end of fiscal year 2002.

Effect: If a budget is not adopted in a timely manner then the administrator does not have financial guidance to carry out the plans of the Board of Directors for the upcoming year.

Cause: The District did not hire an accountant until after the 2003 fiscal year began. The accountant prepares the budget to be submitted and adopted; therefore, because the accountant was not hired until after the 2003 fiscal year began, a budget was not adopted until later in the 2003 fiscal year.

Recommendation: In the future, the budget for the upcoming fiscal year should be submitted and adopted at least fifteen days prior to the beginning of the fiscal year.

Management's Response: In the future, we will adopt a budget in a timely manner as required by state law.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

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

Recreation District No. 5

March 5, 2004

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70803-9397

Dear Mr. Austin:

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2003.

CORRECTIVE ACTION:

Person Responsible: Marcel Marquette, III, President
Recreation District No. 5 of the Parish
of St. Mary, State of Louisiana
1157 Big Four Corners Road
Jeanerette, LA 70544

Noncompliance: Re: Item No. 2003-1

Budget: During the audit, our auditors noted that the District did not have the 2003 budget submitted or adopted prior to the end of the fiscal year 2002.

Corrective Action: In the future, we will adopt a budget in a timely manner as required by state law.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action, contact the undersigned.

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana


Marcel Marquette, III
President