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O F T H E
P A R I S H O F S T . M A R Y
S T A T E O F L O U I S I A N A

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Independent Auditors' Report on Compliance
and Internal Control

For the Year Ended September 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 0 7 2000

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FINANCIAL INFORMATION SECTION

PITTS & MATTE

a corporation of
certified public accountants



INDEPENDENT AUDITORS' REPORT

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

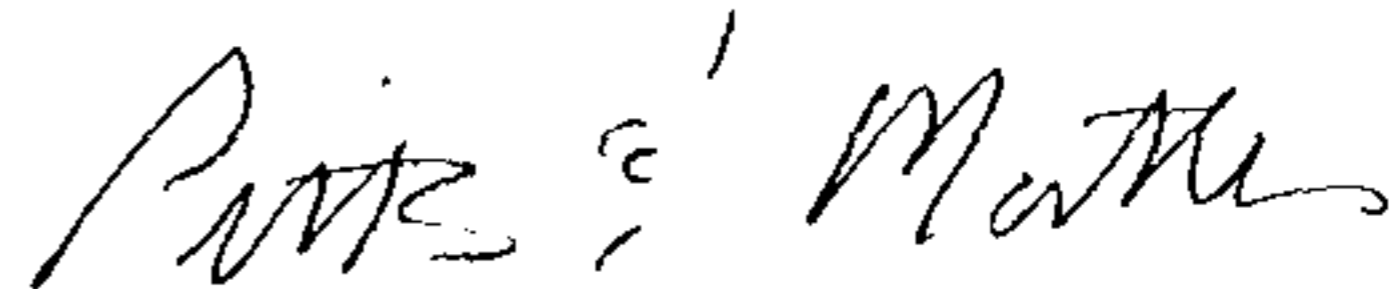
We have audited the accompanying general purpose financial statements of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended September 30, 1999 as listed in the table of contents. These general purpose financial statements 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 general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Recreation District No. 1 of the Parish of St. Mary, State of Louisiana, as of September 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 3, 1999 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.

The accompanying supplementary information required by the Governmental Accounting Standards Board (GASB) listed in the table of contents is not a required part of the financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that St. Mary Parish Recreation District No. 1 is or will become year 2000 compliant, that year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will be year 2000 compliant.



CERTIFIED PUBLIC ACCOUNTANTS

December 3, 1999

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999

	<u>Governmental Fund Types</u>			<u>Account Groups</u>			Total (Memorandum Only)
	General Fund	Debt Service Fund		General Fixed Assets	Long-Term Debt		
ASSETS AND OTHER DEBITS							
<u>Assets</u>							
Cash and cash equivalents	\$63,896	\$147,953					\$211,849
Receivable from other governments	13,278						13,278
Property, plant and equipment			\$1,859,212				1,859,212
<u>Other Debits</u>							
Amount available in debt service fund					\$147,953		147,953
Amount to be provided for retirement of general long-term debt					750,047		750,047
Total assets and other debits	<u>\$77,174</u>	<u>\$147,953</u>	<u>\$1,859,212</u>	<u>\$898,000</u>	<u>\$2,982,339</u>		<u>\$2,982,339</u>
<u>Liabilities, Equity, and Other Credits</u>							
<u>Liabilities</u>							
Accounts payable and accrued expenses	\$10,664						\$10,664
Loan payable to other governments				\$18,000			18,000
Bonds payable				880,000			880,000
Total liabilities	<u>10,664</u>	<u></u>	<u></u>	<u>898,000</u>	<u>908,664</u>		<u>908,664</u>
<u>Equity and Other Credits</u>							
Investment in general fixed assets			1,859,212				1,859,212
Fund balances		147,953					147,953
Reserved for debt service							66,510
Unreserved/undesignated	66,510						66,510
Total equity and other credits	<u>66,510</u>	<u>147,953</u>	<u>1,859,212</u>	<u>1,859,212</u>	<u>2,073,675</u>		<u>2,073,675</u>
Total liabilities, equity, and other credits	<u>\$77,174</u>	<u>\$147,953</u>	<u>\$1,859,212</u>	<u>\$898,000</u>	<u>\$2,982,339</u>		<u>\$2,982,339</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

GOVERNMENTAL FUND TYPES

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 1999

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
<u>Revenues</u>			
Sales tax	\$163,418		\$163,418
Ad valorem taxes		\$175,054	175,054
Use of money and property	2,264	4,908	7,172
Rental income	8,013		8,013
Other	3,330	6,000	9,330
	177,025	185,962	362,987
 <u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries and per diem	49,752		49,752
Repairs and maintenance	26,722		26,722
Insurance	30,174		30,174
Utilities	37,514		37,514
Employee benefits	3,663		3,663
Professional services	13,978		13,978
Recreation	2,660		2,660
Contract labor	14,036		14,036
Operating supplies	10,904		10,904
Gas and diesel	2,575		2,575
Advertising	1,203		1,203
Office	5,991		5,991
Miscellaneous	1,164		1,164
Summer Program	4,861		4,861
Capital outlay:			
Equipment and improvements	28,337		28,337
Debt service:			
Principal		91,000	91,000
Interest and fiscal charges		56,127	56,127
	233,534	147,127	380,661
 <i>Excess (deficiency) of revenues over expenditures</i>	 (56,509)	 38,835	 (17,674)
 Fund balances, beginning of year	 123,019	 109,117	 232,136
 Fund balances, end of year	 \$66,510	 \$147,952	 \$214,462
	\$66,510	\$147,952	\$214,462

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

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

GENERAL FUND

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Sales tax	\$170,000	\$163,418	(\$6,582)
Use of money and property	2,500	2,264	(236)
Rental income and other	12,000	11,343	(657)
	184,500	177,025	(7,475)
 <u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries and per diem	50,600	49,752	848
Repairs and maintenance	34,000	26,722	7,278
Insurance	32,000	30,174	1,826
Utilities and telephone	37,700	37,514	186
Employee benefits	5,000	3,663	1,337
Professional services	14,000	13,978	22
Recreation	2,700	2,660	40
Contract labor	14,000	14,036	(36)
Summer program	5,000	4,861	139
Operating supplies	10,000	10,904	(904)
Gas and diesel	3,000	2,575	425
Advertising	1,100	1,203	(103)
Office	5,900	5,991	(91)
Miscellaneous	1,800	1,164	636
Capital outlay:			
Equipment and improvements	18,900	28,337	(9,437)
	235,700	233,534	2,166
Excess (deficiency) of revenues over expenditures	(51,200)	(56,509)	(5,309)
Fund balances, beginning of year	123,019	123,019	
Fund balances, end of year	\$71,819	\$66,510	(\$5,309)

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, 1999

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.

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. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. 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)

The modified accrual basis of accounting is used by all governmental fund types. 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 of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The following is a summary of how the District accounts for its major sources of revenues and expenditures:

Revenues

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 income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses).

D. Budgets

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

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. Encumbrances are not recorded by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

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

Cash and cash equivalents are stated at cost, which approximates market.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

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

Assets in the general fixed assets account group are not depreciated.

G. 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.

H. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

I. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Board may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Council may also invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal office in Louisiana.

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 GASB codification, accounts secured by pledged securities, which are not in the name of the government unit, are considered uncollateralized.

The following is a summary of the cash and cash equivalents and the related federal deposit insurance and related pledged securities as of September 30, 1999:

Cash and cash equivalents - stated value	<u>\$211,849</u>
Cash and cash equivalents - bank balance	213,956
Portion insured by federal deposit insurance	166,003
Collateralized by securities in the Board's name held by the Board or third parties	<u>NONE</u>
Balance uninsured and uncollateralized under GASB codification	47,953
Portion of deposits secured under Louisiana law	<u>47,953</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

A summary of changes in general fixed assets for the year ended September 30, 1999 follows:

	Balance September 30, 1998	Additions	Removals	Balance September 30, 1999
Land	\$ 80,000			\$ 80,000
Equipment	194,329	\$19,186		213,515
Vehicles	12,824			12,824
Building and improvements	<u>1,543,722</u>	<u>9,151</u>	_____	<u>1,552,873</u>
Total	<u>\$1,830,875</u>	<u>\$28,337</u>	=====	<u>\$1,859,212</u>

Approximately \$9,300 in equipment is considered to be idle at September 30, 1999.

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the general long-term debt account group for the year ended September 30, 1999:

Balance at October 1, 1998	\$ 989,000
Additions	--
Reductions	(<u>91,000</u>)
Balance at September 30, 1999	\$ <u>898,000</u>

NOTE 5 - LONG-TERM DEBT (continued)

Obligations payable at September 30, 1999, are as follows:

GENERAL LONG-TERM DEBT:

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. \$ 695,000

\$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. 185,000

Total General Obligations 880,000

Loan Payable to Other Governments

Loan payable to St. Mary Parish Council dated July 23, 1999 bearing no interest payable in annual installments of \$6,000 with final payment July 23, 2002 18,000

Total General Long-term Debt \$ 898,000

The following is an approximation of future debt requirements at September 30, 1999:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 91,000	\$ 50,000	\$ 141,000
2001	101,000	45,000	146,000
2002	111,000	39,000	150,000
2003	110,000	33,900	143,000
2004	115,000	27,000	142,000
2005-2009	340,000	48,000	388,000
thereafter	<u>30,000</u>	<u>1,000</u>	<u>31,000</u>
	\$ <u>898,000</u>	\$ <u>243,000</u>	\$ <u>1,141,000</u>

NOTE 5 - LONG-TERM DEBT (continued)

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, 1999.

NOTE 8 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the year ended September 30, 1999:

<u>Name</u>	<u>Amount</u>
Andrew Gros	\$120
Delores LaJaunie	120
Steve Patureau	120
James Stansbury	80
Keith Tabor	120
	<u>\$560</u>

NOTE 9 - CONCENTRATIONS

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

NOTE 10 - RISK MANAGEMENT AND CONTINGENCIES (continued)

The District has purchased commercial insurance to protect against loss from most of these perils. However, it is the policy of the District to retain a portion of risk of loss related to the action of its officers and board members.

During the year ended September 30, 1996, the District adopted the provisions of GASB Statement No. 10, which establishes accounting and reporting standards for risk and insurance related activities of governmental entities. In accordance with provisions of this statement, the District is reporting its risk retention activities in its General Fund, except for claims to be paid with the future revenues, which are reported within the General Long-term Debt Account Group.

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 - RELATED PARTY

The District received a loan from the St. Mary Parish Council, the oversight entity, in the amount of \$30,000. The funds were used to construct an entrance driveway at the Amelia Recreation Center. The loan is required to be repaid in five annual installments of \$6,000. During 1999, the St. Mary Parish Council forgave the District's \$6,000 loan payment.

SUPPLEMENTARY INFORMATION REQUIRED BY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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

Information Related to Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations.

The District does not utilize any computer equipment in critical portions of their operations.

The District has not inventoried other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations. It is unknown as of September 30, 1999, what effects, if any, failing to remediate any such systems will have upon District operations.

Ad valorem tax assessments for the District are handled by the St. Mary Parish Assessor's office and collections are handled by the St. Mary Parish Sheriff's office. Sales tax revenues are collected by the St. Mary Parish Council's Sales Tax Department. The Assessor's office, Sheriff's office, and Sales Tax Department are responsible for remediating their respective systems. The District is not responsible for any costs associated with these projects.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL

PITTS & MATTE

a corporation of
certified public accountants



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 general purpose financial statement of St. Mary Parish Recreation District No. 1, as of and for the year ended September 30, 1999, and have issued our report thereon dated December 3, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 St. Mary Parish Recreation District No. 1's general purpose 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 statements 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 noncompliance section of the report as 99-1.

A similar letter issued by us dated January 26, 1999 for the year ended September 30, 1998 reported no instances of noncompliance.

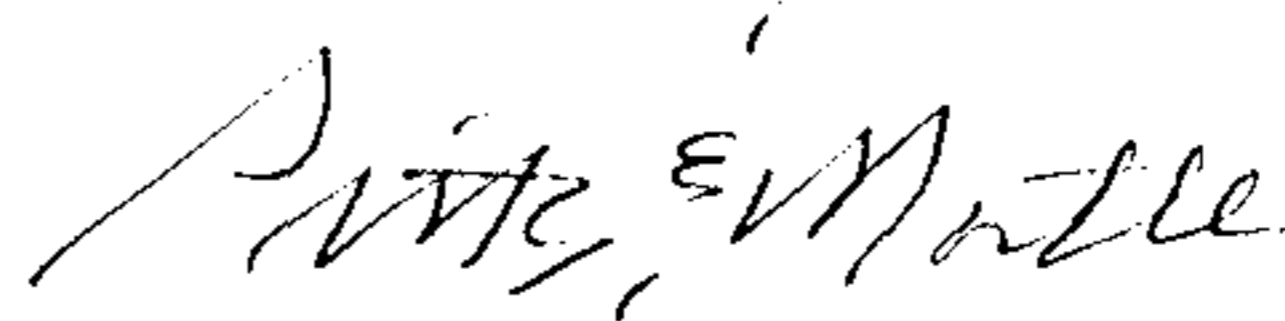
Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Mary Parish Recreation District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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.

A similar letter issued by us dated January 26, 1999 for the year ended September 30, 1998 reported no material weaknesses.

This report is intended for the information of management of the District, the Legislative Auditor of the State of Louisiana, and the Finance Committee of the St. Mary Parish Council. However, this report is a matter of public record and its distributions is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

December 3, 1999

ITEM OF NONCOMPLIANCE

Item 99-1 Noncompliance with State Investment Laws

Auditor's Comments:

Condition: During the course of the audit for the year ended December 31, 1999, we noted that the District invested in a mutual fund. This particular investment fund could invest in certain securities that appear, are not in compliance with state laws.

Criteria: State Law requires that governmental entities invest their funds in only certain approved securities.

Effect: This is possible violation of state law.

Cause: This District was not aware that this particular investment might not comply with state law.

Recommendation: This District should advise their broker about this matter and move their funds to an investment that is in compliance with state law.

Management Comments:

We have reviewed this matter and have decided that we will consult our investment advisor and move the funds to an investment which is in compliance with state law.

ST. MARY PARISH RECREATION DISTRICT NO. 1
POST OFFICE BOX 82
AMELIA, LOUISIANA 70340

February 7, 2000

Dr. Daniel G. Kyle:
Office of Legislative Auditors
State of Louisiana
P>O> Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Kyle:

The St. Mary Parish Recreation District #1 respectfully submit the following corrective action plan for the year ended September 30, 1999.

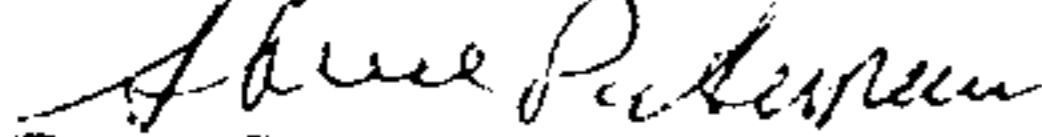
PERSON RESPONSIBLE: Mr. Steve Patureau
P>O> Box 82
Amelia, Louisiana 70340

CONDITION: Item No. 99-1

NON-COMPLIANCE WITH STATE LAW: Our auditors found that the district invested in a mutual fund which possibly could have investments that are not in compliance with state law.

CORRECTIVE ACTION: We have reviewed this matter and have decided that we will consult our investment advisor and move the funds to an investment which is in compliance with state law.

St. Mary Parish District No. 1


Steve Patureau
Chairman