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RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
ANNUAL FINANCIAL STATEMENTS

December 31, 2003

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Release Date: 7-28-04

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish

We have audited the accompanying basic financial statements of the Recreation District No. 1 of St. Tammany Parish, a component unit of the St. Tammany Parish Council, as of December 31, 2003 and for the year then ended. These financial statements are the responsibility of the District'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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Recreation District No. 1 of St. Tammany Parish as of December 31, 2003, and the results of its operations and cash flows of its proprietary fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Clarification and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenses in Government Fund Financial Statements* as of January 1, 2003. This results in a change in the form and content of the basic financial statements.

The Management's Discussion and Analysis on pages 5 through 7 and the budgetary comparison schedule identified on page 1 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish

Our audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Recreation District No. 1 of St. Tammany Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards we have also issued a report dated June 10, 2004, on our consideration of the Recreation District No. 1 of St. Tammany Parish's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with the report in considering the results of our audit.

June 10, 2004

Shirley J. Smith, CPA

RECREATION DISTRICT NO. 1 OF SAINT TAMMANY PARISH
MANDERVILLE, LOUISIANA

Management's Discussion and Analysis
For the Year Ended December 31, 2003

As management of Recreation District No. 1 of Saint Tammany Parish ("District"), we offer this discussion and analysis of the District's financial activities for the fiscal year ended December 31, 2003.

The Management's Discussion and Analysis ("MD&A") is an element of the new reporting model adopted by the Government Accounting Standards Board ("GASB") in their Statement No. 34 issued in June 1999. As this is the first year that the District has implemented this model, certain comparative information with the previous year, which is by design included in this reporting model, will not be included in the analysis as permitted by GASB Statement No. 34 with respect to first year reporting.

As with other sections of this financial report, the information contained with the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$ 7,653,314 (net assets) for the fiscal year ended December 31, 2003. Of the total net assets, \$2,083,370 was unrestricted, \$1,943,740 was restricted for debt service, \$ 118,658 was designated for future use (i.e., emergency repairs) and \$ 3,496,944 was the investment in capital assets, net of related debt.
- Revenue consists of ad valorem taxes, rental income, state revenue sharing and recreation program fees. Total governmental fund revenues of \$ 3,199,808 exceeded total governmental expenses of \$2,816,478, which resulted in a current year surplus of \$ 389,338. Total proprietary fund type revenues of \$ 263,513 exceeded total proprietary fund type expenses of \$ 349,122 resulting in a net operating income of \$24,990.
- The District incurred additional long term bonded debt by the issuance of \$7,870,000 dated August 1, 2003. The bond proceeds were used (1) to retire \$1,200,000 of Series 2001 certificate of indebtedness and (2) to expand the park facility as directed by the District's board of commissioners and a citizens' advisory group.

OVERVIEW OF ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is unavailable for fiscal year ended December 31, 2003; comparative data will be available in the future.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting methods.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when such is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by tax and from activities that are intended to recover all or a significant portion of their costs through registration fees.

Fund financial statements. A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District used funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The modified accrual basis of accounting is used by the governmental funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance within this budget. The District's management takes great pride in overseeing that expenditures are within the approved budget.

Notes to financial statements. The notes to the financial statements provide required disclosure essential to the understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and, if any, significant events. Supplementary information includes a comparative budget schedule.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the current fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at year end are \$ 7,633,514. The following table provides a summary of the District's net assets:

Assets:	
Current assets	\$ 11,037,266
Benefit insurance cost, net	69,111
Capital assets, net	<u>13,471,943</u>
Total assets	<u>24,578,320</u>
Liabilities:	
Current liabilities	1,189,806
Noncurrent liabilities	<u>13,825,000</u>
Total liabilities	<u>15,014,806</u>
Net assets:	
Invested in capital assets	1,496,943
Restricted-for service	1,942,743
Designated for future	110,638
Unrestricted	<u>2,083,179</u>
Total net assets	\$ <u>7,633,514</u>

As of December 31, 2003, assets exceeded liabilities by \$7,633,514. The District maintains a high current ratio. The current ratio compares the current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 9.33 to 1.

Note that approximately 43.81% of the net assets are invested in capital assets that are used to provide services for its taxpayers. The District has \$8,900,000 in certificate of deposits along with additional cash that will be spent in the future for the Park's planned expansion project.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table is a summary of the District's changes in net assets:

Revenues	\$ 3,485,303
Expenses	<u>2,744,756</u>
Change in net assets	740,547
Beginning net assets	<u>6,860,827</u>
Ending net assets	\$ <u>7,601,374</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopted its 2003 budget in October 2002 and had three amendments during the year. The amendments were for funds transferred to other funds for emergency repair and capital improvements to the park.

Actual revenues exceeded budgeted revenues by \$248,423 or 17.67% and budgeted expenses exceeded actual expenses by \$31,417 or 2.34%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As the end of the fiscal year December 31, 2003, the District had \$13,871,940 (net of accumulated depreciation) recorded in capital assets. Capital outlays are recorded at cost as expenditures of the General Fund and as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method of depreciation with useful lives ranging from five to 50 years.

The major increase in capital assets for year ended December 31, 2003 was the new gym completed and placed in service in 2003.

Long-term debt. The District had \$16,645,800 of long-term debt as of December 31, 2003 and \$9,260,000 as of December 31, 2002. In August 2003, the District issued \$7,878,800 of general-obligation bonds secured by an annual ad valorem tax levy. The 2003 series of bonds are due in 20 annual installments with semiannual interest payments at 6% to 2%. The proceeds received (1) were used to retire \$1,200,000 of Series 2004 certificate of indebtedness and (2) to expand the park facility as directed by the District's board of commissioners and a citizen's advisory group.

FUTURE ECONOMIC PLANS

The District has authority to levy ad valorem taxes of 14 mills and use seven mills for operation and maintenance and seven mills for payment of general obligation bonds. Our tax base is continuing to grow with new homes and businesses. Assessed values are established by the Saint Tammany Parish Assessor's Office and the State Tax Commission as percentages of actual value as specified by Louisiana law. A revaluation is completed every four years. The last revaluation was completed as of January 1, 2004. Taxes are due and payable December of the following year.

BASIC FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

STATEMENT OF NET ASSETS

December 31, 2003

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,764,183	\$ 50,079	\$ 1,814,262
Certificates of deposit	6,800,000		6,800,000
Investments	383,462		383,462
Receivables - ad valorem taxes	2,856,584		2,856,584
Receivables - nonuser dining	34,741		34,741
Other receivables		690	690
Due from other funds	8,637		8,637
Bond issuance cost, net of amortization	69,111		69,111
Capital assets (net of accumulated depreciation)	<u>13,471,943</u>		<u>13,471,943</u>
Total assets	24,597,590	50,769	24,648,359
LIABILITIES			
Accrued salaries and payroll taxes	39,499		39,499
Accounts payable	11,939		11,939
Deposits	46,230		46,230
Accrued interest	247,848		247,848
Compensated absences	15,679		15,679
Due to other funds		8,637	8,637
Measurement liabilities:			
Due within one year	820,000		820,000
Due in more than one year	<u>15,825,000</u>		<u>15,825,000</u>
Total liabilities	17,086,169	8,637	17,094,806
NET ASSETS			
Invested in capital assets, net of related debt	3,486,943		3,486,943
Restricted - debt service	1,942,743		1,942,743
Designated for future use	119,658		119,658
Unrestricted	<u>2,041,178</u>	<u>42,092</u>	<u>2,083,170</u>
Total net assets	\$ 7,589,422	\$ 42,092	\$ 7,631,514

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

Activities	Expenses	Net (Expense) / Revenues and Changes in Net Assets	
		Governmental Activities	Business-type Activities
Governmental activities:			
Recreation	\$ 1,475,790	\$ 11,475,790	\$ (1,475,790)
Interest on long-term debt	461,452	(520,833)	601,452
Total governmental activities	1,937,242	(1,495,833)	441,409
Business-type activities:			
Recreation	149,122	(289,122)	140,000
Total business-type activities	149,122	(289,122)	140,000
Total	\$ 2,086,364	\$ (1,784,955)	\$ 301,409

General revenues:	Total general revenues and transfers	Total general revenues and transfers	Change in net assets	Net assets - beginning	Net assets - ending
Total •	2,086,364	2,086,364	301,409	1,484,955	1,786,364
Property taxes	52,038	52,038	52,038	146,000	198,038
State revenue sharing	184,879	184,879	184,879	14,000	338,879
Bonded income	33,894	33,894	33,894	11,000	44,894
Contributions and reading contributions	2,681	2,681	2,681	28,000	30,681
Endowments	14,456	14,456	14,456	284,000	298,456
Other income	54,817	54,817	54,817	11,000	65,817
Reparations	28,456	28,456	28,456	11,000	39,456
Interest and investment earnings	-	-	-	-	-
Transfers	-	-	-	-	-
Total general revenues and transfers	3,086,364	3,086,364	3,086,364	1,484,955	4,571,319
Change in net assets	301,409	301,409	301,409	1,484,955	1,786,364
Net assets - beginning	1,484,955	1,484,955	1,484,955	-	1,484,955
Net assets - ending	1,786,364	1,786,364	1,786,364	1,484,955	-

The accompanying notes are an integral part of the basic financial statements.

REGULATION DISTRICT NO. 1 OF THE TARRANT PARISH

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2013

	General	Capital Project - Development	State Service - Bond	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 271,540	\$ 755,042	\$ 400,750	\$ 4,679	\$ 1,432,011
Investments of deposit		6,000,000			6,000,000
Investments	389,480			100,776	490,256
Receivables - all interest rates	1,903,044		1,482,240		3,385,284
Receivables - non-interest bearing	36,141				36,141
Due from other funds	54,731			271,692	326,423
Total assets	\$ 2,685,936	\$ 6,755,082	\$ 1,882,990	\$ 286,477	\$ 10,610,485
LIABILITIES					
Accrued interest and payments due	\$ 26,470	\$ -	\$ -	\$ -	\$ 26,470
Accounts payable	11,239				11,239
Due to other funds	270,000				270,000
Expans	46,120				46,120
Total liabilities	353,829	-	-	-	353,829
FUND EQUITY					
Fund balance					
Reserved for debt service			1,042,750		1,042,750
Reserved for contingencies		6,000,000		282,427	7,282,427
Designated for future use	139,689				139,689
Unreserved	1,426,557				1,426,557
Total fund equity	1,566,246	6,000,000	1,042,750	282,427	8,891,423
Total liabilities and fund equity	\$ 2,040,075	\$ 6,755,082	\$ 1,882,990	\$ 286,477	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,011,049
Fixed assets less net value which is reported when incurred in the funds.	(95,111)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(7,000,000)
Accrued interest on long-term liabilities is not reported in the governmental funds.	(271,692)
Total net of governmental activities	\$ 1,504,406

RECEIPTS FROM CONTRACT NO. 14 OF 16 - LABORATORY FEES
 BY STATE OF ILLINOIS DEPARTMENTALS AND THROUGH BY REMITTANCES
 - GOVERNMENTAL FEES

For the Year Ended December 31, 2000

	General	Capital Improvement Reserve	State Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUE BY					
Ad valorem taxes	\$ 1,19,461	\$ -	\$ 1,44,706	\$ -	\$ 2,64,167
State income	18,493				18,493
Grants or contracts	84,671	34,176	4,706	1,625	1,24,178
Revenue sharing	52,075				52,075
Overseas aid receipt	20,883				20,883
Refundations	15,083				15,083
Other income	8,521			21,395	29,916
Total revenue	1,874,936	34,176	1,483,492	15,415	3,398,019
EXPENDITURES					
Administration	18,273				18,273
Capital outlay	448,174				448,174
Current costs	489,238				489,238
Sub.	80,041				80,041
Revolving		44,323			44,323
Capital outlay			88,000	178,277	266,277
State services - program			48,924		48,924
State services - general			1,48,318	21,492	1,69,810
Total expenditures	1,176,696	44,323	1,483,492	21,492	2,726,003
Total (deficiency) or surplus over expenditures	698,240	19,853	69,000	132,923	1,510,016
OTHER FINANCIAL DATA (BY FUND CLASS)					
Reserve of funds			1,44,706		1,44,706
Interfund transfers			(1,500,000)		(1,500,000)
Change in transfers-in-kind	144,483	13,745		21,100	1,79,328
Transfers in	(200,000)	(1,01,250)	(4,013,780)		(4,215,030)
Transfers out					
Total other financing resources (used)	(200,000)	(1,01,250)	(4,013,780)	21,100	(4,293,930)
NET CHANGE IN FUNDS BALANCES	21,443	4,793.12	46,227	(45,767)	1,07,706
ENDED BALANCE - BEGINNING OF YEAR	1,907,671	34,739	1,527,115	26,117	3,495,642
ENDED BALANCE - END OF YEAR	1,929,114	39,532	1,573,342	20,350	3,562,348

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances - total governmental funds (page 14)	\$ 7,029,914
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(287,213)
Change in compensated absences	1,080
The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,081,059)
Change in net assets of governmental activities (page 12)	<u>\$ 7,742,822</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
STATEMENT OF NET ASSETS - PROPRIETARY FUND TYPE

December 31, 2005

ASSETS	
Cash and cash equivalents	\$ 50,079
Other receivables	<u>650</u>
Total assets	50,729
LIABILITIES	
Due to other funds	<u>8,637</u>
Total liabilities	<u>8,637</u>
NET ASSETS	
Unrestricted	<u>42,092</u>
Total net assets	\$ <u>42,092</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - PROPRIETARY FUND TYPE

For the Year Ended December 31, 2005

OPERATING REVENUES

Registration fees	\$ 268,888
Sponsorships	8,537
Other	<u>8,080</u>
Total operating revenues	285,505

OPERATING EXPENSES

Officials and advisors	129,777
Uniforms	66,190
Sports supplies	18,793
Awards	17,635
Insurance	6,942
Other	2,679
Refunds	<u>7,140</u>
Total operating expenses	<u>249,122</u>

Net operating income	36,383
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NON-OPERATING INCOME (EXPENSES)

Transfer	<u>(38,456)</u>
Total non-operating income (expense)	<u>(38,456)</u>

Net loss	(2,073)
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Net assets - beginning of year	<u>44,135</u>
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Net assets - ending of year	<u>\$ 42,062</u>
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The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 284,869
Payments for goods and services	<u>(249,127)</u>
Net cash provided by operating activities	35,742
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfer to General Fund	(38,458)
Increase in due from other funds	<u>8,617</u>
Net cash used by non-capital financing activities	<u>(29,841)</u>
Net increase in cash and cash equivalents	5,904
Cash and cash equivalents - beginning of the year	<u>44,153</u>
Cash and cash equivalents - end of the year	\$ <u>50,057</u>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income	\$ 36,397
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Increase in other receivables	<u>1850</u>
Net cash provided by operating activities	\$ <u>35,742</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the Recreation District No. 1 of St. Tammany Parish (the District) provides recreational facilities for youth and adult sports programs to the residents of the area that includes Mandeville. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

1. Reporting Entity

The District was created in 1973 by Ordinance 623 and reestablished in 2000 by ordinance 137 of the St. Tammany Parish Council. The District is governed by a Board of Commissioners which are appointed by the St. Tammany Parish Council. The District consists of seven Commissioners who serve four year terms.

As the governing authority of the Parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish council) (b) organizations for which the primary governments are financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 1 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Parish Council appoints all members of the District and as such is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the Recreation District No. 1 of St. Tammany Parish have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments," issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basis of Presentation - Continued

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and for the proprietary fund.

Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

The Debt Service Fund accounts for proceeds of ad valorem millage of 7.00 mills restricted for debt service.

RECREATION DISTRICT NO. 1 OF ST. TAMMANT PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. *Basis of Presentation - Continued*

The District reports one major proprietary fund. The Sports Fund accounts for registration fees for youth and adult sports and the related expenses of providing sports including uniforms, officials and women, and equipment.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

3. *Measurement Focus/Basis of Accounting*

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available (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 pay liabilities of the current period. The District considers all revenues available if they are collected within 90 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements and the proprietary fund financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus/Basis of Accounting - Continued

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgetary Accounting

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District.

5. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and money investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

6. Capital Assets

All fixed assets of the District are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes equipment and furniture in excess of \$1,500. The following estimated useful lives and methods are used to compute depreciation:

Buildings	25 to 40 years	Straight Line
Parking lots	40 to 50 years	Straight Line
Fleets	25 to 30 years	Straight Line
Trails and pathways	40 years	Straight Line
Vehicles	5 years	Straight Line
Equipment	5 - 15 years	Straight Line

Depreciation expense amounted to \$480,834 for the year ended December 31, 2003.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums realized on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

9. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

NOTE B - AD VALOREM TAXES

Property taxes for the operations and bond debt service of the District are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed as of January 1, 2000. Taxes are due and payable December 1 of the following year.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE B - AD VALOREM TAXES (Continued)

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u>	<u>Levied</u>
Operation and maintenance	7.00	7.00
Payment of general obligation bonds	7.00	7.00

NOTE C - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at December 31, 2003:

	<u>Book Balance</u>	<u>Bank Balance</u>
Demand deposits	\$1,814,271	\$1,842,717
Time deposits	<u>6,000,000</u>	<u>6,000,000</u>
	<u>\$7,814,271</u>	<u>\$7,842,717</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on-deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the District has \$7,842,717 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 in federal deposit insurance and \$7,642,717 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE D - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2003 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings	\$ 4,523,788	\$1,241,794	\$	\$ 5,765,582
Parking lots	1,338,551			1,338,551
Fields	5,028,597			5,028,597
Trails and pathways	28,100	60,516		88,616
Motor vehicles	29,374	14,827		44,201
Roads	922,581			922,581
Well, water and sewer	447,400			447,400
Equipment	504,086	13,340		517,426
Total capital assets being depreciated	<u>14,823,467</u>	<u>1,330,487</u>	<u>-</u>	<u>16,153,954</u>
Less accumulated depreciation for:				
Buildings	(793,599)	(194,500)		(988,099)
Parking lots	(110,480)	(22,292)		(132,772)
Fields	(844,185)	(167,619)		(1,011,804)
Trails and pathways	(339)	(1,194)		(1,533)
Motor vehicles	(24,515)	(5,832)		(30,347)
Roads	(167,490)	(23,065)		(190,555)
Well, water and sewer	(189,339)	(17,896)		(207,235)
Equipment	(121,219)	(40,413)		(161,632)
Total accumulated depreciation	<u>(2,221,117)</u>	<u>(480,824)</u>	<u>-</u>	<u>(2,701,941)</u>
Capital assets - net	<u>\$12,602,350</u>	<u>\$ 849,663</u>	<u>\$ -</u>	<u>\$13,452,013</u>

NOTE E - LEASE

The District has entered into a lease for land with the State of Louisiana dated September 1, 1995 for a term of ten years, which was an extension of an earlier lease. The lease is renewable every ten years, provided the District makes substantial improvements to the park during each term. The lease is accounted for as an operating lease whereby rental payments are recorded as operating expenditures when paid. Total payments on this lease was \$8,364 for the year ended December 31, 2003. Due to the variable terms of the lease, a schedule of future maturities cannot be presented at this time.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE F - LONG-TERM DEBT

The following is a summary of bond transactions of the Recreation District No. 1 of St. Tammany Parish for the period ended December 31, 2003:

General Obligations	<u>Bonds</u>	<u>Certificates of Indebtedness</u>	<u>Total</u>
Payable at January 1, 2003	\$ 9,260,000	\$ 1,380,000	\$10,640,000
Issued	7,870,000		7,870,000
Retired	<u>(1,240,000)</u>	<u>(1,350,000)</u>	<u>(1,870,000)</u>
Payable at December 31, 2003	<u>\$16,890,000</u>	<u>\$ 60,000</u>	<u>\$16,945,000</u>
\$1,610,000 General obligation refunding bonds dated November 21, 1999 with annual principal and semiannual interest payments at 4.25 to 5.6% through March 1, 2008			\$ 880,000
\$8,850,000 General obligation bonds dated March 1, 1998; due in annual installments through March 1, 2018 including interest at 8.0% to 5.2%			7,835,000
\$1,510,000 Certificate of indebtedness dated May 23, 2001; one remaining installment due May 1, 2006 without interest			60,000
\$7,870,000 General obligation bonds dated August 1, 2003; due in 20 annual installments due March 1, 2023 with semiannual interest payments at 6% to 2%			<u>7,870,000</u>
			<u>\$16,945,000</u>

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 79:562, the District is legally restricted from incurring long term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2003 the District had not exceeded this statutory limit.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE F - LONG-TERM DEBT (Continued)

The following is a schedule of future principal debt service requirements:

Year Ending December 31,	General Obligation Bond		Certificate of Indebtedness		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 820,000	\$ 724,728	\$	\$	\$ 820,000	\$ 724,728
2005	825,000	683,538			825,000	683,538
2006	965,000	637,149	80,000		965,000	637,149
2007	965,000	587,260			965,000	587,260
2008	1,090,000	538,879			1,090,000	538,879
2009 - 2013	4,890,000	2,068,087			4,890,000	2,068,087
2014 - 2018	4,325,000	981,617			4,325,000	981,617
2019 - 2023	2,715,000	369,975			2,715,000	369,975
	<u>\$16,585,000</u>	<u>\$6,403,858</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$16,645,000</u>	<u>\$6,410,858</u>

On August 1, 2003, the District used proceeds of the 2003 general obligation bonds to currently refund \$1,280,000 of series 2001 certificate of indebtedness. The payment was made to a local bank. The remaining certificate of indebtedness of \$60,000 is due to the Louisiana Public Facilities Authority and is due in 2006 with no interest. As there were no prepayment penalties, there was no gain or loss recorded on this refunding.

On January 28, 2004, the District issued \$7,870,090 in general obligation refunding bonds. The proceeds of these bonds were used to advance refund the 2004 and the 2007-2023 maturities of the 2003 general obligation bonds.

NOTE G - INVESTMENTS

Investments of \$382,462, which are stated at market using published quotes as of December 31, 2003, consists of \$15,000 in Series EE bonds and \$367,462 are in the Louisiana Asset Management Pool, Inc. (LAMAP), a local government investment pool. In accordance with GASB Codification Section 198.126, the investment in LAMAP is not categorized in the three risk categories provided by GASB Codification Section 198.125 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE G - INVESTMENTS (Continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2855. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by these securities.

Effective August 1, 2004, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2855(A)(1)(b) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2008, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE H - PENSION PLAN

Substantially all employees of the District are members of the Parochial Employees Retirement System of Louisiana (System). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from District funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE H - PENSION PLAN (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, 5428 Corporate Boulevard, Suite 101, Baton Rouge, Louisiana 70808, or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.33 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:163, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District required contributions to the System under Plan A for the years ended December 31, 2003, 2002, and 2001 were \$41,938, \$36,094, and \$38,376, respectively, equal to the required contributions for each year.

NOTE I - PRIOR YEARS' DEBT DEFERANCE

In prior years, the District deferred the 1988 general obligation bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. Government securities that were placed in the trust funds. The investments and fixed earnings from those investments are sufficient to fully service the deferred debt until the debt is called or matured. For financial reporting purposes, the debt has been considered deferred and therefore removed as a liability from the District's General Long-Term Debt Account Group. The amount of the deferred debt remaining that was removed from the General Long-Term Debt Account Group was \$880,000, at December 31, 2003.

NOTE J - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2003, the District had interfund receivables and payables as follows:

Fund	Due From	Due to
General	\$ 8,618	\$215,000
Capital Project Development	273,000	
Proprietary - spent	_____	8,618
	<u>\$281,618</u>	<u>\$223,618</u>

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE K - LITIGATION

The District is involved in litigation relating to a traffic accident on one of the Park streets. It is the opinion of the District's legal counsel that the risk of an unfavorable judgement is possible. Legal counsel estimates damages to be \$25,000 to \$75,000 which would be covered by insurance.

REQUIRED SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,891,389	\$ 1,891,389	\$ 1,371,073	\$ 279,714
Rental income	145,689	145,689	156,075	10,406
Earnings on investments	8,405	8,405	10,371	2,156
Revenue sharing	41,835	41,835	52,958	10,723
Concession and vending commissions	36,573	36,573	52,893	13,689
Forkliftments	-	-	33,697	33,697
Other	82,574	82,574	1,611	(74,563)
Total revenues	1,406,365	1,406,365	1,654,788	248,423
EXPENDITURES				
Administration	326,007	326,007	358,273	(12,256)
Casino center	257,193	257,193	240,216	16,977
Park	483,304	483,304	489,258	(4,944)
Recreation	333,781	333,781	303,651	30,130
Total expenditures	1,400,315	1,400,315	1,370,898	31,417
Excess of revenues over expenditures	4,050	4,050	283,890	279,840
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	144,483	144,483
Transfers out	-	(310,000)	(408,426)	(98,426)
Total other financing sources (uses)	-	(310,000)	(263,943)	48,537
NET CHANGE IN FUND BALANCES	\$ 4,050	\$ (305,950)	21,947	\$ 323,897
FUND BALANCE - BEGINNING OF YEAR			1,685,671	
FUND BALANCE - END OF YEAR			\$ 1,707,618	

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS

December 31, 2000

	<u>Construction Fund</u>	<u>Development Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,878	\$ -	\$ 6,878
Investments	100,776	-	100,776
Due from other funds	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total assets	<u>\$ 382,453</u>	<u>\$ -</u>	<u>\$ 382,453</u>
LIABILITIES			
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND EQUITY			
Reserved for construction	<u>382,453</u>	<u>-</u>	<u>382,453</u>
Total liabilities and fund equity	<u>\$ 382,453</u>	<u>\$ -</u>	<u>\$ 382,453</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

(COMBINED) STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
- NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003

	Construction Fund	Development Fund	Total Nonmajor Governmental Funds
REVENUES			
Earnings on investments	\$ 85	\$ 935	\$ 1,020
Other income	<u>26,395</u>		<u>26,395</u>
Total revenues	26,480	935	27,415
EXPENDITURES			
Capital outlay	174,273		174,273
Debt Service - Principal		170,899	170,899
Debt Service - Interest		<u>47,420</u>	<u>47,420</u>
Total expenditures	<u>174,273</u>	<u>171,400</u>	<u>345,693</u>
Excess (deficiency) of revenues over expenditures	(147,793)	(170,465)	(318,258)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>346,821</u>	<u>66,649</u>	<u>413,470</u>
Net change in fund balances	99,028	(103,816)	(4,788)
Fund balance - beginning of year	<u>283,400</u>	<u>189,836</u>	<u>473,236</u>
Fund balance - end of year	<u>\$ 382,428</u>	<u>\$ 76,020</u>	<u>\$ 458,448</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

SCHEDULE OF GOVERNING BOARD

December 31, 2003

<u>Board of Commissioners</u>	<u>Term Expiration</u>	<u>Compensation</u>
Nixon Adams, Chairman 150 Doma Drive Mandeville, LA 70448 826-4888	December 31, 2003	None
Joe Fitzpatrick, D.D.S. 110 Pine Street Covington, LA 70433 883-7658	December 31, 2003	None
Alex Balducci 11 Fern Place Mandeville, LA 70448 702-4638	December 31, 2003	None
Tony Orsinos, Sr. 1756 Claiborne Street Mandeville, LA 70448 826-7348	December 31, 2003	None
Rob Bateman 24148 Case Hagan Lane Lacombe, LA 70445 674-2202	December 31, 2003	None
Stephen Meyer, M.D. 182 Fox Run Drive Mandeville, LA 70471 826-8555	December 31, 2003	None
Max McWiggins 185 Duke Place Mandeville, LA 70471 845-2268	December 31, 2003	None



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

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish

We have audited the financial statements of the Recreation District No. 1 of St. Tammany Parish as of and for the year ended December 31, 2003 and have issued our report thereon dated June 10, 2004. 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 the Recreation District No. 1 of St. Tammany Parish'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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and is described in the following paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Recreation District No. 1 of St. Tammany Parish'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 statements 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.

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish

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June 10, 2004

Scotty Schultz, Jr.'s Hand