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NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

As of JUNE 30, 2004 and for the Year Then Ended

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 1-26-05

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
As of and for the Year Ended June 30, 2004

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NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the accompanying financial statements of the governmental and business-type activities of North Webster Parish Industrial District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of North Webster Parish Industrial District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and*

Management's Discussion and Analysis-for State and Local Governments, as of June 30, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2004, on our consideration of the District's internal control over financial reporting and on 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 Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-9 and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the North Webster Parish Industrial District's basic financial statements. The information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Jamison, White & Martin

Minden, Louisiana
December 9, 2004

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2004
(Unaudited)**

This section of North Webster Parish Industrial District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2004. Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will provide additional explanations of District's financial position and results of operation.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 13. For governmental activities, fund statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 11. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2004
(Unaudited)

need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the occupancy and expansion of the industrial park, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities** – Most of the District's basic services are reported here, which includes general administration and park maintenance. Property taxes, building leases, and state grants finance most of these activities.
- **Business-type activities** – The District charges a fee to its tenants to help it cover the water and sewer services it provides. The District's water and sewer system activities are reported here.

Fund financial statements

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. The District's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- **Governmental funds** – The District's report is made of one governmental fund, the general fund. The primary operations are reported in the general fund which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2004
(Unaudited)

following the fund financial statements.

- *Proprietary funds* – When the District charges its tenants for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

For the year ended June 30, 2004, net assets changed as follows:

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Beginning net assets	\$ 5,625,811	\$ 844,779	\$ 6,470,590
Increase in net assets	<u>364,905</u>	<u>16,136</u>	<u>381,041</u>
Ending net assets	<u>\$ 5,990,716</u>	<u>\$ 860,915</u>	<u>\$ 6,851,631</u>

Net assets increased slightly by 6.5 percent for governmental activities and 1.9 percent for business-type activities. It should be noted that a portion of the total net asset increase is related to the addition and construction of capital assets which partially funded with \$196,038 of state and corporate grants and cash accumulated from prior years.

Since this is the first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets.

Governmental Activities

Again, because this is the first year to report governmental activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in next year's discussion this section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences.

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2004
(Unaudited)

Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. The District's governmental activity consists mainly of general government operations which are funded with lease revenues and grants.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Business-type activities

Revenues for the District's business-type activities remained unchanged over last year's revenues. Depreciation expense accounts for 58% of the total expense of the water and sewer system. The water and sewer system operates through transfers from the governmental activities.

THE DISTRICT'S FUNDS

With the implementation of two new accounting standards, an analysis of current and prior year governmental fund (in particular the general fund) balance sheets is difficult to do. In subsequent years, this section will discuss and analyze significant differences.

Activity for the District's major governmental fund is presented as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources and (Uses)</u>	<u>Excess (Deficiency)</u>
General Fund	\$ 737,376	956,153	(59,661)	(278,438)

The General Fund experienced a deficiency because capital assets are reported as expenditures by governmental funds. For the year ended June 30, 2004, capital expenditures totaled \$807,986. In addition, the General Fund transferred \$82,390 to the Water and Sewer Fund. This represents an increase of 71% over last year's transfer from the General Fund to the Water and Sewer Fund.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2004
(Unaudited)

<u>Revenues</u>	<u>FYE 6/30/04</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(decrease)</u> <u>from FYE 6/30/03</u>	<u>Percent</u> <u>increase</u> <u>(decrease)</u>
Taxes	\$ 258,500	35 %	(11,577)	(4) %
Intergovernmental	191,038	26 %	191,038	100 %
Rental income	265,851	36 %	56,407	27 %
Oil & gas royalty	5,253	1 %	659	14 %
Interest	10,911	1 %	(4,514)	(29) %
Miscellaneous	<u>5,823</u>	1 %	<u>440</u>	8 %
Total revenues	\$ <u>737,376</u>	100 %	<u>232,453</u>	46 %

The intergovernmental revenues during fiscal year ended 6/30/04 includes a state grant of \$191,038. Rental income increased due to addition of two new operating lease agreements.

<u>Expenditures</u>	<u>FYE 6/30/04</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(decrease)</u> <u>from FYE 6/30/03</u>	<u>Percent</u> <u>increase</u> <u>(decrease)</u>
General government	\$ 143,107	15 %	29,262	26 %
Park maintenance	5,060	1 %	(1,449)	(23) %
Capital outlay	<u>807,986</u>	84 %	<u>787,305</u>	3806 %
Total expenditures	\$ <u>956,153</u>	100 %	<u>815,118</u>	578 %

The increase in general government expenditures resulted from an increase in capital outlay. Capital outlay projects of the District included modifications to the Spec #4 building and the purchase of shredder/granulator equipment. In addition, the District added a parking lot and water/sewer mains to the southern portion of the park.

The District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail. After an operating transfer of \$82,390 from the general fund, the proprietary fund reports a net increase of \$16,136 in its net assets. For the year ended June 30, 2004, the proprietary fund sustained its operations through transfers of funds from the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of a year, the District revised the General Fund budget one time. This budget amendment was to recognize changes in the overall revenues and expenditures within the General Fund. The amendment recognized an increase in intergovernmental revenues,

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2004
(Unaudited)

capital outlay costs, and lease revenues, due to the additional projects and lease agreements entered into during year, as well as decreases in general government and park maintenance expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2004, the District had over \$8.6 million invested in capital assets including buildings, park facilities, water and sewer system. This amount represents an increase of approximately \$800,000, over last year.

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land	\$ 295,282	304,578	-	-	295,282	304,578
Construction in progress	38,826	-	-	-	38,826	-
Land improvements	562,410	483,092	-	-	562,410	483,092
Building and improvements	4,144,006	3,802,811	-	-	4,144,006	3,802,811
Improvements other than bldgs.	-	-	860,765	861,439	860,765	861,439
Equipment	158,072	5,498	-	-	158,072	5,498
Totals (net of depreciation)	\$ <u>5,198,596</u>	<u>4,595,979</u>	<u>860,765</u>	<u>861,439</u>	<u>6,059,361</u>	<u>5,457,418</u>

This year's major additions included:

Building #4 modifications	\$ 474,782
Shredder/granulator equipment	159,079
South Park – parking lot	124,365
Water and sewer mains	<u>40,521</u>
	\$ <u>798,747</u>

Debt

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. The District is not obligated in any manner for repayment of the bonds beyond the resources received from Continental Structural Plastics of Louisiana, LLC. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Management's Discussion and Analysis
 For the Year Ended June 30, 2004
 (Unaudited)**

As of June 30, 2004, the principal amount payable for the North Webster Parish Industrial District Industrial Revenue Bonds (CSP Project) Series 2001 was \$2,815,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic factors that will impact the district for the fiscal year ending June 30, 2005 are as follows:

- The district's property tax millage rate for the taxable year of 2003 was 5.23. The millage for the taxable year of 2004 was 5.19 mils. This will reduce the amount of taxes collected slightly.
- In the last week of June, 2004, the district was awarded an \$1.8 million grant by the State of Louisiana's Economic Development Department, which will be used to expand the building the district now owns. The purpose of the grant is to allow the district's tenant, Continental Structural Plastics of Louisiana, LLC, to add manufacturing capabilities and increase the available manufacturing jobs. Those funds will start to be expended and received during the fiscal year 2004-2005.

Based upon the economic factors noted previously, the 2004-2005 budget for the general fund was adopted as follows:

Revenues		\$ 2,786,677
Expenditures:		
General & administrative	\$ (2,551,338)	
Park maintenance	<u>(7,800)</u>	(2,559,138)
Other financing uses		<u>(41,592)</u>
Excess of revenues over expenditures and other financing uses		185,947
Fund balance at beginning of year		<u>458,480</u>
Fund balance at end of year		\$ <u><u>644,427</u></u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's office at PO Box 176, Springhill, Louisiana, 71075, (318) 539-5058.

BASIC FINANCIAL STATEMENTS

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Assets
June 30, 2004

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 308,441	\$ -	\$ 308,441
Investments	324,996	-	324,996
Receivables (net of allowances for uncollectibles)	171,188	567	171,755
Prepaid items	18,667	-	18,667
Deposits	472	-	472
Noncurrent assets:			
Capital assets (net)	<u>5,198,596</u>	<u>860,765</u>	<u>6,059,361</u>
Total assets	<u>\$ 6,022,360</u>	<u>\$ 861,332</u>	<u>\$ 6,883,692</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 10,141	\$ 417	\$ 10,558
Total current liabilities	<u>10,141</u>	<u>417</u>	<u>10,558</u>
Noncurrent liabilities:			
Other liabilities	<u>21,503</u>	-	<u>21,503</u>
Total noncurrent liabilities	<u>21,503</u>	-	<u>21,503</u>
Total liabilities	<u>\$ 31,644</u>	<u>\$ 417</u>	<u>\$ 32,061</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,198,596	\$ 860,765	\$ 6,059,361
Unrestricted	<u>792,120</u>	<u>150</u>	<u>792,270</u>
Total net assets	<u>\$ 5,990,716</u>	<u>\$ 860,915</u>	<u>\$ 6,851,631</u>

The accompanying notes are an integral part of this statement.

STATEMENT B

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Statement of Activities
 For the Year Ended June 30, 2004

	Program Revenues		Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services		Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental activities						
General government	\$ 335,950	\$ 265,851	\$ 196,038	\$ 125,939	\$ -	\$ 125,939
Park maintenance	5,060	-	-	(5,060)	-	(5,060)
Total governmental activities	<u>341,010</u>	<u>265,851</u>	<u>196,038</u>	<u>120,879</u>	<u>-</u>	<u>120,879</u>
Business-type activities						
Water and sewer	71,511	5,257	-	-	(66,254)	(66,254)
Total business-type activities	<u>71,511</u>	<u>5,257</u>	<u>-</u>	<u>(66,254)</u>	<u>(66,254)</u>	<u>(66,254)</u>
Total primary government	<u>\$ 412,521</u>	<u>\$ 271,108</u>	<u>\$ 196,038</u>	<u>\$ 120,879</u>	<u>\$ (66,254)</u>	<u>\$ 54,625</u>
General revenues:						
Property taxes levied for general purposes				258,500	-	258,500
Royalties				5,253	-	5,253
Lease principal payments				22,729	-	22,729
Investment earnings				9,707	-	9,707
Gain (loss) on sale of capital assets				29,403	-	29,403
Other general revenues				824	-	824
Transfers				(82,390)	82,390	-
Total general revenues and transfers				<u>244,026</u>	<u>82,390</u>	<u>326,416</u>
Change in net assets				364,905	16,136	381,041
Net assets-beginning				<u>5,625,811</u>	<u>844,779</u>	<u>6,470,590</u>
Net assets-ending				<u>\$ 5,990,716</u>	<u>\$ 860,915</u>	<u>\$ 6,851,631</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2004

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 308,441	\$ 308,441
Investments	324,996	324,996
Receivables (net of allowances for uncollectibles)	129,371	129,371
Deposits	<u>472</u>	<u>472</u>
Total assets	<u>\$ 763,280</u>	<u>\$ 763,280</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries, and other payables	\$ 10,141	\$ 10,141
Deferred lease income	<u>21,503</u>	<u>21,503</u>
Total liabilities	<u>31,644</u>	<u>31,644</u>
Fund balances:		
Reserved for:		
Long-term lease payments	122,087	122,087
Unreserved, reported in:		
General fund	<u>609,549</u>	<u>609,549</u>
Total fund balance	<u>731,636</u>	<u>731,636</u>
Total liabilities and fund balances	<u>\$ 763,280</u>	<u>\$ 763,280</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets**

June 30, 2004

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 731,636
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	5,198,596
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	<u>60,484</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 5,990,716</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2004

	General Fund	Total Governmental Funds
REVENUES		
Taxes:		
Ad valorem	\$ 258,500	\$ 258,500
Rental income	265,851	265,851
Oil & gas royalty	5,253	5,253
Intergovernmental revenues:		
State/Parish	191,038	191,038
Investment earnings	10,911	10,911
Other revenues	5,823	5,823
Total revenues	<u>737,376</u>	<u>737,376</u>
EXPENDITURES		
General government	143,107	143,107
Park maintenance	5,060	5,060
Capital outlay	807,986	807,986
Total expenditures	<u>956,153</u>	<u>956,153</u>
Excess (deficiency) of revenues over (under) expenditures	(218,777)	(218,777)
OTHER FINANCING SOURCES (USES)		
Lease principal payments	22,729	22,729
Transfers out	(82,390)	(82,390)
Total other financing sources and uses	<u>(59,661)</u>	<u>(59,661)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(278,438)	(278,438)
Fund balances - beginning	<u>1,010,074</u>	<u>1,010,074</u>
Fund balances - ending	<u>\$ 731,636</u>	<u>\$ 731,636</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2004

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ (278,438)
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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.	611,912
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and contributions) are not reported as revenues in the funds	29,403
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Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	417
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>1,611</u>
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Change in Net Assets of Governmental Activities, Statement B	<u>\$ 364,905</u>
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The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Assets, Proprietary Funds
June 30, 2004

	Business Type Activity
	<u>Water and Sewer</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 567
Total current assets	<u>567</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>860,765</u>
Total noncurrent assets	<u>860,765</u>
Total assets	<u>\$ 861,332</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 417
Total current liabilities	<u>417</u>
Total liabilities	<u>\$ 417</u>
NET ASSETS	
Invested in capital assets	860,765
Unrestricted	<u>150</u>
Total net assets	<u>\$ 860,915</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	Business Type Activity
	<u>Water and Sewer</u>
Operating revenues:	
Charges for services	
Water and sewer income	\$ 5,257
Total operating revenues	<u>5,257</u>
Operating expenses:	
Contract labor	9,600
Utilities	4,198
Telephone	487
Testing fees	848
Repairs and maintenance	15,044
Sales tax	139
Depreciation	<u>41,195</u>
Total operating expenses	<u>71,511</u>
Operating income (loss) before operating transfers	(66,254)
Transfers in	<u>82,390</u>
Change in net assets	16,136
Net assets - beginning	<u>844,779</u>
Net assets - end of year	<u>\$ 860,915</u>

The accompanying notes are an integral part of this financial statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Cash Flows
Proprietary Funds
Years Ended June 30, 2004

	Business Type Activity
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 5,282
Cash payments for supplies and services	<u>(47,151)</u>
Net cash used by operating activities	<u>(41,869)</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	<u>82,390</u>
Net cash provided by noncapital financing activities	<u>82,390</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(40,521)</u>
Net cash used for capital and related financing activities	<u>(40,521)</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (66,254)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	41,195
Decrease in accounts receivable	25
Decrease in accounts payable	<u>(16,835)</u>
	<u>24,385</u>
Net cash used by operating activities	<u>\$ (41,869)</u>

The accompanying notes are an integral part of this financial statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

INTRODUCTION

The North Webster Parish Industrial District was created as a political subdivision of the state, under the provisions of Act No. 422 of the 1978 regular session of the Louisiana Legislature. Its territorial limits and jurisdiction extend throughout Ward Two of Webster Parish in the northwest corner of the State of Louisiana.

The governing authority of the District is a Board of Commissioners consisting of seven members, two of whom are appointed by the City of Springhill, one each is appointed by the municipalities of Cullen, Sarepta, Shongaloo and Cotton Valley, and one is appointed by the Webster Parish Police Jury. Each commissioner serves for an indefinite term of office at the pleasure of the appointing authority.

The District is provided the powers and duties to incur debt and issue bonds to encourage industrial enterprises through the operation of an industrial park.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

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 North Webster Parish Industrial 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 is 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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 2004

instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, rental income, royalties and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports one governmental fund. The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

for in another fund.

The District reports one proprietary fund. The Enterprise Fund (Water & Sewer) is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both 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 and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Eliminations of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for water and sewerage

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The District's cash and cash equivalents includes amounts considered to be demand deposits and short-term investments. State law and the District's investment policy allow the district to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the district are reported at fair value.

D. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include lease revenues, oil & gas royalties, and interest.

Business-type activities report utilities as their major receivable. The District considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as lease payments and oil & gas royalties. and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and collected by the tax collector of the Parish of Webster. Taxes are levied in September or October, and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The tax levy for 2003 was 5.23 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2004, taxes of \$ 257,834 were levied on property with assessed valuations totaling 49,608,150.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Land improvements	20-30 years
Buildings and building improvements	10-40 years
Equipment	5-15 years

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

F. Compensated Absences

The District's policy for paid time off permits full-time employees to accumulate earned but unused vacation/sick time. The amount of paid-time off an employee is eligible for is determined by amount of time of service for the District. The employee is allowed to carryforward to the next calendar year up to 15 days of earned paid time off if workload dictates and with approval by the manager.

Employees with over 15 years of service are eligible to earn 2 ½ days per month.

The amount of earned but unused paid time off for the District's one employee was considered immaterial to the financial statements. No accrual for compensated absences is recognized in the government-wide financial statements.

2. Stewardship, compliance and accountability

Budget information The District uses the following budget practices:

- 1) The administrative assistant prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
- 2) After formal review and public inspection, the budget is adopted by the Board of Commissioners prior to June 30 of the year end.
- 3) Formal budgetary integration is employed as a management control device during the year for the general fund. Budgetary amendments require the approval of the Board of Commissioners. The Board of Commissioners is authorized to transfer amounts between line items within any fund. For the year ended June 30, 2004, the budget was amended in accordance with Louisiana Revised Statutes.
- 4) The budgets for the general fund is adopted on a cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- 5) Appropriations lapse at the end of each fiscal year.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 2004

- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

The revenues and expenditures, for the year ended June 30, 2004, as shown on Statement E, are reconciled with the amounts reflected on the budget comparisons on Schedule 1 as follows:

	<u>General Fund</u>
Year ended June 30, 2004:	
Excess of revenues and other financing sources over expenditures and other uses (Fund Basis)	\$ (278,438)
To adjust for:	
(Increase) Decrease in receivables	11,697
Increase (Decrease) in payables	<u>3,329</u>
Excess of revenues and other financing sources over expenditures and other uses (Cash Basis)	\$ <u>(263,412)</u>

3. Cash and cash equivalents

At June 30, 2004, the District had cash and cash equivalents totaling \$ 308,441 in interest bearing demand deposits.

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 at least 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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 2004

At June 30, 2004, the District has \$762,160 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$688,381 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 ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

Investments are categorized as insured securities held by the District or its agent in the District's name. At fiscal year-end, the District's investment consisted of \$324,996 in certificates of deposit. The carrying value of the District's certificates of deposit approximate fair market value.

5. Receivables

The receivables of the government-wide financial statements at June 30, 2004 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Oil and gas royalties	\$ 425	\$ -
A/R – sales of assets	38,700	-
Interest receivable	1,497	-
Insurance receivable	1,620	-
Lease payments receivable	128,946	-
A/R – water & sewer	<u>-</u>	<u>567</u>
Total	<u>\$ 171,188</u>	<u>\$ 567</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 2004

The receivables of the governmental fund financial statements at June 30, 2004 are as follows:

	<u>General Fund</u>
Oil and gas royalties	\$ 425
Lease payments receivable	<u>128,946</u>
Total	<u>\$ 129,371</u>

Lease payments receivable are reported net of unearned interest income in the amount of \$5,769. All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the district is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 304,578	-	9,297	295,281
Construction in progress	-	<u>38,826</u>	-	<u>38,826</u>
Total capital assets, not being depreciated	<u>\$ 304,578</u>	<u>38,826</u>	<u>9,297</u>	<u>334,107</u>
Capital assets being depreciated				
Land improvements	\$ 1,254,560	124,365	-	1,378,925
Buildings and improvements	4,740,834	474,782	-	5,215,616
Machinery and equipment	<u>30,267</u>	<u>159,079</u>	-	<u>189,346</u>
Total capital assets being depreciated	<u>6,025,661</u>	<u>758,226</u>	-	<u>6,783,887</u>
Less accumulated depreciation for:				
Land improvements	771,468	45,047	-	816,515
Building and improvements	938,023	133,587	-	1,071,610
Machinery and equipment	<u>24,768</u>	<u>6,505</u>	-	<u>31,273</u>
Total accumulated depreciation	<u>1,734,259</u>	<u>185,139</u>	-	<u>1,919,398</u>
Total capital assets being depreciated, net	<u>\$ 4,291,402</u>	<u>573,087</u>	-	<u>4,864,489</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

6. Capital Assets (contd)

Business-type activities:

Capital assets being depreciated

Improvements other than buildings	\$ 1,488,549	40,521	-	1,529,070
Less accumulated depreciation for:				
Improvements other than buildings	<u>627,110</u>	<u>41,195</u>	-	<u>668,305</u>
Total capital assets being depreciated, net	\$ <u>861,439</u>	<u>(674)</u>	<u>-</u>	<u>860,765</u>

7. Operating transfers

Operating transfer balances for the year ended June 30, 2004, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ -	82,390
Enterprise Fund	<u>82,390</u>	-
	<u>\$ 82,390</u>	<u>82,390</u>

8. Leases

The District leased five buildings to companies operating in the park. The primary terms of the leases range from two years to twenty-five years with, in some cases, options to renew. The District has granted an option, within the primary term of the lease, for the lessee to purchase said building in all leases except for the operating lease on Building #4. The following is the net investment in each building:

Building #1	\$ 169,371
Building #3	1,867,799
Building #4	1,303,600
Building #5	1,154,970
CSP – Office facility/Geothermal Cooling System	<u>871,097</u>
Total	<u>\$5,366,837</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 2004

The District leased equipment to Continental Structural Plastics of Louisiana, LLC. The primary term of the lease is for seven years. The District has granted an option, for the lessee to purchase the equipment at fair market value at the end of the lease. The following is the net investment in the equipment:

Shredder/granulator \$159,079

The following is a schedule of future minimum lease payments to be received, as of June 30, 2004

Year Ended June 30	Building #1	Building #3	Building #4	Building #5	CSP building	CSP equipment	Total
2005	\$ -	129,021	36,000	20,733	49,475	23,096	258,325
2006	-	129,021	36,000	-	48,425	23,097	236,543
2007	-	129,020	36,000	-	47,375	23,097	235,492
2008	-	129,020	36,000	-	46,325	23,097	234,442
2009	-	54,000	9,000	-	45,275	23,097	131,372
Thereafter	-	<u>189,000</u>	-	-	<u>477,340</u>	<u>23,096</u>	<u>689,436</u>
Total minimum lease payments	\$ -	<u>759,082</u>	<u>153,000</u>	<u>20,733</u>	<u>714,215</u>	<u>138,580</u>	<u>1,785,610</u>

9. Direct Financing Lease

The District entered into a sales-leaseback transaction with Paul Faaborg & Associates, Inc. on August 10, 1999. The District purchased various pieces of equipment for \$230,000, and leased the same equipment back to Paul Faaborg & Associates, Inc.

Paul Faaborg & Associates, Inc. will lease the equipment over a 10-year period commencing on August 10, 1999, at the end of which, the lessee will have an option to purchase the equipment for \$1.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 2004

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of June 30, 2004:

Total minimum lease payments	\$ 127,856
less amount representing interest	<u>(5,769)</u>
Present value of net minimum lease payments	\$ <u>122,087</u>

On July 21, 2004, the District received notice from Ironworks of their intention to vacate the property and pay off the outstanding obligations with the equipment lease contract. Ironworks moved out of the park on September 30, 2004 and remitted \$128,000 to payoff their outstanding equipment obligation to the district.

10. Conduit Debt Obligation

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. The District is not obligated in any manner for repayment of the bonds beyond the resources received from Continental Structural Plastics of Louisiana, LLC. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2004, the principal amount payable for the North Webster Parish Industrial District Industrial Revenue Bonds (CSP Project) Series 2001 was \$2,815,000.

11. Reservation of fund balance

The District has a reservations of fund balances in the amount of \$122,087 as of June 30, 2004, for long-term lease payments.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 2004

12. Prior period restatement

The beginning fund balances presented in the fund financial statements have been restated to reflect adjustments and changes in presentation within the general fund.

A restatement of the beginning fund balance and activity for the year ended June 30, 2004 was recognized in the fund financial statements as follows:

Fund balance originally reported as of June 30, 2003	\$ 907,746
Recognize prepaid insurance on under nonallocation method	(17,056)
Correct accrual of interest receivable	(2,703)
Recognize unearned lease income as reserve of fund balance for long-term lease payments	<u>122,087</u>
Fund balance restated as of June 30, 2003	\$ <u>1,010,074</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of the basic financial statements. Such information includes the Budgetary Comparison Schedule for the General Fund.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual (CASH) Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 250,000	\$ 248,833	\$ 258,500	\$ 9,667
Rental income	247,968	288,833	302,447	13,614
Oil & gas royalty	3,200	4,954	5,506	552
Intergovernmental	-	191,038	191,038	-
Interest	6,000	7,487	8,488	1,001
Miscellaneous	500	11,377	5,823	(5,554)
Total revenues	<u>507,668</u>	<u>752,522</u>	<u>771,802</u>	<u>19,280</u>
Expenditures				
General Government	161,838	141,863	145,044	(3,181)
Park maintenance	7,800	4,730	5,180	(450)
Capital outlay	600,000	841,392	802,600	38,792
Total expenditures	<u>769,638</u>	<u>987,985</u>	<u>952,824</u>	<u>35,161</u>
Excess (deficiency) of revenues over (under) expenditures	(261,970)	(235,463)	(181,022)	54,441
Other Financing Sources (Uses)				
Operating transfers out	<u>(41,592)</u>	<u>(45,874)</u>	<u>(82,390)</u>	<u>(36,516)</u>
Total other financing sources (uses)	<u>(41,592)</u>	<u>(45,874)</u>	<u>(82,390)</u>	<u>(36,516)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(303,562)	(281,337)	(263,412)	17,925
Fund balance at beginning of year	<u>890,896</u>	<u>890,896</u>	<u>890,896</u>	<u>-</u>
Fund balance at end of year	<u>\$ 587,334</u>	<u>\$ 609,559</u>	<u>\$ 627,484</u>	<u>\$ 17,925</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Notes to Budgetary Comparison Schedules
JUNE 30, 2004**

Note 1 - Budget basis

The budget for the general fund is adopted on a cash basis.

Note 2 – Explanation major changes from original budget to final budget

Major changes to revenues budgeted

Final budget reflects amendment to increase revenues to include grant received from the Louisiana Department of Economic Development to fund infrastructure improvements with the South Industrial Park.

Major changes to expenditures budgeted

Final budget reflects amendment to increase the amount budgeted for capital outlay expenditures, to reflect costs incurred as part of the District's agreement to provide infrastructure improvements to the South Industrial Park.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements include the Schedule of Compensation Paid Board Members and Schedule of General Fund Expenditures.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Compensation Paid Board Members
June 30, 2004

The Board of Commissioners of the North Webster Parish Industrial District meet each month. They do not receive any compensation. The following were members of the Board as of June 30, 2004:

Chairman	Thomas L. Craig	Member	Ray Mills
Vice-Chairman	Johnnie K. Hill	Member	Howard Beaty, Jr.
Secretary	Darrin McClary	Member	J.L. Carraway
Member	Jerry Hayes		

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Schedule of General Fund Expenditures
 Year Ended June 30, 2004

With Comparative Amounts for the Year Ended June 30, 2003

	<u>2004</u>	<u>2003</u>
General and administrative:		
Salaries	\$ 21,038	23,730
Taxes	1,631	1,785
Insurance	27,100	26,574
Legal and accounting	8,527	7,882
Professional fees	55,125	13,500
Office	4,113	6,584
Tax assessor Fees	9,810	10,216
Travel	3,155	3,314
Promotional	2,163	454
Telephone	3,534	3,764
Utilities	3,571	3,394
Dues	360	250
Printing	2,576	1,678
Contract labor	404	10,240
All other	-	480
Total general and administrative	<u>143,107</u>	<u>113,845</u>
 Park expenditures:		
Maintenance	5,060	6,509
 Capital outlay:		
Miscellaneous projects	10,935	5,181
Construction in progress - fire tank and pump	38,825	
CSP - Shredder/granulator equipment	159,079	-
Spec # 4 - building modification	474,782	-
South Industrial Park - parking lot	124,365	-
N. entrance drive modification	-	15,500
Total capital outlay	<u>807,986</u>	<u>20,681</u>
 Total general fund expenditures	 <u>\$ 956,153</u>	 <u>141,035</u>

OTHER REPORTS

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

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the financial statements of the governmental and business-type activities of North Webster Parish Industrial District, as of and for the year ended June 30, 2004, which collectively comprise the district's basic financial statements and have issued our report thereon dated December 9, 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 North Webster Parish Industrial District'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 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Webster Parish Industrial District'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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of North Webster Parish Industrial District in a separate letter dated December 9, 2004.

This report is intended solely for the information of the district's Board of Commissioners, others within the organization, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Jamison, Wise & Martin

Minden, Louisiana
December 9, 2004

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Current Year Findings

For the Year Ended June 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

In connection with the audit of the general purpose financial statements as of and for the year ended June 30, 2004, of the North Webster Parish Industrial District, there were no items required to be reported in accordance with GAGAS.

Section II - Management Letter

2004-1 Lack of controls over lease agreements

We noted that some lease agreements between the District and its tenants were not being monitored or reviewed to determine whether tenants were in compliance with the terms of the agreements.

We recommend that all leases be continually monitored and reviewed so that the terms of the leases can be enforced.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Status of Prior Audit Findings
For the Year Ended June 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

In connection with the audit of the general purpose financial statements as of and for the year ended June 30, 2003, of the North Webster Parish Industrial District, there were no items required to be reported in accordance with GAGAS.

Section II - Management Letter

2003-01 Compliance with LSA RS 39:1306 (before amendment)

Finding: District failed to publish its notice of proposed budget availability as required by statutes.

Status: The District published a notice which included details concerning the public hearing to be held on the proposed budget as required by state law.

2003-02 Compliance with LSA RS 43:171

Finding: District failed to publish the proceedings of some of their meetings and their financial statements during the fiscal year ended June 30, 2003.

Status: The District published its meetings and financial statements as required by state law.

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MANAGEMENT LETTER

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the financial statements of the North Webster Parish Industrial District, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 9, 2004.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the District. As a supplement to the reports, we submit for your consideration pertaining to the following observations, which did not meet the criteria of being material to the general purpose financial statements.

Internal control items considered non-material to general purpose financial statements.

2004-1 Lack of controls over lease agreements

We noted the following items during review of lease agreements and activity:

- a. The lease term on Morgan Chop Saw ended on Jan. 1, 2004, no other lease was available. No updated lease was drafted.
- b. The lease with CSP does not appear to have been reviewed to determine the status after the third year of occupancy.
- c. The third Amendment to Addendum to Contract of Lease between the District and Trane requires an annual payment of \$1 for the lease of additional lots in the park. No lease payment was received from Trane during the fiscal year ended June 30, 2004.
- d. The final payment for the equipment loan from Ironworks appears incorrectly calculated. It appears that the net amount due from Ironworks for both the building rent and the equipment payments should have been \$4,672.

We recommend that all leases be continually monitored and reviewed so that the terms of the leases can be enforced. The Trane equipment lease may need to be reviewed to determine whether an addendum needs to be adopted in regard to the effective date of the lease and the difference in the first payment remitted to the District.

The District's management has addressed prior audit findings unless included in the above comments. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

Jamieson, Wise & Martin

Jamieson, Wise & Martin

December 9, 2004



December 29, 2004

Mrs. Kristine Cole, CPA
Jamieson, Wise & Martin
A Professional Accounting Corporation
601 Main Street – PO Box 897
Minden, LA 71058-0897

Dear Kristine,

This is the response of the Board of Commissioners of the North Webster Parish Industrial District regarding the item mentioned in the Management Letter from your firm to the Board, e.g., paragraph 2004-2 "*Lack of Controls over Lease Agreements*".

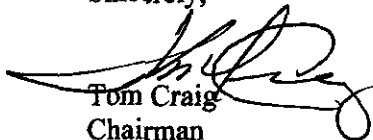
Item:

- a. Notice to Lease has been published and after the required number of days, the new lease agreement with Morgan Chop Saw will be executed. The document is already prepared.
- b. The CSP lease has been reviewed. CSP has far exceeded the number of employees required in the lease agreement to maintain the lease payment as-is.
- c. We collected the checks for the Trane lease on the additional lots.
- d. The Ironworks lease payments were calculated correctly. The calculations were based on Ironworks making 60 payments of \$2833, then increasing on the 61st payment to \$6911.
The 60th lease payment of \$2833 was made in July of 2004, and the increase went into effect on the 61st payment in August of 2004, therefore the District was paid correctly by Ironworks.
The equipment lease payments must be treated separately and the overpayment amount shown in your calculations was refunded to Ironworks in the next fiscal year.

We have instituted a new administrative procedure where, after doing a review of all existing lease agreements for tenants in the park, we will put computerized reminders into our accounting software to remind us of each incident which needs review or action. We will also have a manual print out calendar of the same incidents as a backup. The computerized system is backed up weekly and at least one copy of the backup is maintained off-site for security reasons. The review of leases is underway at this time.

Thank you again for your assistance.

Sincerely,



Tom Craig
Chairman

Cc: Scott O'Neal, Jr., Consulting Manager
North Webster Parish Industrial District

NORTH WEBSTER INDUSTRIAL PARK

North Webster Parish Industrial District, P.O. Box 176, Springhill, LA 71075 / 318-539-5058, Fax 318-994-2753