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**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 1998**

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Release Date DEC 9 1998

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
 Annual Financial Report  
 Year Ended June 30, 1998

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# JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.P.A.  
CARLOS E. MARTIN, C.P.A.  
DAVID W. TINSLEY, C.P.A.  

---

KRISTINE J. HARPER, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
North Webster Parish Industrial District

We have audited the accompanying general purpose financial statements of the North Webster Parish Industrial District as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the North Webster Parish Industrial District as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 1998 on our consideration of the District's internal control over financial reporting

and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 general purpose financial statements of the North Webster Parish Industrial District. 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.

*Jaworski, Wite & Martin*

Minden, Louisiana

October 22, 1998

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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 general purpose financial statements of the North Webster Parish Industrial District, as of and for the year ended June 30, 1998, and have issued our report thereon dated October 22, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether North Webster Parish Industrial District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances on noncompliance that we have reported to management of North Webster Parish Industrial District, in a separate letter dated October 22, 1998.

### 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial 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 structure 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 October 22, 1998.

This report is intended for the information of the District's Board of Commissioners and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Jamison, Wine & Martin*

Minden, Louisiana  
October 22, 1998

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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 for the year ended June 30, 1998, and have issued our report thereon dated October 22, 1998.

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 observation which did not meet the criteria of being material to the general purpose financial statements.

### *Compliance considered non-material to general purpose financial statements.*

#### 1. Local Government Budget Laws

During our audit, we reviewed the budget process of the District. LSA-R.S. 39:1310, which concerns budgetary control, requires the District to amend their budget whenever there is a variance of five percent (5%) or more between actual and remaining projections as compared to budget amounts for revenues, expenditures or beginning fund balance. During the year ended June 30, 1998, the North Webster Parish Industrial District made two amendments in accordance with LSA-R.S. 39:1310, however, an unfavorable variance of five percent (5%) between final budgeted and actual amounts was noted. During the year, the District performed periodical reviews of its budgetary control process in an effort to comply with LSA-R.S. 39:1310. We recommend that the District perform a final comparison of amended budgeted amounts with actual amounts before adoption of the final budget for the fiscal year-end to determine and adopt amendments as required by the Local Government Budget Act.

*Internal control considered non-material to general-purpose financial statements*

Per review of all contracts and amendments applicable to the District's lease with The Trane Company, it was noted that the District was to receive monthly lease payments of \$14,908.63 until June 30, 1998. As of July 1, 1998, the lease payment to be received by the District should have decreased to a monthly lease payment of \$10,751.71. Per review of subsequent months, the District continued to receive monthly payments in the amount of \$14,908.63 after June 30, 1998. We suggest that the District establish procedures to ensure that all agreements and amendments to those agreements are reviewed and understood by all parties involved. Per a discussion with the District officials, a decision will be made to determine how to handle the overpayments received from The Trane Company.

We would like to express our appreciation for the cooperation and assistance extended to us during our audit. 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  
October 22, 1998



**GENERAL PURPOSE FINANCIAL STATEMENTS**

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1998

	Governmental Fund Type		Proprietary Fund Type
	General	Capital Projects	Enterprise
ASSETS			
Cash	\$ 40,743	-	-
Interest-bearing bank deposits	639,503	-	-
Receivables:			
Utilities customers	-	-	2,719
Interest	7,177	-	-
Lease payments	-	-	-
Other	775	-	-
Due from capital projects fund	-	-	-
Prepaid insurance	11,524	-	-
Office building	-	-	-
Buildings	-	-	-
Park improvements	-	-	-
Furniture and fixtures	-	-	-
Land	-	-	-
Construction in progress	-	-	-
Enterprise fund property, plant and equipment	-	-	1,424,417
Accumulated depreciation	-	-	(410,874)
Deposits - utility and other	472	-	-
Amount to be provided for the retirement of general long-term debt	-	-	-
<b>Total assets</b>	<b>\$ 700,194</b>	<b>-</b>	<b>1,016,262</b>

The accompanying notes are an integral part of this statement.

Account Group		Totals (Memorandum Only)	
General Fixed Assets	General Long-term Debt	1998	1997
-	-	40,743	152,554
-	-	639,503	629,949
-	-	2,719	1,638
-	-	7,177	2,139
-	-	-	22,039
-	-	775	3,264
-	-	-	55,000
-	-	11,524	6,978
83,205	-	83,205	83,205
3,504,977	-	3,504,977	2,133,695
1,097,154	-	1,097,154	1,097,154
20,369	-	20,369	20,369
262,927	-	262,927	262,927
-	-	-	861,327
-	-	1,424,417	1,424,417
-	-	(410,874)	(371,619)
-	-	472	472
-	268,873	268,873	-
<u>4,968,632</u>	<u>268,873</u>	<u>6,953,961</u>	<u>6,385,508</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1998

	Governmental Fund Type		Proprietary Fund Type
	General	Capital Projects	Enterprise
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 599	-	726
Retainage payable	-	-	-
Payroll taxes payable	493	-	149
Current portion - N/P	-	-	-
Due to general fund	-	-	-
Water meter deposits	-	-	800
Unearned interest income	-	-	-
Unearned lease income	-	-	-
Note payable	-	-	-
<b>Total liabilities</b>	<u>1,092</u>	<u>-</u>	<u>1,675</u>
<b>Fund equity:</b>			
Contributed capital	6,000	-	964,939
Investment in general fixed assets	-	-	-
Retained earnings: unreserved	-	-	49,648
Fund balances: Unreserved - Undesignated	<u>693,102</u>	<u>-</u>	<u>-</u>
<b>Total fund equity</b>	<u>699,102</u>	<u>-</u>	<u>1,014,587</u>
<b>Total liabilities and fund equity</b>	<u>\$ 700,194</u>	<u>-</u>	<u>1,016,262</u>

The accompanying notes are an integral part of this statement.

Account Group		Totals (Memorandum Only)	
General Fixed Assets	General Long-term Debt	1998	1997
-	-	1,325	179,580
-	-	-	48,478
-	-	642	587
-	99,152	99,152	-
-	-	-	55,000
-	-	800	800
-	-	-	802
-	-	-	10,409
-	169,721	169,721	-
-	268,873	271,640	295,656
-	-	970,939	1,010,195
4,968,632	-	4,968,632	4,458,677
-	-	49,648	48,528
-	-	693,102	572,452
4,968,632	-	6,682,321	6,089,852
4,968,632	268,873	6,953,961	6,385,508

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**All Governmental Fund Types**  
**Year Ended June 30, 1998**

	General Fund	Capital Projects Fund	Totals (Memorandum Only)	
			1998	1997
<b>Revenues:</b>				
Taxes - ad valorem	\$ 290,981	-	290,981	250,654
Rental income	177,064	-	177,064	141,164
Interest income	26,319	31	26,350	37,125
Oil and gas royalty income	14,279	-	14,279	21,489
Grant money	-	-	-	60,927
Miscellaneous	1,012	-	1,012	6
Total revenues	<u>509,655</u>	<u>31</u>	<u>509,686</u>	<u>511,365</u>
<b>Expenditures:</b>				
Current:				
General and administrative	84,742	10	84,752	68,522
Park maintenance	4,150	-	4,150	4,886
Cooperative endeavor - airport	-	-	-	50,000
Capital outlay	555,841	-	555,841	866,099
Debt service:				
Principal retirement	81,128	-	81,128	-
Interest and fiscal charges	5,225	-	5,225	-
Total expenditures	<u>731,086</u>	<u>10</u>	<u>731,096</u>	<u>989,507</u>
Excess (deficiency) of revenues over expenditures	(221,431)	21	(221,410)	(478,142)
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	-	10,323
Loan proceeds	350,000	-	350,000	-
Operating transfers in (out)	(7,940)	-	(7,940)	246
Total other financing sources:	<u>342,060</u>	<u>-</u>	<u>342,060</u>	<u>10,569</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	120,629	21	120,650	(467,573)
Fund balances at beginning of year	588,739	(16,287)	572,452	1,040,025
Residual equity transfer	<u>(16,266)</u>	<u>16,266</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 693,102</u>	<u>-</u>	<u>693,102</u>	<u>572,452</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (Cash Basis) and Actual - General Fund**  
**Year Ended June 30, 1998**

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes - ad valorem	\$ 274,440	292,591	18,151
Rental income	172,100	188,695	16,595
Interest income	25,000	20,479	(4,521)
Oil and gas royalty income	14,000	15,159	1,159
Grant money	15,000	-	(15,000)
Miscellaneous	500	1,012	512
Total revenues	<u>501,040</u>	<u>517,936</u>	<u>16,896</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General and administrative	79,357	89,416	(10,059)
Park maintenance	5,600	4,060	1,540
Capital outlay	702,600	782,483	(79,883)
Debt service	86,354	86,354	-
Total expenditures	<u>873,911</u>	<u>962,313</u>	<u>(88,402)</u>
Excess (deficiency) of revenues over expenditures:	(372,871)	(444,377)	(71,506)
<b>Other financing sources (uses):</b>			
Operating transfers in	-	38,734	38,734
Operating transfers out	(1,200)	(7,940)	(6,740)
Loan proceeds	350,000	350,000	-
Total other financing sources (uses)	<u>348,800</u>	<u>380,794</u>	<u>31,994</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(24,071)	(63,583)	(39,512)
Fund balances at beginning of year	<u>743,930</u>	<u>743,930</u>	<u>-</u>
Fund balances at end of year	<u>\$ 719,859</u>	<u>680,347</u>	<u>(39,512)</u>

The accompanying notes are an integral part of this statement.

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Combined Statement of Revenues, Expenses and Changes in**  
**Retained Earnings - Enterprise Fund**  
**Year Ended June 30, 1998**

	Water & Sewer	(Memorandum Only) 1997
Operating revenues:		
Water and sewer income	\$ 15,593	19,491
Operating expenses:		
Depreciation	39,256	36,155
Salaries	7,200	7,200
Utilities	6,704	6,274
Telephone	466	530
Materials and supplies	-	28
Testing and Fees - Sewer treatment	708	564
Payroll taxes	571	572
Repairs	6,328	1,347
Sales tax	436	686
Total operating expenses	61,669	53,356
(Loss) before operating transfers	(46,076)	(33,865)
Operating transfers in (out)	7,940	(246)
Net loss	(38,136)	(34,111)
Depreciation on fixed assets acquired by contributions	39,256	36,155
Increase in retained earnings	1,120	2,044
Retained earnings at beginning of year	48,528	46,484
Retained earnings at end of year	\$ 49,648	48,528

The accompanying notes are an integral part of this statement.



NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Statement of Cash Flows -  
Enterprise Fund  
Year Ended June 30, 1998

	Water & Sewer	(Memorandum Only) 1997
	<u>                    </u>	<u>                    </u>
Cash flows from operating activities:		
Cash received from customers	\$ 14,511	19,992
Cash payments to suppliers for goods and services	(15,251)	(12,546)
Cash payments to employees for services	<u>(7,200)</u>	<u>(7,200)</u>
Net cash provided (used) by operating activities	(7,940)	246
 Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	<u>7,940</u>	<u>(246)</u>
 Net increase in cash and cash equivalents	-	-
 Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>
 Cash and cash equivalents at end of year	<u>\$ -</u>	<u>-</u>
 Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (46,076)	(33,865)
 Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	39,256	36,155
Decrease (increase) in accounts receivable	(1,082)	501
(Decrease) increase in accounts payable	<u>(38)</u>	<u>(2,545)</u>
	<u>38,136</u>	<u>34,111</u>
 Net cash provided (used) by operating activities	<u>\$ (7,940)</u>	<u>246</u>

**Schedule of Noncash Investing, Capital, and Financing Activities:**

Depreciation recognized during the year ended June 30, 1998, on assets constructed through resources received for the acquisition and construction of assets, was closed to the contributed capital account in the amount of \$ 39,256.

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

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. Basis of presentation - The accounting and reporting practices of the North Webster Parish Industrial District conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants, and to the applicable Louisiana Revised Statutes.
- B. Reporting entity - For financial reporting purposes, in conformance with GASB Statement No. 14, the North Webster Parish Industrial District includes all funds and account groups which are controlled by the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent upon the District. Control or dependence is determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

- C. Fund accounting - The accounts of the North Webster Parish Industrial District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Funds:

Governmental funds account for most of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The governmental funds used by the District for the year ended June 30, 1998, included:

*General Fund* - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

*Capital Projects Fund* - The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds:

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include enterprise

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

funds and internal service funds. The proprietary fund used by the District for the year ended June 30, 1998, included:

Enterprise 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.

- D. Basis of accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property tax revenues are recognized when they become available. Available means that the taxes are recognized as revenues if they are collected within the sixty days after the end of the calendar year. Penalties and interest, oil and gas royalties and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received.

With the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due.

Other financing sources represent transfers between funds that are not expected to be repaid (or other types such as capital lease transactions and debt

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

retirements). These other financing sources are recognized at the time the underlying events occur.

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

E. Budgets and budgetary accounting - The District follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1) The administrative assistant prepares a proposed budget and submits same to the Board of Commissioners. It is published in the official journal and presented for public inspection prior to June 1.
- 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, 1998, 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).

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

- 5) Appropriations lapse at the end of each fiscal year.
- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

The revenues and expenditures, for the year ended June 30, 1998, as shown on Exhibit B, are reconciled with the amounts reflected on the budget comparisons on Exhibit C as follows:

	<u>General Fund</u>
Year ended June 30, 1998:	
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)	\$ 120,629
To adjust for:	
(Increase) Decrease in receivables	19,491
(Increase) Decrease in prepaid assets	(4,546)
(Increase) Decrease interfund receivables	38,735
Increase (Decrease) in unearned revenue	(11,211)
Increase (Decrease) in payables	<u>(226,681)</u>
 (Deficiency) of revenues and other financing sources over expenditures and other uses (Cash Basis)	 \$ <u>(63,583)</u>

- F. Cash and cash equivalents - Cash includes amounts in demand deposits and certificates of deposit. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under the laws of the State of Louisiana or national banks having their principal offices in Louisiana.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

- G. Short-term interfund receivables and payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from funds or due to funds on the balance sheet. Short-term interfund loans are classified as interfund receivables and payables.
- H. Bad debts - 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.
- I. Fixed assets - Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized in the general fixed asset account group. Public domain or infrastructures are capitalized if funding for construction or acquisition is provided from federal or state sources. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.
- Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method.
- J. Prepaid items - The District sometimes prepays some expenditures in order to secure some goods or services in a reliable manner. Insurance coverage was the only prepaid expenditure at June 30, 1998.
- K. Compensated absences - The District does not have a formal vacation and sick leave policy.
- L. Fund equity

Contributed capital - Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment in net income.

M. Interfund transactions - Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

2. Ad Valorem taxes

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.

A resolution by the District's Board of Commissioners to authorize a special tax levy on all property subject to taxation in the Industrial District to 5.70 mills was adopted October 17, 1994. Said millage is rolled forward due to adjusted millage after reappraisal/reassessment.



NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

For the year ended June 30, 1998, taxes of \$ 295,731 were levied on property with assessed valuations totaling \$ 51,882,769.

3. Cash and cash equivalents - At June 30, 1998, the District had cash and cash equivalents totaling \$ 680,246, as follows:

Petty cash	\$ 25
Demand deposits	40,718
Certificates of deposit	<u>639,503</u>
Total	<u>\$ 680,246</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 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.

Cash and cash equivalents at June 30, 1997, are secured as follows:

Bank balances	\$ <u>680,753</u>
Federal deposit insurance	\$ 200,000
Pledged securities (uncollateralized)	<u>1,001,369</u>
Total	<u>\$ 1,201,369</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement # 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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

4. Fixed assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1998</u>
Land	\$ 262,927	-	-	262,927
Office building	83,205	-	-	83,205
Buildings	2,133,695	1,371,282	-	3,504,977
Park improvements	1,097,154	-	-	1,097,154
Furniture and fixtures	20,369	-	-	20,369
Construction in progress	<u>861,327</u>	<u>509,955</u>	<u>1,371,282</u>	<u>-</u>
Total	<u>\$ 4,458,677</u>	<u>1,881,237</u>	<u>1,371,282</u>	<u>4,968,632</u>

A summary of construction in progress is as follows:

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Completed</u> <u>Projects</u>	<u>Balance</u> <u>June 30, 1998</u>
Spec #1 concrete paving	\$ -	17,021	17,021	-
Spec #5 Building	611,300	33,959	645,259	-
Trane paving	144,120	7,257	151,377	-
Trane modifications	<u>105,907</u>	<u>451,718</u>	<u>557,625</u>	<u>-</u>
Total construction in progress	<u>\$ 861,327</u>	<u>509,955</u>	<u>1,371,282</u>	<u>-</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

A summary of Enterprise Fund type property, plant and equipment follows:

The Water and Sewer Fund uses the straight-line method of computing depreciation. All assets are depreciated from the month placed in service in the year of acquisition to the month discontinued from service in the year of disposition.

<u>Description</u>	<u>Placed in service</u>	<u>Life</u>	<u>Cost</u>	<u>Current Year Depreciation</u>	<u>Accumulated Depreciation</u>
Water & sewer lines	6-1-83	40 yrs.	\$ 285,615	7,140	107,700
Water plant	6-1-83	40 yrs.	123,723	3,093	46,654
Wastewater treatment plant	6-1-83	40 yrs.	249,463	6,237	94,069
Water tank	6-1-83	40 yrs.	269,611	6,740	101,666
Water well	6-1-88	40 yrs.	77,107	1,928	19,438
Capital improvement, watertank	4-1-93	10 yrs.	44,250	4,425	23,231
Water improvement	12-31-96	40 yrs.	247,354	6,184	9,267
Sewer improvement	12-16-93	10 yrs.	4,354	435	1,959
Sewer improvement	4-1-96	40 yrs.	<u>122,940</u>	<u>3,074</u>	<u>6,890</u>
Totals			<u>\$1,424,417</u>	<u>39,256</u>	<u>410,874</u>
			<u>Cost</u>	<u>Accumulated Depreciation</u>	
Changes during the year:					
Balances, beginning of year			\$1,424,417	371,618	
Additions			-	-	
Depreciation			-	<u>39,256</u>	
Balances, end of year			<u>\$1,424,417</u>	<u>410,874</u>	

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

5. Leases

The District leases three buildings to companies operating in the park with one building available but vacant. The primary terms of the leases range from two years to fifteen years with, in some cases, options to renew. In each lease, the District has granted an option, within the primary term of the lease, for the lessee to purchase said building. The following is the net investment in each building:

Building #1	\$ 169,370
Building #3	1,867,799
Building #4	822,548
Building #5	<u>645,259</u>
Total	<u>\$ 3,504,976</u>

The following is a schedule of future minimum lease payments to be received, as of June 30, 1998:

Year Ended	<u>Building #1</u>	<u>Building #3</u>	<u>Building #4</u>	<u>Total</u>
<u>June 30</u>				
1999	\$ 7,800	129,021	22,750	159,571
2000	2,600	129,021	40,250	171,871
2001	-	129,021	48,000	177,021
2002	-	129,021	60,000	189,021
2003	-	129,021	60,000	189,021
Thereafter	<u>-</u>	<u>513,000</u>	<u>520,000</u>	<u>1,033,000</u>
Total minimum lease payments	<u>\$ 10,400</u>	<u>1,158,105</u>	<u>751,000</u>	<u>1,919,505</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

6. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	<u>Certification of Indebtedness, Series 1996</u>
Long-term obligations payable at June 30, 1997	\$ -
Additions	350,000
Deletions	<u>(81,127)</u>
Long-term obligations payable at June 30, 1998	\$ <u>268,873</u>

The general long-term obligation of the North Webster Parish Industrial District is comprised of a \$ 350,000 Certificate of Indebtedness, Series 1996, payable over a period not to exceed three and one-half (3 ½) years, bearing interest not exceeding two percent (2%) per annum.

The annual requirements to amortize all certificates outstanding at June 30, 1998, including interest of \$ 7,458, are as follows:

<u>Fiscal year</u>		
1999		\$ 103,624
2000		103,624
2001		<u>69,083</u>
Total		\$ <u>276,331</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
Notes to Financial Statements  
June 30, 1998

7. Operating transfers

Operating transfer balances for the year ended June 30, 1998, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ -	7,940
Enterprise Fund	<u>7,940</u>	<u>-</u>
	<u>\$ 7,940</u>	<u>7,940</u>

8. Members of the Board of Commissioners

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, 1998:

Chairman	Barry Slack	Member	Charlie Jackson
Vice-Chairman	Eugene Eason	Member	Rickey Darst
Secretary	Dennis McMullan	Member	Emmit Salim
Member	E. L. Edwards		

OTHER SUPPLEMENTARY INFORMATION

**NORTH WEBSTER PARISH INDUSTRIAL DISTRICT**  
**Schedule of General Fund Expenditures**  
**Year Ended June 30, 1998**

With Comparative Amounts for the Year Ended June 30, 1997

	<u>1998</u>	<u>1997</u>
<b>General and administrative:</b>		
Salaries	\$ 16,531	15,395
Taxes	1,299	1,212
Insurance	12,256	11,988
Legal and accounting	5,896	5,803
Professional fees	15,000	15,000
Office	2,233	2,703
Tax assessor Fees	10,369	8,913
Travel	1,413	633
Promotional	1,459	1,403
Telephone	1,771	2,025
Utilities	2,458	2,507
Dues	4,060	120
Printing	1,153	625
All other	8,844	195
<b>Total general and administrative</b>	<u>84,742</u>	<u>68,522</u>
<b>Park expenditures:</b>		
Maintenance	4,150	4,886
Cooperative Endeavor - airport	-	50,000
<b>Capital outlay:</b>		
Spec. #1 Paving project	17,020	48,709
Spec. #3 Paving project	7,257	144,120
Spec. #3 Building modifications	451,718	105,907
Spec. #5 Building	75,221	530,390
Miscellaneous projects	4,625	-
<b>Total capital outlay</b>	<u>555,841</u>	<u>829,126</u>
<b>Debt service:</b>		
Principal retirement	81,128	-
Interest and fiscal charges	5,225	-
<b>Total debt service</b>	<u>86,353</u>	<u>-</u>
<b>Total general fund expenditures</b>	<u>\$ 731,086</u>	<u>952,534</u>



# NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

## CORRECTIVE ACTION PLAN

June 30, 1998

During the audit of the general purpose financial statements as of and for the year ended June 30, 1998, of the North Webster Parish Industrial District, one finding was noted in the management letter dated October 22, 1998.

### Compliance with Local Government Budget Laws

LSA-R.S. 39:1310 requires a budget to be amended for unfavorable variances in excess of five percent (5%), when comparing budget amounts to actual and remaining projections for revenues and expenditures. During the audit for the year ended June 30, 1998, through comparison of budgeted and actual amounts, variances in excess of five percent (5%) were noted.

The District has made efforts to periodically review budgeted amounts and adopt amendments as required by LSA-R.S. 39:1310. In the future, the District intends to continue to periodically review its budgetary control process in order to amend their budget in accordance with LSA-R.S. 39:1310.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 1998

The prior year audit finding for the year ended June 30, 1997 was as follows:

*Management letter dated November 14, 1997*

**Finding:** The District's budget contained variances of five percent (5%) or more upon comparison between actual and remaining projections to budget amounts for revenues and expenditures. These variances were not amended in accordance with LSA-R.S. 39:1310.

**Recommendation:** A recommendation was made that to comply with LSA-R.S. 39:1310, the District periodically, no less than quarterly, review the actual revenues, expenditures and beginning fund balances with the original approved budget amounts and make necessary formal budget amendments.

**Current Status:** During the year ended June 30, 1998, the District made efforts to comply with LSA-R.S. 39:1310. However, as noted in a management letter dated October 22, 1998, amendments were not made for unfavorable variances in excess of 5% between the final budget and actual amounts.