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NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 1999

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Release Date JAN 19 2000

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
Year Ended June 30, 1999

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MEMBERS

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SOCIETY OF LOUISIANA
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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, 1999, 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, 1999, 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 21, 1999 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, except for that portion marked "unaudited" on which we express no opinion, 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.

The Year 2000 Supplementary Information on page 26 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the North Webster Parish Industrial District is or will become year 2000 compliant, that the District's remediation efforts will be successful in whole or in part, or that parties with which the District conducts business are or will become year 2000 compliant.

Tammison, White & Martin

Minden, Louisiana
October 21, 1999

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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, 1999, and have issued our report thereon dated October 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Corrective Action Plan for Current Year Audit Findings as item 99-1.

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 over financial reporting and its operation that we consider to be material weaknesses.

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.

Johnson, White & Martin

Minden, Louisiana
October 21, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 1999

	Governmental		Proprietary		Account			Totals	
	Fund Type		Fund Type		Group			(Memorandum Only)	
	General	Enterprise	General	Long-term	General	Fixed	Assets	1999	1998
ASSETS									
Cash	\$ 249,671	-	-	-	-	-	-	249,671	40,743
Interest-bearing bank deposits	339,286	-	-	-	-	-	-	339,286	639,503
Receivables:									
Utilities customers	-	1,643	-	-	-	-	-	1,643	2,719
Interest	3,285	-	-	-	-	-	-	3,285	7,177
Lease payments	3,876	-	-	-	-	-	-	3,876	-
Other	776	-	-	-	-	-	-	776	775
Prepaid insurance	9,859	-	-	-	-	-	-	9,859	11,524
Office building	-	-	83,205	-	-	-	-	83,205	83,205
Buildings	-	-	3,511,247	-	-	-	-	3,511,247	3,504,977
Park improvements	-	-	1,097,154	-	-	-	-	1,097,154	1,097,154
Furniture and fixtures	-	-	18,654	-	-	-	-	18,654	20,369
Land	-	-	262,927	-	-	-	-	262,927	262,927
Construction in progress	-	-	414,851	-	-	-	-	414,851	-
Enterprise fund property, plant and equipment	-	1,424,417	-	-	-	-	-	1,424,417	1,424,417
Accumulated depreciation	-	(450,130)	-	-	-	-	-	(450,130)	(410,874)
Deposits - utility and other	472	-	-	-	-	-	-	472	472
Amount to be provided for the retirement of general long-term debt	-	-	-	-	-	-	169,721	169,721	268,873
Total assets	\$ 607,225	975,930	5,388,038	169,721	7,140,914	6,953,961			

Statement A

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Type		Proprietary Fund Type		Account Group			Totals (Memorandum Only)		
	General		Enterprise		General		Long-term Debt			
					Fixed Assets				1999	1998
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	\$ 1,064		3,824		-		-		4,888	1,325
Retainage payable	38,319		-		-		-		38,319	-
Payroll taxes payable	488		154		-		-		642	642
Current portion - N/P	-		-		-		101,154		101,154	99,152
Note payable	-		-		-		68,567		68,567	169,721
Total liabilities	39,871		3,978		-		169,721		213,570	270,840
Fund equity:										
Contributed capital	6,000		925,683		-		-		931,683	970,939
Investment in general fixed assets	-		-		5,388,038		-		5,388,038	4,968,632
Retained earnings: unreserved	-		46,269		-		-		46,269	50,448
Fund balances: Unreserved - Undesignated	561,354		-		-		-		561,354	693,102
Total fund equity	567,354		971,952		5,388,038		-		6,927,344	6,683,121
Total liabilities and fund equity	\$ 607,225		975,930		5,388,038		169,721		7,140,914	6,953,961

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 All Governmental Fund Types
 Year Ended June 30, 1999

	<u>General Fund</u>	<u>Totals (Memorandum Only) 1998</u>
Revenues:		
Taxes - ad valorem	\$ 303,135	290,981
Rental income	159,571	177,064
Interest income	32,351	26,350
Oil and gas royalty income	7,316	14,279
Miscellaneous	1,105	1,012
Total revenues	<u>503,478</u>	<u>509,686</u>
Expenditures:		
Current:		
General and administrative	94,781	84,752
Park maintenance	4,675	4,150
Capital outlay	423,592	555,841
Debt service:		
Principal retirement	99,152	81,128
Interest and fiscal charges	4,472	5,225
Total expenditures	<u>626,672</u>	<u>731,096</u>
 (Deficiency) of revenues over expenditures	 (123,194)	 (221,410)
Other financing sources (uses):		
Loan proceeds	-	350,000
Operating transfers in (out)	<u>(8,554)</u>	<u>(7,940)</u>
Total other financing sources (uses)	<u>(8,554)</u>	<u>342,060</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	 (131,748)	 120,650
 Fund balances at beginning of year	 <u>693,102</u>	 <u>572,452</u>
 Fund balances at end of year	 <u>\$ 561,354</u>	 <u>\$ 693,102</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, 1999

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes - ad valorem	\$ 298,516	293,410	(5,106)
Rental income	155,695	155,695	-
Interest income	29,945	35,537	5,592
Oil and gas royalty income	6,580	7,315	735
Miscellaneous	500	1,105	605
Total revenues	<u>491,236</u>	<u>493,062</u>	<u>1,826</u>
Expenditures:			
Current:			
General and administrative	79,395	82,135	(2,740)
Park maintenance	5,600	4,765	835
Capital outlay	467,782	385,273	82,509
Debt service	103,704	103,624	80
Total expenditures	<u>656,481</u>	<u>575,797</u>	<u>80,684</u>
Excess (deficiency) of revenues over expenditures:	(165,245)	(82,735)	82,510
Other financing sources (uses):			
Operating transfers in (out)	(1,200)	(8,554)	(7,354)
Total other financing sources (uses)	<u>(1,200)</u>	<u>(8,554)</u>	<u>(7,354)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(166,445)	(91,289)	75,156
Fund balances at beginning of year	<u>680,347</u>	<u>680,347</u>	<u>-</u>
Fund balances at end of year	<u>\$ 513,902</u>	<u>589,058</u>	<u>75,156</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, 1999

	<u>Water & Sewer</u>	<u>(Memorandum Only) 1998</u>
Operating revenues:		
Water and sewer income	\$ 15,053	15,593
Operating expenses:		
Depreciation	39,256	39,256
Salaries	7,200	7,200
Utilities	5,200	6,704
Telephone	506	466
Materials and supplies	2,947	-
Testing and Fees - Sewer treatment	621	708
Payroll taxes	570	571
Repairs	10,315	6,328
Sales tax	427	436
Total operating expenses	<u>67,042</u>	<u>61,669</u>
(Loss) before operating transfers	(51,989)	(46,076)
Operating transfers in (out)	<u>8,554</u>	<u>7,940</u>
Net loss	(43,435)	(38,136)
Depreciation on fixed assets acquired by contributions	<u>39,256</u>	<u>39,256</u>
Increase (decrease) in retained earnings	(4,179)	1,120
Retained earnings at beginning of year	<u>50,448</u>	<u>49,328</u>
Retained earnings at end of year	<u>\$ 46,269</u>	<u>50,448</u>

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, 1999

	Water & Sewer	(Memorandum Only) 1998
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Cash received from customers	\$ 16,129	14,511
Cash payments to suppliers for goods and services	(17,483)	(15,251)
Cash payments to employees for services	<u>(7,200)</u>	<u>(7,200)</u>
Net cash provided (used) by operating activities	(8,554)	(7,940)
 Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	<u>8,554</u>	<u>7,940</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	\$ (51,989)	(46,076)
 Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	39,256	39,256
Decrease (increase) in accounts receivable	1,076	(1,082)
(Decrease) increase in accounts payable	3,098	(38)
(Decrease) increase in payroll taxes payable	<u>5</u>	<u>-</u>
	<u>43,435</u>	<u>38,136</u>
 Net cash provided (used) by operating activities	<u>\$ (8,554)</u>	<u>(7,940)</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

Depreciation recognized during the year ended June 30, 1999, 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.

Prior period restatement recognized to close meter deposit account to retained earnings in the amount of \$ 800.

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Financial Statements

June 30, 1999

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the district 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 fund used by the District for the year ended June 30, 1999, 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.

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 funds and internal service funds. The proprietary fund used by the District for the year ended June 30, 1999, 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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

- 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 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, 1999, the budget was amended in accordance with Louisiana Revised Statutes.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

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

The revenues and expenditures, for the year ended June 30, 1999, as shown on Statement B, are reconciled with the amounts reflected on the budget comparisons on Statement C as follows:

	<u>General Fund</u>
Year ended June 30, 1999:	
Excess of revenues and other financing sources over expenditures and other uses (GAAP Basis)	\$ (131,748)
To adjust for:	
(Increase) Decrease in receivables	14
(Increase) Decrease in prepaid assets	1,665
Increase (Decrease) in payables	<u>38,780</u>
(Deficiency) of revenues and other financing sources over expenditures and other uses (Cash Basis)	\$ <u>(91,289)</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.
- 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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

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, 1999.
- 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 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.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

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 20, 1997. Said millage is rolled forward due to adjusted millage after reappraisal/reassessment.

For the year ended June 30, 1999, taxes of \$ 304,803 were levied on property with assessed valuations totaling 53,473,158.

3. Cash and cash equivalents - At June 30, 1999, the District had cash and cash equivalents totaling \$ 588,957, as follows:

Petty cash	\$ 25
Interest bearing demand deposits	249,646
Certificates of deposit	<u>339,286</u>
Total	\$ <u>588,957</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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

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, 1999, are secured as follows:

Bank balances	\$ <u>590,214</u>
Federal deposit insurance	\$ 200,000
Pledged securities (uncollateralized)	<u>977,294</u>
Total	\$ <u>1,177,294</u>

Even though the pledged securities are considered uncollateralized 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. Fixed assets

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1999</u>
Land	\$ 262,927	-	-	262,927
Office building	83,205	-	-	83,205
Buildings	3,504,977	6,270	-	3,511,247
Park improvements	1,097,154	-	-	1,097,154
Furniture and fixtures	20,369	1,800	3,515	18,654
Construction in progress	<u>-</u>	<u>414,851</u>	<u>-</u>	<u>414,851</u>
Total	\$ <u>4,968,632</u>	<u>422,921</u>	<u>3,515</u>	<u>5,388,038</u>

A summary of construction in progress is as follows:

	Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Completed Projects</u>	Balance <u>June 30, 1999</u>
Spec #5 Modifications	\$ -	414,851	-	414,851

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

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	114,841
Water plant	6-1-83	40 yrs.	123,723	3,093	49,747
Wastewater treatment plant	6-1-83	40 yrs.	249,463	6,237	100,305
Water tank	6-1-83	40 yrs.	269,611	6,740	108,406
Water well	6-1-88	40 yrs.	77,107	1,928	21,365
Capital improvement, watertank	4-1-93	10 yrs.	44,250	4,425	27,656
Water improvement	12-31-96	40 yrs.	247,354	6,184	15,451
Sewer improvement	12-16-93	10 yrs.	4,354	435	2,395
Sewer improvement	4-1-96	40 yrs.	<u>122,940</u>	<u>3,074</u>	<u>9,964</u>
Totals			<u>\$1,424,417</u>	<u>39,256</u>	<u>450,130</u>

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Changes during the year:		
Balances, beginning of year	\$1,424,417	410,874
Additions	-	-
Depreciation	<u>-</u>	<u>39,256</u>
Balances, end of year	<u>\$1,424,417</u>	<u>410,130</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

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	\$ 169,371
Building #3	1,867,799
Building #4	828,818
Building #5	<u>645,259</u>
Total	<u>\$ 3,511,247</u>

The following is a schedule of future minimum lease payments to be received, as of June 30, 1999:

Year Ended	<u>Building #1</u>	<u>Building #3</u>	<u>Building #4</u>	<u>Total</u>
<u>June 30</u>				
2000	\$ 2,600	129,021	29,750	161,371
2001	-	129,021	48,000	177,021
2002	-	129,021	60,000	189,021
2003	-	129,021	60,000	189,021
2004	-	54,000	60,000	114,000
Thereafter	-----	<u>459,000</u>	<u>460,000</u>	<u>919,000</u>
Total minimum lease payments	<u>\$ 2,600</u>	<u>1,029,084</u>	<u>717,750</u>	<u>1,749,434</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

6. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	<u>Certification of Indebtedness, Series 1996</u>
Long-term obligations payable at June 30, 1998	\$ 268,873
Additions	-
Deletions	<u>(99,152)</u>
Long-term obligations payable at June 30, 1999	\$ <u>169,721</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, 1999, including interest of \$ 2,984, are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2000	\$ 103,624
2001	<u>69,081</u>
Total	\$ <u>172,705</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to Financial Statements
June 30, 1999

7. Operating transfers

Operating transfer balances for the year ended June 30, 1999, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ -	8,554
Enterprise Fund	<u>8,554</u>	<u>-</u>
	<u>\$ 8,554</u>	<u>8,554</u>

8. Prior period adjustment

In prior years, various oil companies entered into an agreement with the district to purchase water from the district. These companies had deposited with the district a total of \$800 in water meter deposits. These companies have since discontinued purchasing water from the district. The balance for water meter deposits was never adjusted as being returned to the oil companies or being applied to their water bills. For the year ended June 30, 1999, the District made a prior period adjustment to recognize a zero balance in the proprietary fund for water meter deposits. The prior period adjustment had no effect on proprietary fund operations for the year ended June 30, 1999. The following adjustments are reflected in the financial statements:

	Retained earnings - <u>unreserved</u>	Water meter <u>deposits</u>
Balance as of June 30, 1998, originally reported	\$ 49,648	800
Prior period adjustment	<u>800</u>	<u>(800)</u>
Balance as of June 30, 1998, restated	<u>\$ 50,448</u>	<u>-</u>

OTHER SUPPLEMENTARY INFORMATION

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Schedule of General Fund Expenditures
 Year Ended June 30, 1999

With Comparative Amounts for the Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
General and administrative:		
Salaries	\$ 18,327	16,531
Taxes	1,414	1,299
Insurance	17,948	12,256
Legal and accounting	6,433	5,896
Professional fees	15,000	15,000
Office	4,429	2,233
Tax assessor Fees	10,425	10,369
Travel	8,810	1,413
Promotional	6,621	1,459
Telephone	1,934	1,771
Utilities	2,404	2,458
Dues	120	4,060
Printing	411	1,153
All other	<u>505</u>	<u>8,844</u>
Total general and administrative	<u>94,781</u>	<u>84,742</u>
Park expenditures:		
Maintenance	4,675	4,150
Capital outlay:		
Spec. #1 Paving project	-	17,020
Spec. #3 Paving project	-	7,257
Spec. #3 Building modifications	-	451,718
Spec. #4 Overhead doors	6,270	-
Spec. #5 Modifications	414,851	75,221
Miscellaneous projects	<u>2,471</u>	<u>4,625</u>
Total capital outlay	<u>423,592</u>	<u>555,841</u>
Debt service:		
Principal retirement	99,152	81,128
Interest and fiscal charges	<u>4,472</u>	<u>5,225</u>
Total debt service	<u>103,624</u>	<u>86,353</u>
Total general fund expenditures	<u>\$ 626,672</u>	<u>731,086</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Compensation Paid Board Members
June 30, 1999

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, 1999:

Chairman	Eugene Eason	Member	Howard Beaty Jr.
Vice-Chairman	Barry Slack	Member	Jerry Stephens
Secretary	Rickey Darst	Member	Emmit Salim
Member	Charlie Jackson		

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

YEAR 2000 SUPPLEMENTARY INFORMATION

June 30, 1999

(Unaudited)

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the Year 2000 issue is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology.

The North Webster Parish Industrial District operates an industrial park in order to encourage industrial enterprises. The District maintains its general ledger and related financial information manually, without the use of a computer. The effect of the Year 2000 issue upon the operation of the industrial park which is automated in nature has not been determined. In addition, the effect of the Year 2000 issue upon the district's vendors, revenue providers, grantors, and other entities with which it interacts has not been entirely determined. As a result, the effect of any of these entities' noncompliance with the Year 2000 issue upon the district has also not been determined.

For the year ended June 30, 1999, the North Webster Parish Industrial District incurred no remediation costs concerning the Year 2000 issue. No significant loss due to impairment of equipment that is not Year 2000 compliant was recognized for the year ended June 30, 1999.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 1999

The prior year audit finding for the year ended June 30, 1998 was as follows:

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, 1998, of the North Webster Parish Industrial District, there were no items required to be reported in accordance with GAGAS.

Section II - Management Letter

98-1: Local Government Budget Laws

Fiscal Year Finding Initially Occurred: June 30, 1997

Description of 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.

Corrective Action Taken: Yes

98-2: Internal Control over Review of Lease Agreements

Fiscal Year Finding Initially Occurred: June 30, 1998

Description of Finding: District continued to collect lease payments which were more than the required amount per review of lease agreements.

Corrective Action Taken: Yes. The district reviewed the lease agreements, notified the company of their overpayments, and determined the adjustments necessary. The district will continue to review the terms of all lease agreements and corresponding amendments.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

CORRECTIVE ACTION PLAN FOR CURRENT
YEAR AUDIT FINDINGS

June 30, 1999

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

99-1: Compliance with Public Bid Law

During the year ended June 30, 1999, the District let for bid a construction project to modify Spec. Building No. 5. The District received two bids; however, both exceeded the District's estimated cost of the project. The low bid totaled \$913,355. Instead of rejecting all bids and re-advertising the project with revised plans and specifications, the District negotiated with the low bidder on the contract and accepted a negotiated price of \$461,697. The District's reason for negotiating the contract was due to the fact that the District considered modifications to the spec building an emergency situation. In order to lease Spec Building No. 5, the building had to be modified as outlined in an agreement between the District and the proposed lessee within a specified time period deadline.

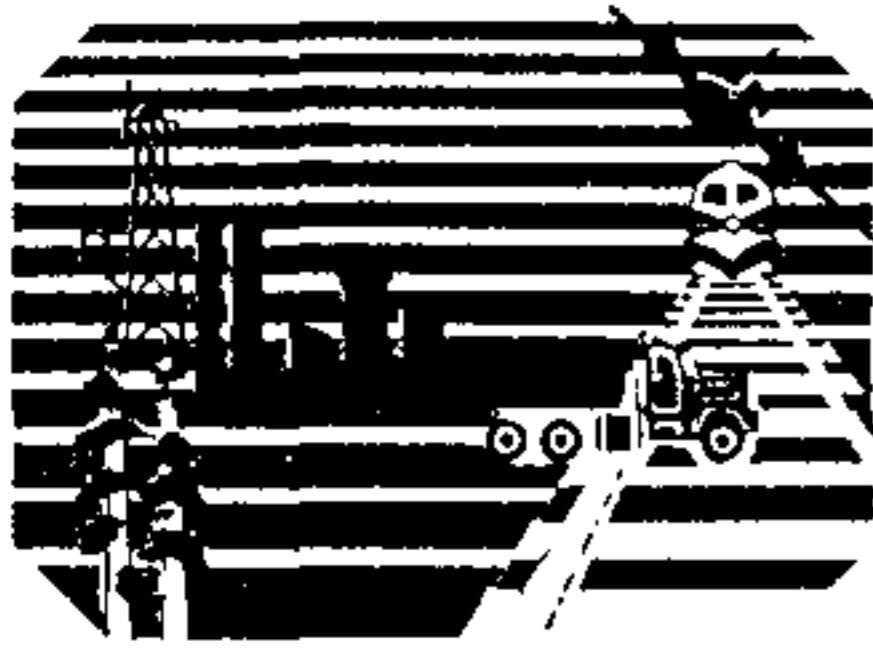
We are unclear whether this matter meets the guidelines of an emergency as defined by LRS 38:2211. We requested that the district provide further explanation to the Legislative Auditor in the following management response.

Management's response:

See management's response on page 29.

Section II - Management Letter

In connection with the audit of the general purpose financial statements as of and for the year ended June 30, 1999, no management letter was required to be issued in accordance with GAGAS.



December 16, 1999

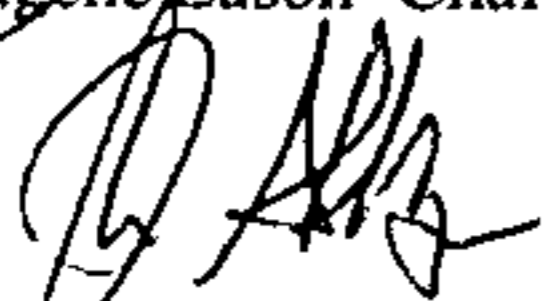
Re: Bid for Construction Project on Spec. #5 Building in the Industrial Park.

The North Webster Parish Industrial Board verbally committed to modify the Spec. #5 Building located in the North Webster Industrial Park for Paul Faaborg & Associates (Ironworks Inc.). This company had sold their building in Michigan and had to be out by a certain date. The Industrial Board, a representative from the Department of Economic Development, State of Louisiana, Richard LeBlanc, Architect for the District, worked very closely with this project to promptly finish out the building within the company's time frame limit. The District Board had reserved \$450,000 for this project. The low bid received on this project was \$913,355. The board then deemed it an emergency in order to fulfill their commitment to this new industry, and accepted a negotiated price of \$461,697 from the low bidder. In order to lease Spec. #5 Building, the building had to be modified as outlined in an agreement between the District and Paul Faaborg & Associates (Ironworks Inc.) within a specified time period deadline. The board deemed it an emergency because the board could have been involved in a lawsuit if they didn't meet their part of the contract. The North Webster Parish Industrial District Board had no intention to violate the Public Bid Law. In the past, the board has negotiated with low bidders to reduce the amount in order to honor our commitment to obtain new industry for our Park and State.

In the future, we will be very careful in our representations to future prospective industries we are attempting to attract to the State of Louisiana.

Respectfully,


Eugene Eason Chairman


John Slattery, Attorney

NORTH WEBSTER INDUSTRIAL PARK