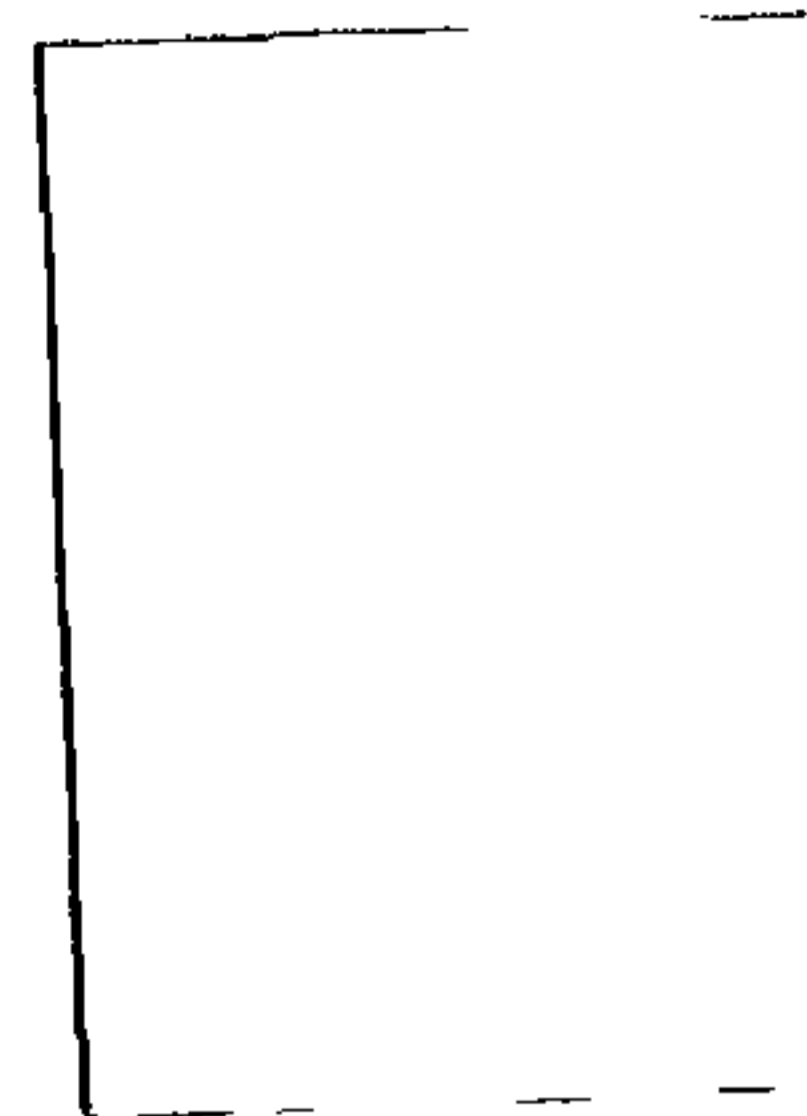


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**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**Basic Financial Statements  
and Independent Auditors Report  
For the Two Years Ended June 30 2004**



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 9 8-04

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**Basic Financial Statements  
and Independent Auditors Reports  
For the Two Years Ended June 30 2004**

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**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

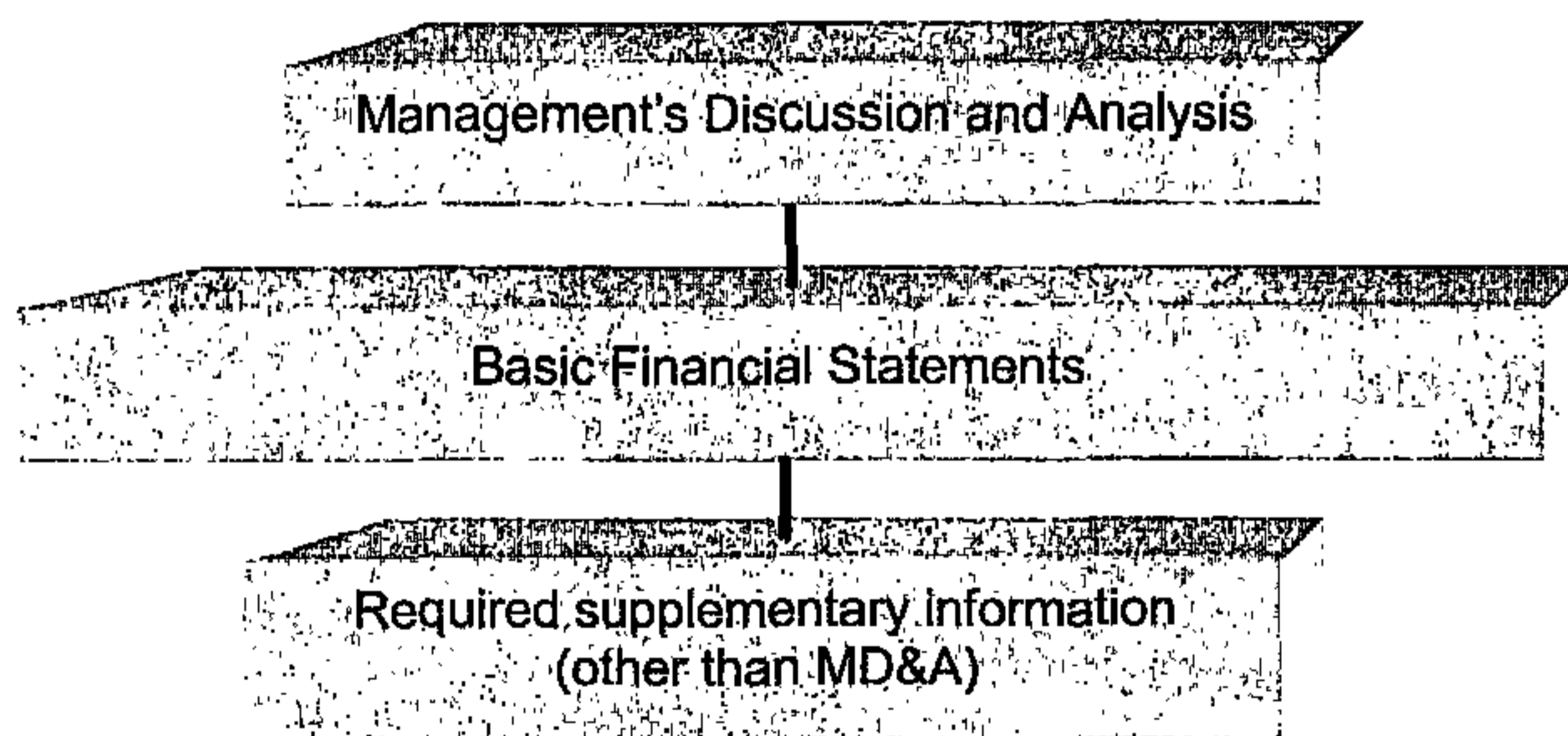
The Management's Discussion and Analysis of the Poverty Point Reservoir District's financial performance presents a narrative overview and analysis of Poverty Point Reservoir District's financial activities for the years ended June 30, 2004 and June 30, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

- ★ The Poverty Point Reservoir District's assets exceeded its liabilities at the close of fiscal year 2004 by \$3,296,266 which represents a 49% decrease from last fiscal year. The reduction is the result of the transfer of assets to the Office of State Parks.
- ★ The Poverty Point Reservoir District's revenue decreased by \$4,646,777 (or 97%) as construction activities decreased.
- ★ Construction activities for the construction of the lake have been completed and transferred to the Office of State Parks.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Governments Engaged in Governmental Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**STATE OF LOUISIANA  
 POVERTY POINT RESERVOIR DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2004**

**Basic Financial Statements**

The basic financial statements present information for the Poverty Point Reservoir District as a whole, in a format designed to make the statements easier for the reader to understand.

The Statement of Net Assets and the Statement of Activities provide information about the operations of the Poverty Point Reservoir District, Louisiana as a whole and present a longer-term view of the current District finances. 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.

The Statement of Net Assets and the Statement of Activities report the District's net assets and changes in them. The net difference between the assets and liabilities measures the health of the District's finances.

Governmental Fund financial statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are 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 government fund statements provide a detailed short term view of the District's general government operations and the basic services provided by Poverty Point Reservoir District. 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 operations as well as what remains for the future expense needs.

**FINANCIAL ANALYSIS OF THE ENTITY**

	Total	
	2004	2003
Current and other assets	\$ 497,720	\$ 900,524
Capital assets	2,833,826	5,908,598
Total assets	<u>3,331,546</u>	<u>6,809,122</u>
Other liabilities	35,280	290,058
Long-term debt outstanding	0	0
Total liabilities	<u>35,280</u>	<u>290,058</u>
Net assets:		
Invested in capital assets, net of debt	2,833,826	5,908,598
Restricted	335,605	497,368
Unrestricted	126,835	113,098
Total net assets	<u>\$ 3,296,266</u>	<u>\$ 6,519,064</u>

**STATE OF LOUISIANA  
 POVERTY POINT RESERVOIR DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2004**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Poverty Point Reservoir District's decreased by \$3,074,772 or 52%, from June 30, 2003 to June 30, 2004. One of the major causes of this decrease is the transfer of the remaining assets of the lake development to State Parks. Other causes include the completion of the construction in progress on the lake development and the purchase of a office facility for the District.

**Statement of Revenues, Expenditures, and Changes in Fund Net Assets  
 for the years ended June 30**

	Total	
	2004	2003
Revenues	\$ 158,943	\$ 4,805,720
Expenditures	333,086	4,937,975
Excess (Deficiency) of Revenues over Expenditures	-174,143	-132,255
Other Financing Sources	26,117	11,500
Net Change in Fund Balance	-148,026	-120,755

The Poverty Point Reservoir District's revenues decreased by \$4,646,777 or 97% as the construction activities decreased and were completed in 2004 for the lake development.



**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT S DISCUSSION AND ANALYSIS  
AS OF JUNE 30 2004**

**CAPITAL ASSETS**

**Capital Assets**

At the end of 2004 the Poverty Point Reservoir District had \$2 833 826 invested in a broad range of capital assets including land buildings equipment and infrastructure (See Table below) This amount represents a net decrease (including additions and deductions) of \$3 074 772 or 52% over last year

**Capital Assets at Year end  
(Net of Depreciation)**

	<u>2004</u>	<u>2003</u>
Land	\$ 2 430 459	\$ 2 416 049
Buildings and improvements	92 094	0
Equipment	115	7 367
Infrastructure	311 158	821 174
Construction in Progress		<u>2 664 008</u>
	<u>Totals \$ \$ 2 833 826</u>	<u>\$ \$ 5 908 598</u>

This year s major additions included

Office Building and Land	107 867
Completion of Construction in Progress	135 429
Repair to Pumping Station	13 397

The major decrease in assets represents the transfer to State Parks of the following

Marina and Parking	2 651 871
Access Control Structure	123 079
Pumping Station	487 929
Miscellaneous	6 252

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were as budgeted and expenditures were less than budget due in part to a decrease in expenditures as the lake development activities are completed

**ECONOMIC FACTORS AND NEXT YEAR S BUDGETS AND RATES**

The Poverty Point Reservoir District s appointed officials considered the following factors and indicators when setting next year s budget and fees These factors and indicators include

- Expenses necessary to fund general operations of the District
- Cash flow projected from the collection of accounts receivable as development lots are sold

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT S DISCUSSION AND ANALYSIS  
AS OF JUNE 30 2004**

The Poverty Point Reservoir District expects that next year's results will improve based on the following

The final activities necessary to transfer the lake project are completed and State Parks is responsible for the operating activities of the lake

**CONTACTING THE POVERTY POINT RESERVOIR DISTRICT S MANAGEMENT**

This financial report is designed to provide our citizens taxpayers customers and investors and creditors with a general overview of the Poverty Point Reservoir District s finances and to show the Poverty Point Reservoir District s accountability for the money it receives If you have questions about this report or need additional financial information contact Michael M Martin Chairman

# MEEKS & CALVIT

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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217 Benedette Street Rayville, Louisiana 71269 318 728 0007 Fax 318 728 5533

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Zoe P Meeks CPA

Sylvia D Calvit CPA

## INDEPENDENT AUDITORS REPORT

Board of Commissioners  
Poverty Point Reservoir District  
Delhi Louisiana

We have audited the accompanying basic financial statements of the Poverty Point Reservoir District, a component unit of the State of Louisiana reporting entity as of and for the two years ended June 30 2004 as listed in the table of contents. These basic financial statements are the responsibility of the Poverty Point Reservoir District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Poverty Point Reservoir District as of June 30 2004 and the respective changes in financial position thereof for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated August 23 2004 on our consideration of the Poverty Point Reservoir District's internal control over financial reporting and 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 the budget comparison schedules presented as other required supplemental information are not a required part of the basic financial statements but are 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 express no opinion on it.



Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents as Other supplemental Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Poverty Point Reservoir District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Theresa S. Calvert*

Rayville Louisiana  
August 23 2004

## **BASIC FINANCIAL STATEMENTS**

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF NET ASSETS  
JUNE 30 2004**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 426 140	\$	\$ 426 140
Receivables (net of allowances for uncollectibles)	69 168		69 168
Prepaid items	2 412		2 412
Capital assets (net)	<u>2,833,826</u>	_____	<u>2,833,826</u>
<b>TOTAL ASSETS</b>	<u><u>3,331,546</u></u>	<u>_____</u>	<u><u>3,331,546</u></u>
<b>LIABILITIES</b>			
Accounts salaries and other payables	32 145		32 145
Contracts payable			
Deferred revenues			
Compensated absences payable	<u>3,135</u>	_____	<u>3,135</u>
<b>TOTAL LIABILITIES</b>	<u><u>35,280</u></u>	<u>_____</u>	<u><u>35,280</u></u>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	2 833 826		2 833 826
Restricted for			
Capital projects	335 605		335 605
Unrestricted	<u>126,835</u>	_____	<u>126,835</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$3,296,266</u></u>	<u><u>\$</u></u>	<u><u>\$3,296,266</u></u>

The notes to the financial statements are an integral part of this statement

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30 2004**

	Program Revenues			Net(Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Component Unit
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 65 422	\$250	\$	\$ (15 172)
Lake development	<u>49,075</u>	—	<u>104,831</u>	<u>55,756</u>
Total Component Unit	<u>\$114,497</u>	<u>\$250</u>	<u>\$104,831</u>	<u>40,584</u>

General Revenues	3 862
Investment earnings	1 887
Gain (Loss) on Disposal of Fixed Assets	<u>(3,269,131)</u>
Transfers	<u>(3,263,382)</u>
Total general revenues	(3 222 798)
Change in net assets	<u>6,519,064</u>
Net assets beginning	<u>\$3,296,266</u>
Net assets ending	<u>6,519,064</u>

The notes to the financial statements are an integral part of this statement.

STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30 2003

	Program Revenues			Net(Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Component Unit
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 80 563	\$ 400	\$ 100 000	\$ 19 837
Lake development	<u>107,574</u>	—	<u>4,690,988</u>	<u>4,583,414</u>
Total Component Unit	<u>\$188,137</u>	<u>\$400</u>	<u>\$100,000</u>	<u>4,603,251</u>
General Revenues				14 332
Investment earnings				(623)
Gain (Loss) on Disposal of Fixed Assets				(50 000)
Economic Grants				<u>(22,036,997)</u>
Transfers				<u>(22,073,288)</u>
Total general revenues				<u>(17 470 037)</u>
Change in net assets				<u>23,989,101</u>
Net assets beginning				<u>\$ 6,519,064</u>
Net assets ending				

The notes to the financial statements are an integral part of this statement.



**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30 2004**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$127 981	\$298 159	\$426 140
Receivables (net of allowances for uncollectibles)	268	68 900	69 168
Prepaid items	<u>2,412</u>	<u>          </u>	<u>2,412</u>
Total Assets	<u>\$130,661</u>	<u>\$367,059</u>	<u>\$497,720</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts salaries and other payables	691	31 454	32 145
Other liabilities			
Deferred revenues	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>691</u>	<u>31,454</u>	<u>32,145</u>
<b>Fund Balances</b>			
Reserved for			
Capital projects		335 605	335 605
Unreserved, reported in			
General Fund	<u>129,970</u>	<u>          </u>	<u>129,970</u>
Total Fund Balances	<u>129,970</u>	<u>335,605</u>	<u>465,575</u>
Total Liabilities and Fund Balances	<u>\$130,661</u>	<u>\$367,059</u>	<u>\$497,720</u>

The notes to the financial statements are an integral part of this statement

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30 2004**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Licenses and permits	\$ 250	\$	\$ 250
Intergovernmental revenues			
State grants	50 000	104 831	154 831
Investment earnings	<u>1,428</u>	<u>2,434</u>	<u>3,862</u>
<b>TOTAL REVENUES</b>	<u>51,678</u>	<u>107,265</u>	<u>158,943</u>
<b>EXPENDITURES</b>			
General Government			
Automobile	1 281		1 281
Insurance	16,232		16 232
Miscellaneous	2 314	1 623	3 937
Office supplies	2 145	566	2 711
Professional	3 455	5 474	8 929
Repairs and maintenance	4 302	4 671	8 973
Retirement	3 433		3 433
Salaries	21 727		21 727
Taxes payroll	165		165
Travel	3 309		3 309
Utilities	<u>5,695</u>		<u>5,695</u>
Total	64 058	12 334	76 392
Capital Improvements	<u>          </u>	<u>256,693</u>	<u>256,693</u>
<b>TOTAL EXPENDITURES</b>	<u>64,058</u>	<u>269,027</u>	<u>333,085</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,380)</u>	<u>(161,762)</u>	<u>(174,142)</u>

(Continued)

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30 2004**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	26 117		26 117
Transfers out		(26 117)	(26 117)
Sale of capital assets	<u>      </u>	<u>26,117</u>	<u>26,117</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>26,117</u>	<u>      </u>	<u>26,117</u>
Net change in fund balance	13 737	(161 762)	(148 025)
Fund balances beginning	<u>116,233</u>	<u>497,367</u>	<u>613,600</u>
Fund balances ending	<u>\$129,970</u>	<u>\$335,605</u>	<u>\$465,575</u>

The notes to the financial statements are an integral part of this statement

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30 2003**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Licenses and permits	\$ 400	\$	\$ 400
Intergovernmental revenues			
State grants	100 000	4 690 988	4 790 988
Investment earnings	<u>2,008</u>	<u>12,324</u>	<u>14,332</u>
<b>TOTAL REVENUES</b>	<u>102,408</u>	<u>4,703,312</u>	<u>4,805,720</u>
<b>EXPENDITURES</b>			
General Government			
Automobile	919		919
Insurance	19 030		19 030
Miscellaneous	1 455		1 455
Office supplies	1 436		1 436
Professional	6 711		6 711
Repairs and maintenance	4 271		4 271
Retirement	2 938		2 938
Salaries	21 727		21 727
Taxes payroll	328		328
Travel	3 712		3 712
Utilities	<u>7,514</u>	<u>          </u>	<u>7,514</u>
	70 041		70 041
Capital Improvements	<u>586</u>	<u>4,817,348</u>	<u>4,817,934</u>
<b>TOTAL EXPENDITURES</b>	<u>70,627</u>	<u>4,817,348</u>	<u>4,887,975</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>31,781</u>	<u>(114,036)</u>	<u>(82,255)</u>

(Continued)

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30 2003**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Transfers out			
Sale of capital assets		11 500	11 500
Economic Grants	<u>(50,000)</u>	<u>      </u>	<u>(50,000)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>11,500</u>	<u>(38,500)</u>
 Net change in fund balance	(18 219)	(102 536)	(120 755)
 Fund balances beginning	<u>134,452</u>	<u>599,903</u>	<u>734,355</u>
 Fund balances ending	<u>\$116,233</u>	<u>\$497,367</u>	<u>\$613,600</u>

The notes to the financial statements are an integral part of this statement



**NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**INTRODUCTION**

The Poverty Point Reservoir District is a component unit of the State of Louisiana created within the Department of Transportation and Development as provided by Louisiana Revised Statutes LSA R.S. 38:3087.1 through 38:3087.15.

The board is composed of eight members appointed by the governor from the parishes of which the District is comprised: Richland, Madison, East Carroll, and West Carroll. The board members receive no compensation for their services. The District is created for the purpose of the development of the wealth and natural resources of the District by the conservation of soil and water for agricultural, recreational, commercial, industrial, and sanitary purposes. The creation and maintenance of a lake within the District shall be for such purposes. The District currently has one employee.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Poverty Point Reservoir District is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the State's boundaries. As a component unit, the accompanying financial statements are included within the reporting of the State of Louisiana, either blended into those financial statements or separately reported as discrete component units.

**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 activities of the Poverty Point Reservoir District. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not presently have indirect expenses and therefore none have been allocated in the Statement of Activities.

Restricted resources are used first to fund capital outlay expenditures.

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

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**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. 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.

In the General Fund, intergovernmental revenue is the primary revenue source and it is recorded as revenue when collectibility is assured.

In the Capital Projects Fund, intergovernmental grants represent the primary revenue source. Grant resources are recognized as revenue when the measurable and available criteria are satisfied. As the grantee government unit satisfies the requirements of the grantor government when appropriate expenditures as defined by the program are incurred, the receipts of capital grant monies are recorded as revenue as the appropriate expenditures are made. Receipt of capital grant monies before the incurrence of expenditures by the capital projects fund is recorded as deferred revenue.

Expenditures in the General Fund and the Capital Projects Fund are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Poverty Point Reservoir District reports the following governmental funds:

**General Fund**

General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

**Capital Projects Fund**

Capital Projects Fund is classified as a governmental fund. It is used to account for the acquisition, construction or improvements of major capital facilities. Intergovernmental revenues provide the financing for the acquisition of real property and the construction of the lake and related facilities and structures for the District.

The Poverty Point Reservoir District reports no proprietary funds.

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.

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

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**C Deposits and Investments**

The entity's cash and cash equivalents are considered to be cash on hand and interest bearing demand deposits. Cash equivalents include amounts in time deposits. Under state law the Poverty Point Reservoir District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

**D Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e. the current portion of interfund loans) or advances to/from other funds (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business type activities are reported in the government wide financial statements as internal balances. The District reports no balances between the funds during this period.

**E Capital Assets**

Capital assets which include property plant equipment and infrastructure assets (i.e. 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:

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure asset	25 - 50 years
Land improvements	20 - 30 years
Buildings and building improvements	25 - 40 years
Furniture and fixtures	5 - 7 years
Vehicles	5 years
Equipment	5 - 7 years

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**F      Compensated Absences**

The Poverty Point Reservoir District has the following policy relating to vacation and sick leave

Employees of the District earn and accumulate vacation and sick leave at varying rates depending upon years of service. The amount of vacation and sick leave that may be accumulated is unlimited. Prior accumulated time with qualifying governmental agencies may be transferred. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The Poverty Point Reservoir District's recognition and measurement criteria for compensated absences follows:

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account compensated absences payable in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**G      Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**H      Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Poverty Point Reservoir District which are either unusual in nature or infrequent in occurrence.

**I      Estimates**

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



**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**J Reconciliations of Government Wide and Fund Financial Statements**

The following reconciles the fund balances of governmental funds to the government wide statement of net assets as of June 30 2004

Fund balances total governmental funds		\$ 465 575
Capital assets used in governmental activities (Net)	2 833 826	
Compensated absences (Non current)	<u>(3,135)</u>	
Net adjustment		<u>2,830,691</u>
Net assets of governmental activities		<u>\$3,296,266</u>

The following reconciles the net changes in fund balance total governmental funds to the changes in net assets of governmental activities

	Year Ended June 30	
	<u>2,004</u>	<u>2,003</u>
Net change in fund balances total governmental funds	\$ (148 025)	\$ (120 755)
Capital Outlay	256 693	4 817 348
Sale of Assets	(24 230)	(12 123)
Depreciation	(38 105)	(117 510)
Transfer of Assets to State Parks	<u>3,269,131</u>	<u>(22,036,997)</u>
Net Adjustment	<u>(3,074,773)</u>	<u>(17,349,282)</u>
Change in net assets of governmental activities	<u>(\$3,222,798)</u>	<u>(\$17,470,037)</u>

**2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

**BUDGET INFORMATION**

The Poverty Point Reservoir District uses the following budget practices

The District prepares its budget in accordance with Louisiana Revised Statute 39 1301 The budget is prepared on a modified accrual basis for the General Fund The budget for the fiscal year ended June 30 2004 was adopted in June 2003 and amended in June 2004 The budget for the fiscal year ended June 30 2003 was adopted in June 2002 and amended in June 2003 Formal budget integration is employed as a management control device during the year for the General Fund All appropriations lapse at year end and any encumbrances outstanding at year end in the governmental funds are included in the next year s budget with funds appropriated in that year to finance them

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**3 CASH AND CASH EQUIVALENTS**

At June 30 2004 the Poverty Point Reservoir District had cash and cash equivalents (book balances) totaling \$426 140 as follows

Interest bearing demand deposits	\$322 312
Time deposits	103 678
Other	<u>150</u>
<b>Total</b>	<b><u>\$426,140</u></b>

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

At June 30 2004 the Poverty Point Reservoir District had \$426 863 in deposits (collected bank balances) as follows

	<u>Deposits in Bank Accounts</u>			<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other</u>	
Deposits in Bank Accounts per Balance Sheet	\$322 312	\$103 678	\$	\$425 990
a Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	100 000	103 678		203 678
b Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name				
c Uncollateralized including any securities held for the entity but not in the entity's name	<u>223,185</u>	<u>          </u>	<u>          </u>	<u>223,185</u>
<b>Total Bank Balances</b>	<b><u>\$323,185</u></b>	<b><u>\$103,678</u></b>	<b><u>\$          </u></b>	<b><u>\$426,863</u></b>

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

The following is a breakdown by banking institution program fund and amount of the balances shown above

<u>Banking Institution</u>	<u>Program</u>	<u>Total</u>
1 AmSouth Bank	General Fund	\$ 24 419
2 AmSouth Bank	Special Projects	268 742
3 Guaranty Bank	General Fund	103 678
4 AmSouth Bank	Special Projects	<u>30,024</u>
Total		<u>426,863</u>
Cash in State Treasury		_____
Petty Cash		<u>\$ 150</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3 R.S 39 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that fiscal agent has failed to pay deposited funds upon demand

**4 INVESTMENTS**

The Poverty Point Reservoir District has no investments during this period

**5 RECEIVABLES**

The receivables of \$69 168 at June 30 2004 are as follows

Capital Projects Fund	
Intergovernmental	
State grants	\$
Note receivable	68 900
General Fund	
Interest receivable	<u>268</u>
Total	<u>\$69,168</u>

Management estimates that the note receivable is fully collectible

**6 INTERFUND RECEIVABLES PAYABLES AND TRANSFERS**

The Poverty Point Reservoir District has no interfund receivables payables or transfers during this period

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**7 CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30 2004 for the primary government is as follows

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Government activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 2 416 049	\$ 14 410	\$	\$2 430 459
Construction in progress	2 664 008	135 429	2 799 437	
Infrastructure	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total capital assets not being depreciated</b>	<u>5,080,057</u>	<u>149,839</u>	<u>2,799,437</u>	<u>2,430,459</u>
<b>Capital assets being depreciated</b>				
Buildings		93 457		93 457
Machinery and equipment	80 014		47 628	32 386
Infrastructure	<u>887,146</u>	<u>13,397</u>	<u>558,836</u>	<u>341,707</u>
<b>Total capital assets being depreciated</b>	<u>967,160</u>	<u>106,854</u>	<u>606,464</u>	<u>467,550</u>
<b>Less accumulated depreciation for</b>				
Buildings		1 363		1 363
Machinery and Equipment	72 647	1 257	41 634	32,270
Infrastructure	<u>65,972</u>	<u>35,485</u>	<u>70,907</u>	<u>30,550</u>
<b>Total accumulated depreciation</b>	<u>138,619</u>	<u>38,105</u>	<u>112,541</u>	<u>64,183</u>
<b>Total capital assets being depreciated, net</b>	<u>828,541</u>	<u>68,749</u>	<u>493,923</u>	<u>403,367</u>
<b>Total capital assets</b>	<u>\$5,908,598</u>	<u>\$218,588</u>	<u>\$3,293,360</u>	<u>\$2,833,826</u>

Depreciation expense for the year ended June 30 2004 and 2003 was charged to the following governmental functions

	<u>Year Ended June 30</u>	
	<u>2,004</u>	<u>2,003</u>
General	\$ 1 363	\$ 9 936
Capital	<u>36,742</u>	<u>107,574</u>
	<u>\$38,105</u>	<u>\$117,510</u>

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**8 ACCOUNTS SALARIES AND OTHER PAYABLES**

The payables of \$32 145 at June 30 2004 are as follows

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Payroll Taxes Payable	\$295	\$	295
Trade Accounts	396	31 454	31 850
Other	—	—	—
Total	<u>\$691</u>	<u>\$31,454</u>	<u>\$32,145</u>

**9 SHORT TERM DEBT**

The Poverty Point Reservoir District has no short term debt activity during the period

**10 LEASES**

The Poverty Point Reservoir District has no capital leases during the period

**11 LONG-TERM OBLIGATIONS**

The long term obligations consist of compensated absences The following is a summary of the long term obligation transactions for the year ended June 30 2004

	<u>Compensated Absences</u>
Long term obligations at beginning of year	\$3 135
Additions	1 754
Deductions	<u>(1,754)</u>
Long term obligations of end of year	<u>\$3,135</u>

All of the obligations are considered to be long term



**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**12 RETIREMENT SYSTEMS**

All employees of the District are members of the Louisiana State Employees Retirement System (System) a cost sharing multiple-employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees which is administered and controlled by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36 months average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. In addition vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System Post Office Box 44213 Baton Rouge Louisiana 70804-4213 or by calling (504) 922-0608 or (800) 256 3000.

Members are required by state statute to contribute 7.5 percent of gross salary and the board is required to contribute at an actuarially determined rate as required by R. S. 11:102. The contribution rate for the fiscal years ended June 30 2004 and 2003 was 15.8 percent and 14.1 percent respectively of annual covered payroll. The District's contributions to the system for the years ending June 30 2004 2003 and 2002 were \$3,433 \$3,064 and \$9,685 respectively equal to the required contributions for each year.

**14 CONTINGENT LIABILITIES AND LITIGATION**

There are no pending litigations or claims against the District at June 30 2004 which if asserted in the opinion of the District's legal counsel would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

**15 RISK MANAGEMENT**

The Poverty Point Reservoir District is exposed to a variety of risks that may result in losses. These risks include possible loss from acts of God, injury to employees or breach of contract. The District finances these potential losses through purchasing insurance from several commercial companies. The level of coverage has remained constant. The District is not a member of a risk pool. There have been no reductions in insurance coverage from prior year coverages for the year ended June 30 2004. The District has not incurred any losses or made any settlement agreements.

**15 PER DIEM PAID BOARD MEMBERS**

Board members of the District are not compensated for their services in accordance with Act 888 of 1992.

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
JUNE 30 2004**

**16 COOPERATIVE ENDEAVOR**

LRS 33 9022 defines cooperative endeavors as any form of economic development assistance between and among the State of Louisiana, its local governmental subdivisions political corporations public benefit corporations the United States government or its agencies or any public or private association, corporation or individual The term cooperative endeavor includes cooperative financing cooperative development or any form of cooperative economic development activity The State of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the State The liability outstanding as of June 30 2004 by funding source is a follows

Funding Source	Balance June 30, 2004
Statutorily Dedicated Revenue	<u>\$2,321</u>

\*State Liability from Capital Outlay Appropriations

**17 TRANSFER OF POVERTY POINT RESERVOIR LAKE**

On January 14 2004 the Poverty Point Reservoir District signed an agreement to transfer the Poverty Point Reservoir Lake and its park related facilities to the State of Louisiana Department of Culture Recreation and Tourism The park related facilities include a marina, cabins gatehouse and other improvements During the current fiscal year construction contracts in progress on June 30 2003 were completed and transferred to State Parks in accordance with the agreement State Parks manages the Reservoir Lake and the related properties

**18 RESERVED FUND BALANCES**

The fund balance in the capital projects fund is reserved for capital projects outlay

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR 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 Amounts Budgetary (GAAP Basis)</u>	<u>Budget to GAAP Difference Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental				
Louisiana Department of Transportation and Development	\$50 000	\$ 50 000	\$ 50 000	\$
Licenses and permits			250	250
Investment earnings	_____	_____	<u>1,428</u>	<u>1,428</u>
<b>TOTAL REVENUES</b>	<u>50,000</u>	<u>50,000</u>	<u>51,678</u>	<u>1,678</u>
<b>EXPENDITURES</b>				
Administrative salaries	22 000	21 727	21 727	
Auto expenses	1 000	1 281	1 281	
Insurance	20 000	17 328	16 232	1 096
Miscellaneous	1 500	2 888	2 314	574
Office maintenance	4 100	4 302	4 302	
Office supplies	1 600	2 145	2 145	
Professional fees	4 000	3 455	3 455	
Retirement	3 500	3 433	3 433	
Taxes	500	315	165	150
Travel expense	3 800	3 309	3 309	
Utilities	<u>12,000</u>	<u>5,974</u>	<u>5,695</u>	<u>279</u>
<b>TOTAL EXPENDITURES</b>	<u>74,000</u>	<u>66,157</u>	<u>64,058</u>	<u>2,099</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(24,000)</u>	<u>(16,157)</u>	<u>(12,380)</u>	<u>3,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Capital Projects	_____	_____	<u>26,117</u>	<u>26,117</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	_____	_____	<u>26,117</u>	<u>26,117</u>

(Continued)

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR 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 Amounts Budgetary (GAAP Basis)</u>	<u>Budget to GAAP Difference Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Net Change in Fund Balance	(24 000)	(16 157)	13 737	<u>\$29,894</u>
Fund Balance (Deficit) at Beginning of Year	<u>116,233</u>	<u>116,233</u>	<u>116,233</u>	
Fund Balance (Deficit) at End of Year	<u>\$ 92,233</u>	<u>\$100,076</u>	<u>\$129,970</u>	

## Notes to the Schedule

(1) The budget of the Poverty Point Reservoir District is prepared on the GAAP basis of accounting

The notes to the financial statements are an integral part of this statement

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary (GAAP Basis)</u>	<u>Budget to GAAP Difference Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental				
Louisiana Department of Transportation and Development	\$100 000	\$100 000	\$100 000	\$
Licenses and permits			400	400
Investment earnings	_____	_____	<u>2,008</u>	<u>2,008</u>
<b>TOTAL REVENUES</b>	<u>100,000</u>	<u>100,000</u>	<u>102,408</u>	<u>2,408</u>
<b>EXPENDITURES</b>				
Administrative salaries	22 000	21 727	21 727	
Auto expenses	1 000	919	919	
Insurance	15 500	18 899	19 030	(131)
Miscellaneous	1 500	1 401	1 455	(54)
Office maintenance	4 000	4 052	4 271	(219)
Office supplies	1 500	1 436	1 436	
Professional fees	4 700	5 870	6 711	(841)
Retirement	3 500	2 825	2 938	(113)
Taxes	500	315	328	(13)
Travel expense	3 800	3 295	3 712	(417)
Utilities	12 000	7 564	7 514	50
Capital Outlay	_____	_____	<u>586</u>	<u>(586)</u>
<b>TOTAL EXPENDITURES</b>	<u>70,000</u>	<u>68,303</u>	<u>70,627</u>	<u>(2,324)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>30,000</u>	<u>31,697</u>	<u>31,781</u>	<u>84</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Economic Development Grant	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	_____
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	_____

(Continued)

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary (GAAP Basis)</u>	<u>Budget to GAAP Difference Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Net Change in Fund Balance	(20 000)	(18 303)	(18 219)	<u>\$ 84</u>
Fund Balance (Deficit) at Beginning of Year	<u>134,452</u>	<u>134,452</u>	<u>134,452</u>	
Fund Balance (Deficit) at End of Year	<u>\$114,452</u>	<u>\$116,149</u>	<u>\$116,233</u>	

## Notes to the Schedule

(1) The budget of the Poverty Point Reservoir District is prepared on the GAAP basis of accounting

The notes to the financial statements are an integral part of this statement

**OTHER SUPPLEMENTAL SCHEDULES**



STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
ANNUAL FINANCIAL STATEMENTS  
AS OF JUNE 30 2004 AND  
FOR THE YEAR THEN ENDED

**POVERTY POINT RESERVOIR DISTRICT  
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT  
STATE OF LOUISIANA**

**Annual Financial Statements  
As Of and For the Year Ended June 30 2004  
With Supplemental Information Schedules**

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**TRANSMITTAL LETTER**

**ANNUAL FINANCIAL STATEMENTS**

August 30 2004

Office of Legislative Auditor  
Attention Ms Suzanne Elliott  
1600 North Third  
P O Box 94397  
Baton Rouge LA 70804 9397

Dear Ms Elliott

In accordance with Louisiana Revised Statute 24 514 enclosed are the annual financial statements for the Poverty Point Reservoir District Louisiana as of and for the fiscal year ended June 30 2004 This report includes all funds under the control and oversight of the Poverty Point Reservoir District

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States

Sincerely

  
Chairman

Enclosure

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30 2004

Poverty Point Reservoir District

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P O Box 94095  
Baton Rouge Louisiana 70804 9095

Legislative Auditor  
P O Box 94397  
Baton Rouge Louisiana 70804 9397

AFFIDAVIT

Personally came and appeared before the undersigned authority Mike Martin Chairman of the Board of Poverty Point Reservoir District Louisiana who duly sworn deposes and says that the financial statements herewith given present fairly the financial position of Poverty Point Reservoir District at June 30 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board Sworn and subscribed before me this 27th day of August 2004

( ) ( ) ( )  
' ( ) ( ) ( )

Mike Martin  
Signature of Agency Official  
Mike Martin

Jackie Nored  
NOTARY PUBLIC JACKIE NORED 66649

Prepared by Susan C Cochran  
Title CPA  
Telephone No 318 728 4855  
Date \_\_\_\_\_

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

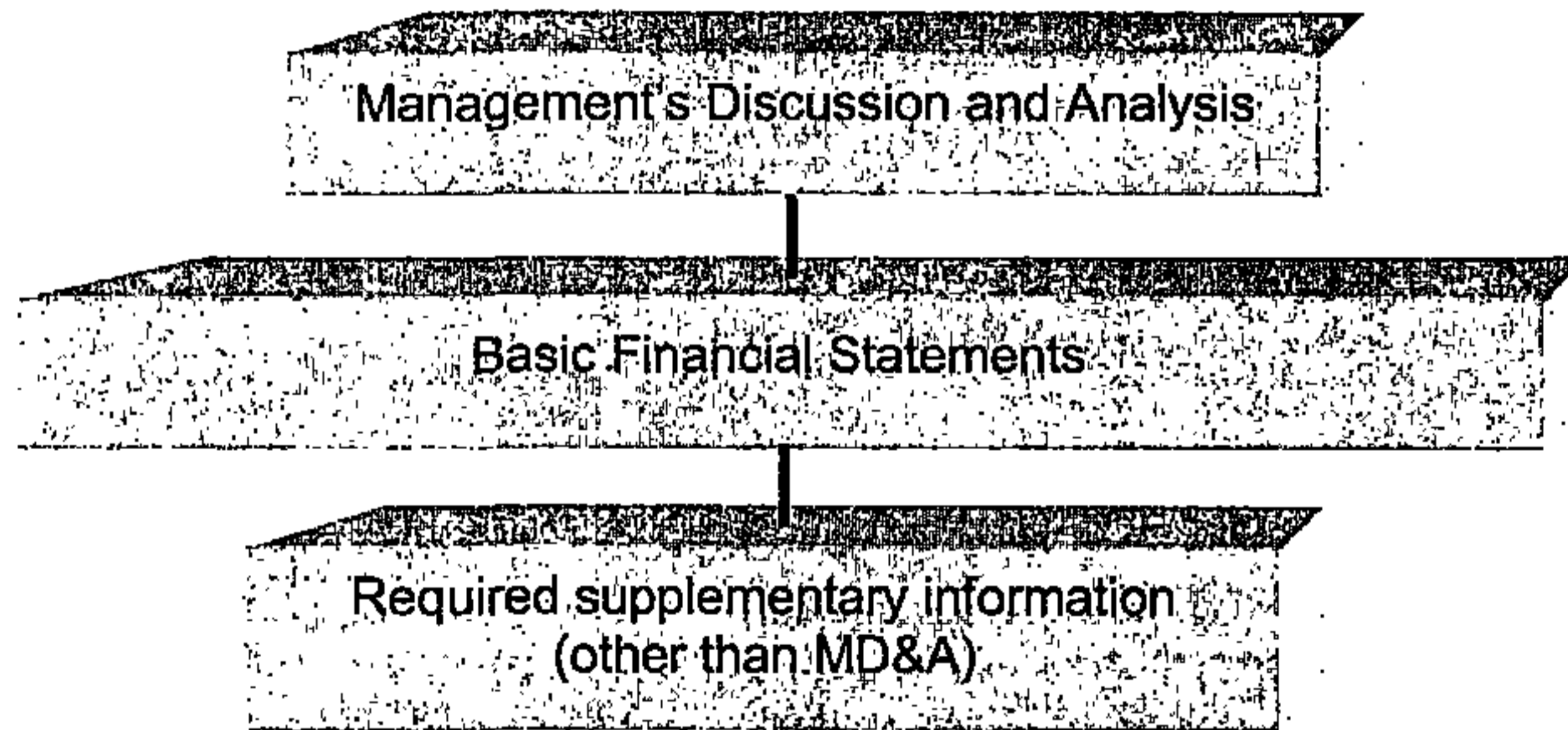
The Management's Discussion and Analysis of the Poverty Point Reservoir District's financial performance presents a narrative overview and analysis of Poverty Point Reservoir District's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Poverty Point Reservoir District's financial statements.

**FINANCIAL HIGHLIGHTS**

- ★ The Poverty Point Reservoir District's assets exceeded its liabilities at the close of fiscal year 2004 by \$3,296,266 which represents a 49% decrease from last fiscal year. The reduction is the result of the transfer of assets to the Office of State Parks.
- ★ Construction activities for the construction of the lake have been completed and transferred to the Office of State Parks.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

**Basic Financial Statements**

The basic financial statements present information for the Poverty Point Reservoir District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Poverty Point Reservoir District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how Poverty Point Reservoir District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how Poverty Point Reservoir District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets as of June 30		Total	
	2004	2003	
Current and other assets	\$ 497,720	\$ 900,524	
Capital assets	2,833,826	5,908,598	
Total assets	<u>3,331,546</u>	<u>6,809,122</u>	
Other liabilities	35,280	290,058	
Long-term debt outstanding	0	0	
Total liabilities	<u>35,280</u>	<u>290,058</u>	
Net assets			
Invested in capital assets, net of debt	2,833,826	5,908,598	
Restricted	335,605	497,368	
Unrestricted	126,835	113,098	
Total net assets	<u>\$ 3,296,266</u>	<u>\$ 6,519,064</u>	

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.



**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

Net assets of Poverty Point Reservoir District's decreased by \$3,074,772 or 52%, from June 30, 2003 to June 30, 2004. The major cause of this decrease is the transfer of the remaining assets of the lake development to State Parks. Other asset activities include the completion of the construction in progress on the lake development and the purchase of a office facility for the District.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2004**

	Total	
	2004	2003
Operating revenues	\$ 250	\$ 0
Operating expenses	-114,297	-188,137
Operating income(loss)	-114,247	-188,137
Non-operating revenues(expenses)	160,580	4,755,097
Income(loss) before Contributions and Transfers	46,333	4,566,960
Capital Contribution (Transfer to State Parks)	-3,269,131	-22,036,997
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ -3,222,798	\$ -17,470,037

The Poverty Point Reservoir District's total revenues increased by \$ 250 or (100%). The total cost of all programs and services decreased by \$73,840 or 39%.

**STATEMENT OF CASH FLOWS**

Another way to assess the financial health of Poverty Point Reservoir District is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

**Statement of Cash Flows**

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents provided used by:		
Operating activities	-80,956	-74,420
Non-Capital Financing activities	\$ 426,560	\$ 50,000
Capital Financial Activities	-469,283	126,925
Investing activities	4,304	\$ 14,531
Net increase in cash and cash equivalents	-119,375	-136,814
Cash and cash equivalents		
Beginning of year	545,515	682,329
End of year	\$ 426,160	\$ 545,515

**CAPITAL ASSETS**

**Capital Assets**

At the end of 2004, the Poverty Point Reservoir District had \$2,833,826 invested in a broad range of capital assets, including land, buildings, equipment and infrastructure. (See Table below)

This amount represents a net decrease (including additions and deductions) of \$3,074,772, or 52%, over last year.

Capital Assets at Year-end  
(Net of Depreciation)

	<u>2004</u>	<u>2003</u>
Land	\$ 2,430,459	\$ 2,416,049
Buildings and improvements	92,094	0
Equipment	115	7,367
Infrastructure	311,158	821,174
Construction in Progress		2,664,008
Totals	\$ \$ 2,833,826	\$ \$ 5,908,598

This year's major additions included:

- Office Building and Land 107,867
- Completion of Construction in Progress 135,429
- Repair to Pumping Station 13,397

The major decrease in assets represents the transfer to State Parks of the following:

- Marina and Parking 2,651,871
- Access Control Structure 123,079
- Pumping Station 487,929
- Miscellaneous 6,252

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30 2004**

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were as budgeted and expenditures were less than budget due in part to a decrease in expenditures as the lake development activities are completed

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Poverty Point Reservoir District's elected and appointed officials considered the following factors and indicators when setting next year's budget and fees. These factors and indicators include:

- Expenses necessary to fund general operations of the District
- Cash flow projected from the collection of accounts receivable as development lots are sold

The Poverty Point Reservoir District expects that next year's results will improve based on the following:

The final activities necessary to transfer the lake project are completed and State Parks is responsible for the operating activities of the lake.

**CONTACTING THE POVERTY POINT RESERVOIR DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Poverty Point Reservoir District's finances and to show the Poverty Point Reservoir District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael M. Martin, Chairman.

# Cochran Clark & Robinson

A Corporation of Certified Public Accountants

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Board of Directors  
Poverty Point Reservoir District of Louisiana  
P O Box 811  
Delhi LA 71232

We have compiled the accompanying basic purpose financial statements of the Poverty Point Reservoir District of Louisiana a component unit of the State of Louisiana as of and for the year ended June 30 2004 in accordance with policies and practices established by the Division of Administration State of Louisiana

A compilation is limited to presenting in the form of financial statements information that is the representation of the District's management. We have not audited or reviewed the accompanying basic purpose financial statements and accordingly do not express an opinion or any other form of assurance on them.

The management's discussion and analysis budgetary comparison information and other supplemental schedules are not a required part of the basic financial statements but are supplementary information required by the Division of Administration State of Louisiana. We have compiled the supplementary information from information that is the representation of management without audit or review. Accordingly we do not express an opinion or any other form of assurance on the supplementary information.

*Cochran Clark & Robinson*

August 30 2004

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
BALANCE SHEET  
AS OF JUNE 30 2004**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents (Note C1)	\$ 426,140
Investments (Note C2)	
Receivables (net of allowance for doubtful accounts)(Note U)	69,168
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	2,412
<b>Total current assets</b>	<b>497,720</b>

**NONCURRENT ASSETS**

Restricted assets (Note F)	
Cash	
Investments	
Receivables	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	2,430,459
Buildings and improvements	92,094
Machinery and equipment	115
Infrastructure	311,158
Construction in progress	0
Other noncurrent assets	
<b>Total noncurrent assets</b>	<b>2,833,826</b>
<b>Total assets</b>	<b>\$ 3,331,546</b>

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accruals (Note V)	\$ 32,145
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
<b>Total current liabilities</b>	<b>32,145</b>

**NON-CURRENT LIABILITIES**

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	3,135
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
<b>Total long-term liabilities</b>	<b>3,135</b>
<b>Total liabilities</b>	<b>35,280</b>

**NET ASSETS**

Invested in capital assets net of related debt	2,833,826
Restricted for	
Capital projects	335,605
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	126,835
<b>Total net assets</b>	<b>3,296,266</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,331,546</b>

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

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
STATEMENT OF REVENUES EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30 2004**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses permits and fees	250
Other	_____
Total operating revenues	<u>250</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	12,333
Administrative	64,059
Depreciation	38,105
Amortization	_____
Total operating expenses	<u>114,497</u>
Operating income(loss)	<u>(114,247)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	104,831
Intergovernmental revenues (expenses)	50,000
Taxes	_____
Use of money and property	3,862
Gain (loss) on disposal of fixed assets	1,887
Federal grants	_____
Interest expense	_____
Total non-operating revenues(expenses)	<u>160,580</u>
Income(loss) before contributions and transfers	<u>46,333</u>
Capital contributions (Transfer to State Parks)	(3,269,131)
Transfers in	_____
Transfers out	_____
Change in net assets	<u>(3,222,798)</u>
Total net assets – beginning as restated	<u>6,519,064</u>
Total net assets – ending	<u>\$ 3,296,266</u>

The accompanying notes are an integral part of this financial statement

Statement B

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Entry	\$ <u>114 497</u>	\$ <u>250</u>	\$ <u>50 000</u>	\$ <u>104 831</u>	\$ <u>40 584</u>
<b>General revenues</b>					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					<u>3 862</u>
Miscellaneous					<u>1 887</u>
Special items    Transfer to State Parks					<u>(3 269 131)</u>
Transfers					
Total general revenues special items and transfers					
Change in net assets					<u>(3 222 798)</u>
Net assets beginning					<u>6 519 064</u>
Net assets ending					<u>\$ 3 296 266</u>



**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30 2004**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 11,950	
Cash payments to suppliers for goods and services	(58,471)	
Cash payments to employees for services	(34,435)	
Payments in lieu of taxes		
Internal activity payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>(80,956)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations	376,560	
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received	50,000	
Other		
Transfers In		
Transfers Out		
Net cash provided(used) by non capital financing activities		<u>426,560</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(495,400)	
Proceeds from sale of capital assets	26,117	
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(469,283)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	4,304	
Net cash provided(used) by investing activities		<u>4,304</u>
Net increase(decrease) in cash and cash equivalents		<u>(119,375)</u>
Cash and cash equivalents at beginning of year		<u>545,515</u>
Cash and cash equivalents at end of year	\$	<u><u>426,140</u></u>

The accompanying notes are an integral part of this statement

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30 2004**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities**

Operating income(loss)		\$ <u>(114,247)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	38,105	
Provision for uncollectible accounts		
Changes in assets and liabilities		
(Increase)decrease in accounts receivable net	11,700	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(442)	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(16,071)	
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
 Net cash provided(used) by operating activities		 \$ <u><u>(80,955)</u></u>

**Schedule of noncash investing capital and financing activities**

Borrowing under capital lease	
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
<u>Transfer to State Parks</u>	<u>(3,269,131)</u>
 <b>Total noncash investing capital and financing activities</b>	 <b><u><u>(3,269,131)</u></u></b>

(Concluded)

The accompanying notes are an integral part of this statement

Statement D

**POVERTY POINT RESERVOIR DISTRICT  
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT  
STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30 2004**

**INTRODUCTION**

The Poverty Point Reservoir District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38 3087. The following is a brief description of the operations of Poverty Point Reservoir District which includes the parishes of Richland Madison East Carroll and West Carroll in which the District is located. The district is created for the purpose of the development of the wealth and natural resources of the district by the conservation of soil and water for agricultural recreational commercial industrial and sanitary purposes. The creation and maintenance of a lake within the district shall be for such purposes. The board is composed of eight members appointed by the governor.

The oversight reporting entity is the State of Louisiana. The district is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the State's boundaries. The accompanying financial statements represent the activities of the Poverty Point Reservoir District of Louisiana and therefore are a part of the fund and account group structure of the general purpose financial statements of the State of Louisiana.

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A Government Wide and Fund Financial Statements**

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, Statement No. 37 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Omnibus and Interpretation No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of July 1, 2001.

The government wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the activities of the Poverty Point Reservoir District. 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. Fiduciary funds are not included in government wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase use or directly benefit from goods services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not presently have indirect expenses and therefore none have been allocated in the Statement of Activities.

Restricted resources are used first to fund capital outlay expenditures.

Separate financial statements are provided for governmental fund types. All individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. 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. Compensated absences and claims and judgments are recorded only when payment is due.

The Poverty Point Reservoir District reports the following governmental funds:

##### General Fund

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

##### Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition construction or improvements of major capital facilities other than those not reported in other funds.

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 Internally dedicated resources are reported as general revenues rather than as program revenues

**C Deposits and Investments**

For reporting purposes deposits with financial institutions include savings demand deposits time deposits and certificates of deposit Under state law the Poverty Point Reservoir District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana national banks having their principal office in the state of Louisiana in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions

**D 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 column in the government wide financial statements Capital assets are capitalized at historical cost The Poverty Point Reservoir 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 assets lives are not capitalized

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

All capital assets other than land lake and certain infrastructure assets are depreciated using the straight line method over the following useful lives

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure assets	25 50 years
Land improvements	20 30 years
Buildings and building improvements	25 40 years
Furniture and fixtures	5 7 years
Vehicles	5 years
Equipment	5 7 years

**E Compensated Absences**

The Poverty Point Reservoir District has the following policy on annual and sick leave



Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges computed in accordance with GASB Codification Section C60 is recognized as a current year expenditure in the General Fund when leave is actually taken. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in the Statement of Net Assets.

**F Fund Equity**

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**G Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Poverty Point Reservoir District which are either unusual in nature or infrequent in occurrence.

**H Estimates**

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

**I Reconciliations of Government Wide and Fund Financial Statements**

*Explanation of certain differences between the governmental fund balance sheet and the government wide statement of net assets. The following reconciles the fund balances of governmental funds to the government wide statement of net assets.*

Fund Balances - Total Governmental Funds		465 575
Compensated Absences	3 135	
Capital Assets (Net)	<u>2 833 826</u>	
Net Adjustment		<u>2 836 961</u>
Net Assets of Governmental Activities		<u>3,296,266</u>

Explanation of certain differences between the governmental fund statement of revenues expenditures and changes in fund balances and the government wide statement of activities The following reconciles the net changes in fund balance total governmental funds to the changes in net assets of governmental activities

Net Change in Fund Balances -		
Total Government Funds		(148 025)
Capital Outlay	256 693	
Sale of Assets	( 24 230)	
Depreciation	( 38 105)	
Transfer of Assets to State Parks	<u>(3 269 131)</u>	
Net Adjustment		<u>(3,074,773)</u>
Change in Net Assets of		
Governmental Activities		<u>(3,222,798)</u>

## 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

The Poverty Point Reservoir District utilizes the following budgetary practices

The District prepares its budget in accordance with Louisiana Revised Statute 39 1301 The budget is prepared on a modified accrual basis for the General Fund The budget for the fiscal year ended June 30 2004 was adopted in June 2003 Formal budget integration is employed as a management control device during the year for the General Fund All appropriations lapse at year end and any encumbrances outstanding at year end in the governmental funds are included in the next year's budget with funds appropriated in that year to finance them

## 3 CASH AND CASH EQUIVALENTS

At June 30 2004 the Poverty Point Reservoir District has cash and cash equivalents (book balances) totaling \$426 140 as follows

Interest bearing demand deposits	\$322 312
Time Deposits	103 678
Other	<u>150</u>
Total	<u>426,140</u>

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



At June 30 2004 the Poverty Point Reservoir District has \$426 863 in deposits (collected bank balances) as follows

	Deposits in Bank Accounts			<u>Total</u>
	<u>Cash</u>	<u>Certificates Of Deposit</u>	<u>Other (Describe)</u>	
Deposits in Bank Accounts per Balance Sheet	322 312	103 678		425 990
Bank Balances				
a Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity s name	100 000	103 678		203 678
b Collateralized with securities held by pledging financial institution s trust department or agent in the entity s name				
c Uncollateralized including any securities held for the entity but not in the entity s name	<u>223 185</u>			<u>223,185</u>
Total Bank Balances	<u>323,185</u>	<u>103,678</u>		<u>426,863</u>

The following is a breakdown by banking institution program fund and amount of the balances shown above

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1 AmSouth Bank	General Fund	24 419
2 AmSouth Bank	Special Projects	268 742
3 Guaranty Bank	General Fund	103 678
4 AmSouth Bank	Special Projects	<u>30,024</u>
Total		<u>426,863</u>
Cash in State Treasury		
Petty Cash		<u>150</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3 R S 39 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand

#### 4 RECEIVABLES

The receivables of \$69 168 at June 30 2004 are as follows

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Note Receivable		68 900	68 900
Interest Receivable	<u>268</u>		<u>268</u>
Total	<u>268</u>	<u>68,900</u>	<u>69,168</u>

Management estimates that the note receivable is fully collectible

#### 5 INTERFUND RECEIVABLES/PAYABLES

There are no interfund receivables or payables at June 30 2004

#### 6 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30 2004 for the primary government is as follows

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital asset not being depreciated				
Land	2 416 049	14 410		2 430 459
Construction in progress	2 664 008	135 429	2 799 437	
Infrastructure				
Total Capital Asset not being depreciated	<u>5 080 057</u>	<u>149,839</u>	<u>2 799,437</u>	<u>2 430,459</u>
Capital Assets being depreciated				
Buildings		93 457		93 457
Machinery and Equipment	80 014		47 628	32 385
Infrastructure	<u>887 146</u>	<u>13,397</u>	<u>558,836</u>	<u>341 708</u>
Total Capital Assets being depreciated	<u>967,160</u>	<u>106 854</u>	<u>606,464</u>	<u>467,550</u>
Less Accumulated Depreciation for				
Buildings		1 363		1 363
Machinery and Equipment	72 647	1 257	41 634	32 270
Infrastructure	<u>65,972</u>	<u>35 485</u>	<u>70,907</u>	<u>30,550</u>
Total Accumulated Depreciation	<u>138,619</u>	<u>38 105</u>	<u>112 541</u>	<u>64,183</u>
Total Capital Asset being depreciated net	<u>828,541</u>	<u>68,749</u>	<u>493,923</u>	<u>403,367</u>
Total Capital Assets	<u>5,908,598</u>	<u>218,588</u>	<u>3,293,360</u>	<u>2,833,826</u>

Depreciation expense of \$38 105 for the year ended June 30 2004 was charged to the following governmental functions

General	1 363
Capital	36 742

**7 INTERFUND RECEIVABLES PAYABLE AND TRANSFERS**

There were no interfund transfers in the year ended June 30 2004

**8 ACCOUNTS SALARIES AND OTHER PAYABLES**

The payables of \$32 145 at June 30 2004 are as follows

	General <u>Fund</u>	Capital Projects <u>Fund</u>	<u>Total</u>
Payroll Taxes Payable	295		295
Trade Accounts	<u>396</u>	<u>31,454</u>	<u>31 850</u>
Total	<u>691</u>	<u>31,454</u>	<u>32,145</u>

**9 SHORT TERM DEBT**

The Poverty Point Reservoir District has no short term debt

**10 LEASES**

The Poverty Point Reservoir District has no capital lease obligations

**11 LONG TERM OBLIGATIONS**

The long term obligations consist of compensated absences The following is a summary of the long term obligation transactions for the year ended June 30 2004

	Compensated <u>Absences</u>
Long term obligations at Beginning of Year	3 135
Additions	1 754
Deductions	<u>1,754</u>
Long term obligations at End of Year	<u>3,135</u>

All of the obligations are considered to be long term

## 12 RETIREMENT SYSTEMS

Substantially all of the employees of the District are members of the La State Employees Retirement System (System) a cost sharing multiple employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees which is administered and controlled by a separate board of trustees.

All full time District employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit payable monthly for life at (a) any age with 30 years of service (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. In addition vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804 4213 or by calling (225) 922 0608 or (800) 256 3000.

Members are required by state statute to contribute 7.5% of gross salary and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The employer contribution rate for the fiscal year ended June 30, 2004 was 14.1%. The District contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$3,433, \$2,938, and \$9,685 respectively, equal to the required contributions for each year.

## 13 OTHER POSTEMPLOYMENT BENEFITS

The Poverty Point Reservoir District provides no postemployment benefits.

## 14 RISK MANAGEMENT

The District is exposed to a variety of risks that may result in losses. These risks include possible loss from acts of God, injury to employees, property damage, or breach of contract. The District finances these potential losses through purchasing insurance from several commercial companies. The level of coverage has remained constant. The District is not a member of a risk pool. There have been no reductions in insurance coverage from prior year coverages for the year ended June 30, 2004. The District has not incurred any losses or made any settlement agreements.

**15 CONTINGENT LIABILITES AND LITIGATION**

There are no pending litigations or claims against the District at June 30 2004 which if asserted in the opinion of the District s legal counsel would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements

**16 COOPERATIVE ENDEAVOR**

LRS 33 9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana its local governmental subdivisions political corporations public benefit corporations the United States government or its agencies or any public or private association corporation or individual The term cooperative endeavor includes cooperative financing cooperative development or any form of cooperative economic development activity The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state The liability outstanding as of June 30 2004 by funding source is as follows

<u>Funding Source</u>	<u>Balance</u> <u>June 30 2004</u>
Statutorily Dedicated Revenue	<u>2,321</u>

State Liability from Capital Outlay Appropriations

**17 TRANSFER OF POVERTY POINT RESERVOIR LAKE**

On January 14 2004 the Poverty Point Reservoir District signed an agreement to transfer the Poverty Point Reservoir Lake and its park related facilities to the State of Louisiana Department of Culture Recreation and Tourism The park related facilities include a marina cabins gatehouse and other improvements During the current fiscal year construction contracts were in progress on June 30 2003 were completed and transferred to State Parks in accordance with the agreement State Parks manages the Reservoir Lake and the related properties

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

Statement of Revenue Expenditures and Change in Fund Balances  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2004

*Required Supplemental Information*

	Budgeted Amount		Actual Amounts Budgetary Basis	Budget to GAAP	Actual Amount GAAP Basis
	Original	Fiscal		Differences Over (Under)	
Revenue					
Intergovernmental	50,000	50,000	50,000	\$	50,000
Interest			1,428	1,428	1,428
Other			250	250	250
<b>Total Revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>51,678</b>	<b>1,678</b>	<b>51,678</b>
Expenditures					
Salaries	22,000	21,727	21,727	0	21,727
Aut. Expense	1,000	1,281	1,281	0	1,281
Insurance	20,000	17,328	16,232	1,096	16,232
Miscellaneous	1,500	2,888	2,314	574	2,314
Office Maintenance	4,100	4,302	4,302	0	4,302
Office Supplies	1,600	2,145	2,145	0	2,145
Professional Fees	4,000	3,455	3,455	0	3,455
Retirement	3,500	3,433	3,433	0	3,433
Taxes	500	315	165	150	165
Travel	3,800	3,309	3,309	0	3,309
Utilities	12,000	5,974	5,695	279	5,695
<b>Total Expenditures</b>	<b>74,000</b>	<b>66,157</b>	<b>64,058</b>	<b>2,099</b>	<b>64,058</b>
Excess of Revenues Over Expenditures	24,000	16,157	12,380	3,777	12,380
Other Financing Sources (Uses)					
Transfer from Capital Projects			26,117	26,117	26,117
<b>Total Other Financing Sources (uses)</b>	<b>0</b>	<b>0</b>	<b>26,117</b>	<b>26,117</b>	<b>26,117</b>
<b>Net Change in Fund Balance</b>	<b>24,000</b>	<b>16,157</b>	<b>13,737</b>	<b>29,894</b>	<b>13,737</b>
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>116,233</b>	<b>116,233</b>	<b>116,233</b>	<b>0</b>	<b>116,233</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>92,233</b>	<b>100,076</b>	<b>129,970</b>	<b>29,894</b>	<b>129,970</b>

Supplemental Information: This report is an integral part of the financial statements.

**STATE OF LOUISIANA  
 POVERTY POINT RESERVOIR DISTRICT  
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
 FOR THE YEAR ENDED JUNE 30 2004**

<u>Name</u>	<u>Amount</u>
<u>Mike Martin</u>	<u>\$ 0</u>
<u>Edward Eiland</u>	<u>0</u>
<u>Cleophas May</u>	<u>0</u>
<u>James Morse</u>	<u>0</u>
<u>Mike Gammill</u>	<u>0</u>
<u>David Doughty</u>	<u>0</u>
<u>Sylvia Armstrong</u>	<u>0</u>
<u>Brant Thompson</u>	<u>0</u>
	<u>\$ 0</u>



**STATE OF LOUISIANA  
 POVERTY POINT RESERVOIR DISTRICT  
 SCHEDULE OF STATE FUNDING  
 FOR THE YEAR ENDED JUNE 30 2004**

<u>Description of Funding</u>	<u>Amount</u>
1 <u>State Capital Outlay</u>	\$ <u>12,508</u>
2 <u>State Grant Land &amp; Water Conservation Fund</u>	<u>92 323</u>
3 _____	_____
4 _____	_____
5 _____	_____
6 _____	_____
7 _____	_____
8 _____	_____
9 _____	_____
10 _____	_____
<b>Total</b>	<b>\$ <u>104 831</u></b>

**STATE OF LOUISIANA  
POVERTY POINT RESERVOIR DISTRICT**

**COMPARISON FIGURES**

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 50,000	\$ 100 000	\$ 50,000	\$ 50 /
Expenses	66,157	70,000	3,843	5 %
2) Capital assets	2,833,826	5 098 598	-3,074,772	52%
Long-term debt	0	0	0	0
Net Assets	2 833 826	5,908,598	3,074,772	52%

Explanation for change The District has completed construction on the lake and all facilities Transfer has been made to State Parks of the remaining projects that were in progress at the beginning of the year

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 50 000	\$ 50,000	\$ 0	\$ 0
Expenditures	74 000	66 157	7 843	11%

Explanation for change The expected expenditures for insurance and utilities have decreased as lake development properties were transferred to the office of State Parks

**SCHEDULE 3**

# MEEKS & CALVIT

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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217 Benedette Street Rayville, Louisiana 71269 318-728 0007 Fax 318 728 5533

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Zoe P Meeks CPA

Sylvia D Calvit, CPA

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

Board of Commissioners  
Poverty Point Reservoir District  
Delhi Louisiana

We have audited the basic financial statements of the Poverty Point Reservoir District a component unit of the State of Louisiana reporting entity as of and for the two years ended June 30 2004 and have issued our report thereon dated August 23 2004 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States

#### Compliance

As part of obtaining reasonable assurance about whether the Poverty Point Reservoir District s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws regulations contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts However providing an opinion on compliance with 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 the Poverty Point Reservoir District s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 basic 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 and use of the Legislative Auditor of the State of Louisiana and the audit committee management, and Board of Commissioners of Poverty Point Reservoir District. However, this report is a matter of public record and is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 24:513.

*Theresa Calvert*

Rayville Louisiana  
August 23 2004