

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

ANNUAL FINANCIAL REPORT

June 30, 2010

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 3/2/11

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
As of and for the Year Ended June 30, 2010

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AMERICAN INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Webster Parish Industrial District's financial statements as a whole. The information listed as other supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

Jameson, Wise & Martin

Minden, Louisiana

December 27, 2010

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2010
(Unaudited)

The Management's Discussion and Analysis (MD&A) of the North Webster Parish Industrial District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the North Webster Parish Industrial District's financial performance.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12 and 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 14. For governmental activities, fund statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 12. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
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assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the occupancy and expansion of the industrial park, to assess the overall health of the District.

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

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

Fund financial statements

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

- **Governmental funds** – The District's report is made of two governmental funds, the general fund and debt service fund. The primary operations are reported in the general fund which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The debt service fund accounts for resources used to service long-term debt. 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 governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2010
(Unaudited)

We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

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

THE DISTRICT AS A WHOLE

For the year ended June 30, 2010, net assets changed as follows:

Table 1
Net Assets

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 3,308,404	\$ 3,393,103	\$ 648	\$ 747	\$ 3,309,052	\$ 3,393,850
Capital assets	<u>8,027,014</u>	<u>8,416,958</u>	<u>857,387</u>	<u>842,958</u>	<u>8,884,401</u>	<u>9,259,916</u>
Total assets	<u>11,335,418</u>	<u>11,810,061</u>	<u>858,035</u>	<u>843,705</u>	<u>12,193,453</u>	<u>12,653,766</u>
Current liabilities	(172,679)	(224,813)	(15,501)	(851)	(188,180)	(225,664)
Other liabilities	<u>(2,069,296)</u>	<u>(2,774,635)</u>	<u>-</u>	<u>-</u>	<u>(2,069,296)</u>	<u>(2,774,635)</u>
Total liabilities	<u>(2,241,975)</u>	<u>(2,999,448)</u>	<u>(15,501)</u>	<u>(851)</u>	<u>(2,257,476)</u>	<u>(3,000,299)</u>
Net assets:						
Invested in capital assets, net of debt	8,027,014	6,094,430	857,387	842,958	8,884,401	6,937,388
Unrestricted (deficit)	<u>1,066,429</u>	<u>2,716,183</u>	<u>(14,853)</u>	<u>(104)</u>	<u>1,051,576</u>	<u>2,716,079</u>
Total net assets	\$ <u>9,093,443</u>	\$ <u>8,810,613</u>	\$ <u>842,534</u>	\$ <u>842,854</u>	\$ <u>9,935,977</u>	\$ <u>9,653,467</u>

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As mentioned earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$9,093,443 and \$842,534 in the governmental and business type activities, respectively, at the close of the most recent fiscal year.

The largest portion of the District's net assets (88%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide infrastructure and buildings to tenants operating within the industrial park. These assets are not available for future spending, unless sold to the tenants.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements – are \$1,066,429 in the governmental activities at the end of the current year. The business-type activities report a deficit of \$14,853 in its unrestricted net assets.

Table 2
Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 495,615	\$ 492,986	\$ 8,935	\$ 10,642	\$ 504,550	\$ 503,628
Capital grants and contributions	-	-	34,125	-	34,125	-
General revenues						
Property taxes	466,898	331,982	-	-	466,898	331,982
Royalties	10,911	13,774	-	-	10,911	13,774
Investment earnings	91,022	114,925	-	-	91,022	114,925
Other revenues	<u>89,602</u>	<u>85,793</u>	<u>-</u>	<u>-</u>	<u>89,602</u>	<u>85,793</u>
Total revenues	<u>1,154,048</u>	<u>1,039,460</u>	<u>43,060</u>	<u>10,642</u>	<u>1,197,108</u>	<u>1,050,102</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
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(Unaudited)

Table 2
Changes in Net Assets (cont')

Program expenses						
General government	645,826	619,226	-	-	645,826	619,226
Park maintenance	7,920	6,571	-	-	7,920	6,571
Interest on long-term debt	84,147	62,642	-	-	84,147	62,642
Water and sewer	<u>-</u>	<u>-</u>	<u>83,606</u>	<u>130,839</u>	<u>83,606</u>	<u>130,839</u>
Total expenses	<u>737,893</u>	<u>688,439</u>	<u>83,606</u>	<u>130,839</u>	<u>821,499</u>	<u>819,278</u>
Excess (deficiency) before transfers	416,155	351,021	(40,546)	(120,197)	375,609	230,824
Gain(loss) on sale of assets	(93,099)	-	-	-	(93,099)	-
Transfers	<u>(40,226)</u>	<u>(72,706)</u>	<u>40,226</u>	<u>72,706</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>\$ 282,830</u>	<u>\$ 278,315</u>	<u>\$ (320)</u>	<u>\$ (47,491)</u>	<u>\$ 282,510</u>	<u>\$ 230,824</u>

Governmental-type activities

The net assets of the governmental type activities were increased by \$282,830. Total revenues increased in comparison to amounts reported in the prior year although the District recognized decreases in royalties and investment income. The revenues received from property taxes increased by \$134,916 due to an increase in taxable property values.

Total expenses increased in comparison with prior year expenses. In the current year, the District recognized professional fees in relation to a new contract for economic development. In addition, the District experienced increases in capital expenditure expense and interest on long-term debt.

Business-type activities

Water and sewer revenues for the District were comparable with the prior year's activity. Depreciation expense accounts for 54% of the total expense of the water and sewer system. The water and sewer system operates through transfers from the governmental activities.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
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(Unaudited)

THE DISTRICT'S FUNDS

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

	FYE 6/30/10	Percent	Increase (decrease)	Percent increase
<u>Revenues</u>	<u>Amount</u>	<u>of Total</u>	<u>from FYE 6/30/09</u>	<u>(decrease)</u>
Taxes	\$ 466,898	56 %	134,916	41 %
Rental income	272,434	32 %	(30,232)	(10) %
Oil & gas royalty	10,911	1 %	(2,863)	(21) %
Interest	<u>92,542</u>	<u>11 %</u>	<u>(33,388)</u>	<u>(27) %</u>
Total revenues	\$ <u>842,785</u>	<u>100 %</u>	<u>68,433</u>	9 %

	FYE 6/30/10	Percent	Increase (decrease)	Percent increase
<u>Expenditures</u>	<u>Amount</u>	<u>of Total</u>	<u>from FYE 6/30/09</u>	<u>(decrease)</u>
General government	\$ 179,449	86 %	16,888	10 %
Park maintenance	7,920	4 %	1,349	21 %
Capital outlay	<u>21,714</u>	<u>10 %</u>	<u>(7,573)</u>	<u>(26) %</u>
Total expenditures	\$ <u>209,083</u>	<u>100 %</u>	<u>10,664</u>	5 %

The General Fund experienced an increase of \$538,078 in fund balance in the current year.

Ad valorem taxes for the fiscal year ended June 30, 2010, increased due to an increase in the taxable property value of approximately \$10.7 million.

In the prior year, expenditures for capital outlay projects included the extension of a driveway in the industrial park. This year the District's main capital outlay expenditures were for the purchase and installation of a generator.

The District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2010, the District did not revise the General Fund budget.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2010
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2010, the District had almost \$13 million invested in capital assets including buildings, park facilities, and the water and sewer system. This amount represents a decrease of approximately \$99,137 from last year.

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 397,774	\$ 397,774	\$ -	\$ -	\$ 397,774	\$ 397,774
Land improvements	334,944	381,174	-	-	334,944	381,174
Building and improvements	7,290,574	7,532,286	-	-	7,290,574	7,532,286
Improvements other than bldgs.	-	-	857,387	842,958	857,387	842,958
Equipment	<u>3,722</u>	<u>105,724</u>	<u>-</u>	<u>-</u>	<u>3,722</u>	<u>105,724</u>
Totals (net of depreciation)	<u>\$ 8,027,014</u>	<u>\$ 8,416,958</u>	<u>\$ 857,387</u>	<u>\$ 842,958</u>	<u>\$ 8,884,401</u>	<u>\$ 9,259,916</u>

This year's additions were:

Water system – chlorinator improvements	\$ 13,880
Generator	<u>46,062</u>
Total	<u>\$ 59,942</u>

DEBT

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. As of June 30, 2010, the District had \$2,195,000 in debt as compared to \$2,315,000 last year. No new debt was issued during the year.

More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2010
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The North Webster Parish Industrial District anticipates an overall loss of revenue from plant closures in 2010. In an effort to mitigate legal exposure the District settled its case with Ingersoll-Rand, dismissing their current payables and acquiring two facilities (Spec #3 and Spec #4) to begin marketing activities to attract prospective tenants. These actions have altered the 2011 budget, increasing expenses and reducing revenues. Amendments to the budget will be considered early in 2011 to adjust for current conditions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

STATEMENT A

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Assets
June 30, 2010

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 153,219	\$ -	\$ 153,219
Investments	3,096,276	-	3,096,276
Receivables (net of allowances for uncollectibles)	37,775	648	38,423
Prepaid items	20,662	-	20,662
Deposits	472	-	472
Noncurrent assets:			
Capital assets (net)	<u>8,027,014</u>	<u>857,387</u>	<u>8,884,401</u>
Total assets	<u>\$ 11,335,418</u>	<u>\$ 858,035</u>	<u>\$ 12,193,453</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 5,798	\$ 15,501	\$ 21,299
Deferred revenues	30,757	-	30,757
Bonds and interest payable	<u>136,124</u>	<u>-</u>	<u>136,124</u>
Total current liabilities	<u>172,679</u>	<u>15,501</u>	<u>188,180</u>
Noncurrent liabilities:			
Compensated absences	4,296	-	4,296
Deferred revenues	-	-	-
Bonds payable	<u>2,065,000</u>	<u>-</u>	<u>2,065,000</u>
Total noncurrent liabilities	<u>2,069,296</u>	<u>-</u>	<u>2,069,296</u>
Total liabilities	<u>\$ 2,241,975</u>	<u>\$ 15,501</u>	<u>\$ 2,257,476</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 8,027,014	\$ 857,387	\$ 8,884,401
Unrestricted (deficit)	<u>1,066,429</u>	<u>(14,853)</u>	<u>1,051,576</u>
Total net assets	<u>\$ 9,093,443</u>	<u>\$ 842,534</u>	<u>\$ 9,935,977</u>

The accompanying notes are an integral part of this statement.

STATEMENT B

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

	Program Revenues		Capital Grants and Contributions	Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services			Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 645,826	\$ 495,615	\$ -	\$ (150,211)	\$ -	\$ -	\$ (150,211)
Park maintenance	7,920	-	-	(7,920)	-	-	(7,920)
Interest on long-term debt	84,147	-	-	(84,147)	-	-	(84,147)
Total governmental activities	737,893	495,615	-	(242,278)	-	-	(242,278)
Business-type activities							
Water and sewer	83,606	8,935	34,125	(40,546)	(40,546)	-	(40,546)
Total business-type activities	83,606	8,935	34,125	(40,546)	(40,546)	-	(40,546)
Total primary government	\$ 821,499	\$ 504,550	\$ 34,125	\$ (282,824)	\$ (40,546)	\$ (40,546)	\$ (282,824)
General revenues:							
Property taxes levied for general purposes				466,898	-	-	466,898
Royalties				10,911	-	-	10,911
Investment earnings				91,022	-	-	91,022
Other general revenues				89,602	-	-	89,602
Gain(loss) on sale of depreciable assets				(93,099)	-	-	(93,099)
Transfers				(40,226)	40,226	-	-
Total general revenues and transfers				525,108	40,226	-	565,334
Change in net assets				282,830	(320)	-	282,510
Net assets-beginning				8,810,613	842,854	-	9,653,467
Net assets-ending				\$ 9,093,443	\$ 842,534	\$ -	\$ 9,935,977

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2010

		Debt Service Fund	
	General Fund	Industrial Revenue Bonds, Series 2001	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 30,541	\$ 122,677	\$ 153,218
Investments	3,096,276	-	3,096,276
Receivables (net of allowances for uncollectibles)	14,925	-	14,925
Deposits	472	-	472
Total assets	<u>\$ 3,142,214</u>	<u>\$ 122,677</u>	<u>\$ 3,264,891</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	\$ 3,468	\$ -	\$ 3,468
Deferred revenue	30,757	-	30,757
Total liabilities	<u>34,225</u>	<u>-</u>	<u>34,225</u>
Fund balances:			
Reserved for:			
Debt service	-	122,677	122,677
Unreserved, reported in:			
General fund	3,107,990	-	3,107,990
Total fund balance	<u>3,107,990</u>	<u>122,677</u>	<u>3,230,667</u>
Total liabilities and fund balances	<u>\$ 3,142,215</u>	<u>\$ 122,677</u>	<u>\$ 3,264,892</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

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

June 30, 2010

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 3,230,667
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	8,027,014
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	20,662
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	22,850
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Accounts payable	\$ (2,330)
Compensated absences	(4,296)
Bonds and interest payable	<u>(2,201,124)</u> <u>(2,207,750)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 9,093,443</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

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

For the Year Ended June 30, 2010

	General Fund	Debt Service Fund Industrial Revenue Bonds, Series 2001	Total Governmental Funds
REVENUES			
Taxes:			
Ad valorem	\$ 466,898	\$ -	\$ 466,898
Rental income	272,434	214,717	487,151
Oil & gas royalty	10,911	-	10,911
Investment earnings	92,542	44	92,586
Total revenues	<u>842,785</u>	<u>214,761</u>	<u>1,057,546</u>
EXPENDITURES			
General government	179,449	-	179,449
Park maintenance	7,920	-	7,920
Capital outlay	21,714	-	21,714
Debt service	-	205,551	205,551
Total expenditures	<u>209,083</u>	<u>205,551</u>	<u>414,634</u>
Excess of revenues over expenditures	633,702	9,210	642,912
OTHER FINANCING SOURCES (USES)			
Pass through repayments to LED	(150,000)	-	(150,000)
Lease - principal payments	89,602	-	89,602
Disposition of capital assets	5,000	-	5,000
Transfers in/(out)	(40,226)	-	(40,226)
Total other financing sources and uses	<u>(95,624)</u>	<u>-</u>	<u>(95,624)</u>
Excess of revenues and other sources over expenditures and other uses	538,078	9,210	547,288
Fund balances - beginning	<u>2,569,912</u>	<u>113,467</u>	<u>2,683,379</u>
Fund balances - ending	<u>\$ 3,107,990</u>	<u>\$ 122,677</u>	<u>\$ 3,230,667</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

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

For the Year Ended June 30, 2010

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 547,288

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Amount by which capital outlays exceeded depreciation in the current period	\$ (291,846)	
Gain(loss) on sale of depreciable assets	(93,099)	(384,945)

Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	1,901
--	-------

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt.	120,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(1,414)
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Change in Net Assets of Governmental Activities, Statement B	\$ 282,830
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The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Assets, Proprietary Funds
June 30, 2010

	Business Type Activity
	<u>Water and Sewer</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 648
Total current assets	<u>648</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>857,387</u>
Total noncurrent assets	<u>857,387</u>
Total assets	<u>\$ 858,035</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 15,501
Total current liabilities	<u>15,501</u>
Total liabilities	<u>\$ 15,501</u>
NET ASSETS	
Invested in capital assets	857,387
Unrestricted	<u>(14,853)</u>
Total net assets	<u>\$ 842,534</u>

The accompanying notes are an integral part of this statement.

STATEMENT H

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business Type Activity
	<u>Water and Sewer</u>
Operating revenues:	
Charges for services	
Water and sewer income	\$ 8,935
Total operating revenues	<u>8,935</u>
Operating expenses:	
Contract labor	9,400
Utilities	9,721
Telephone	567
Testing fees	944
Repairs and maintenance	17,461
Depreciation	<u>45,513</u>
Total operating expenses	<u>83,606</u>
Operating income (loss) before contributions and transfers	(74,671)
Grants	34,125
Transfers in	<u>40,226</u>
Change in net assets	(320)
Net assets - beginning	<u>842,854</u>
Net assets - end of year	<u><u>\$ 842,534</u></u>

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Cash Flows
Proprietary Funds
Years Ended June 30, 2010

	Business Type Activity
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 9,034
Cash payments for supplies and services	<u>(23,444)</u>
Net cash used by operating activities	<u>(14,410)</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	<u>40,226</u>
Net cash provided by noncapital financing activities	<u>40,226</u>
Cash flows from capital financing activities:	
Capital grants	34,125
Acquisitions of capital assets	<u>(59,941)</u>
Net cash provided by noncapital financing activities	<u>(25,816)</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (74,671)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	45,513
Increase (decrease) in accounts payable	14,649
(Increase) decrease in accounts receivable	<u>99</u>
	<u>60,261</u>
Net cash used by operating activities	<u>\$ (14,410)</u>

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

INTRODUCTION

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

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

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

1. **Summary of Significant Accounting Policies**

A. **Government-Wide and Fund Financial Statements**

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

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

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

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

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

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

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

The District reports two major governmental funds, which include:

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

Debt Service Fund – The Debt Service Fund is used to account for transactions relating to resources retained and used for the payment of principal and interest on the Industrial Revenue Bonds, Series 2001.

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

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

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

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

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

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

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

C. Deposits and Investments

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

Investments for the district are reported at fair value.

D. Receivables and Payables

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

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

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

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

The tax levy for 2009 was 5.14 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2010, taxes of \$435,607 were levied on property with assessed valuations totaling \$84,748,498.

E. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

F. Compensated Absences

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

2. Stewardship, Compliance and Accountability

Budget information The District uses the following budget practices:

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

The revenues and expenditures, for the year ended June 30, 2010, as shown on Statement E, are reconciled with the amounts reflected on the budget comparisons on Schedule 1 as follows:

	<u>General Fund</u>
Year ended June 30, 2010:	
Excess of revenues and other financing sources over expenditures and other uses (Fund Basis)	\$ 538,078
To adjust for:	
(Increase) Decrease in receivables	3,582
Increase (Decrease) in payables	<u>(3,475)</u>
Excess of revenues and other financing sources over expenditures and other uses (Cash Basis)	\$ <u>538,185</u>

3. Cash and Cash Equivalents

At June 30, 2010, the District had cash and cash equivalents totaling \$153,219 in interest bearing demand deposits.

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

At June 30, 2010, the District had \$3,296,164 in deposits and certificates of deposit (collected bank balances). These deposits were secured from risk by \$999,692 of federal deposit insurance and \$2,296,472 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

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

4. Investments

At fiscal year-end, the District's investment consisted of \$3,096,276 in certificates of deposit. The carrying value of the District's certificates of deposit approximates fair market value.

Investments are categorized as insured securities held by the District or its agent in the District's name. Certificates of deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3.)

5. Receivables

The receivables of the government-wide financial statements at June 30, 2010 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Oil and gas royalties	\$ 1,411	\$ -
Ad valorem taxes	33	-
Interest receivable	5,148	-
Lease payments receivable	31,183	-
A/R – water & sewer	<u>-</u>	<u>648</u>
Total	<u>\$ 37,775</u>	<u>\$ 648</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

The receivables of the governmental fund financial statements at June 30, 2010 are as follows:

	<u>General Fund</u>
Oil and gas royalties	\$ 1,411
Ad valorem taxes	33
Lease payments receivable	<u>13,481</u>
Total	<u>\$ 14,925</u>

Lease payments receivable are reported net of unearned interest income in the amount of \$12,250. All receivables are expected to be collected within one year, and are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2010, for the district is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 397,774	\$ -	\$ -	\$ 397,774
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>397,774</u>	<u>-</u>	<u>-</u>	<u>397,774</u>
Capital assets being depreciated				
Land improvements	1,370,354	-	-	1,370,354
Buildings and improvements	9,305,491	-	-	9,305,491
Machinery and equipment	<u>198,431</u>	<u>-</u>	<u>(159,079)</u>	<u>39,352</u>
Total capital assets being depreciated	<u>10,874,276</u>	<u>-</u>	<u>(159,079)</u>	<u>10,715,197</u>
Less accumulated depreciation for:				
Land improvements	989,180	46,229	-	1,035,409
Building and improvements	1,773,204	241,713	-	2,014,917
Machinery and equipment	<u>92,708</u>	<u>3,904</u>	<u>(60,981)</u>	<u>35,631</u>
Total accumulated depreciation	<u>2,855,092</u>	<u>291,846</u>	<u>(60,981)</u>	<u>3,085,957</u>
Total capital assets being depreciated, net	<u>\$ 8,416,958</u>	<u>\$ (291,846)</u>	<u>\$ (98,098)</u>	<u>\$ 8,027,014</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Business-type activities:				
Capital assets being depreciated				
Improvements other than buildings	\$ 1,744,621	\$ 59,942	\$ -	\$ 1,804,563
Less accumulated depreciation for:				
Improvements other than buildings	<u>901,663</u>	<u>45,513</u>	-	<u>947,176</u>
Total capital assets being depreciated, net	<u>\$ 842,958</u>	<u>\$ 14,429</u>	<u>\$ -</u>	<u>\$ 857,387</u>

Depreciation expense was charged as a direct expense of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	\$ <u>291,846</u>	Water & sewer	\$ <u>45,513</u>

7. Operating Transfers

Operating transfer balances for the year ended June 30, 2010, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ -	\$ 40,226
Enterprise Fund	<u>40,226</u>	-
	<u>\$ 40,226</u>	<u>\$ 40,226</u>

8. Leases

The District leased four buildings and an office facility to companies operating in the park. The primary terms of the leases range from two years to fifteen years with, in some cases, options to renew. The District has granted an option, within the primary term of the lease, for the lessee to purchase said building in all leases except for the operating lease on Building #4 and the clinic.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

The following is the net investment in each building:

	<u>Cost</u>	<u>A/D as of June 30, 2010</u>
Building #1	\$ 169,170	\$ 85,656
Building #4	1,297,330	412,756
Building #5	1,272,845	352,937
Compression Building Facility	2,822,362	593,872
Building – Clinic	310,944	38,275
CSP – Office facility/Geothermal		
Cooling System	<u>871,097</u>	<u>228,683</u>
Total	<u>\$ 6,743,748</u>	<u>\$ 1,712,179</u>

The District leased equipment to Continental Structural Plastics of Louisiana, LLC. The primary term of the lease is for seven years. The District has granted an option for the lessee to purchase the equipment at fair market value at the end of the lease. The option was exercised during the fiscal year ended June 30, 2010.

The following is a schedule of future minimum lease payments to be received, as of June 30, 2010:

<u>Year Ended June 30</u>	<u>Building #1</u>	<u>CSP facility</u>	<u>CSP office</u>	<u>W-2 Oil</u>	<u>Medical Clinic</u>	<u>Total</u>
2011	\$ 4,550	\$ 208,090	\$ 49,627	\$ 51,200	\$ 8,464	\$ 321,931
2012	-	213,260	47,992	60,000	8,464	329,716
2013	-	218,558	46,358	60,000	8,464	333,380
2014	-	223,526	44,724	60,000	8,464	336,714
2015	-	228,164	43,090	50,000	8,464	329,718
2016-2020	-	1,208,606	190,935	-	2,114	1,401,655
2021-2022	-	<u>290,428</u>	<u>49,314</u>	-	-	<u>339,742</u>
Total minimum lease payments	<u>\$ 4,550</u>	<u>\$ 2,590,632</u>	<u>\$ 472,040</u>	<u>\$ 281,200</u>	<u>\$ 44,434</u>	<u>\$ 3,392,856</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

9. Direct Financing Lease

The District entered into a direct financing lease with The Trane Company, a division of American Standard Manufacturing, Inc. The original contract of lease was amended to expire June 30, 1998. Trane has 4 consecutive options to extend the lease for additional 5 year term. At the end of each lease term, Trane shall have the option to extend the lease for 5 additional years, purchase the building at the applicable principle balance or terminate the lease.

The terms of the lease allow a monthly lease payment for the Spec #3 building of \$6,252 per month, which is the equivalent of the building purchase price of \$810,000, amortized over 25 years at 8%. Monthly rental payments shall be applied to building principal and interest to reduce the building purchase option.

In addition, the District provided \$702,000 for construction to expand and improve the leased facilities. Trane is repaying this amount over 15 years in an additional lease payment of \$4,500 per month.

During December 2009, Trane announced that it would close the plant in Springhill and relocate by May 2010. Following the announcement, discussions between Trane and the District began to assess the decision of the closure and its affect on the current leasing arrangements. At a special meeting held on October 28, 2010, the District and Trane US, Inc. entered into a settlement where the District would provide a payment of \$500,000 to Trane US, Inc. and Trane would relinquish any and all rights to any option to purchase leased property from the District.

The following is a schedule of remaining minimum lease payments under the capital lease and the present value of the minimum lease payments as of June 30, 2010:

Total minimum lease payments	\$ 43,007
Less amount representing unearned income	<u>(12,250)</u>
Net investment in direct financing leases	<u>\$ 30,757</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

10. Long-term Obligation

The following is a summary of the change in long-term debt for the year ended June 30, 2010:

<u>Type of debt</u>	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions/</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amount due</u> <u>within one year</u>	<u>Noncurrent</u> <u>liabilities</u>
Governmental activities:					
Industrial revenue bonds	\$ 2,315,000	\$ (120,000)	\$ 2,195,000	\$ 130,000	\$ 2,065,000
Compensated absences	3,068	1,228	4,296	-	4,296
Deferred revenues	<u>669,254</u>	<u>(638,497)</u>	<u>30,757</u>	<u>30,757</u>	<u>-</u>
Total	<u>\$ 2,987,322</u>	<u>\$ (757,269)</u>	<u>\$ 2,230,053</u>	<u>\$ 160,757</u>	<u>\$ 2,069,296</u>

Bonds payable at June 30, 2010, are comprised of the following individual issues:

	<u>Principal</u> <u>Outstanding</u>	<u>Interest</u> <u>to</u> <u>Maturity</u>
\$2,900,000 Revenue Bonds, dated July 1, 2001; Due in annual installments of \$85,000-250,000; Interest at an adjustable weekly interest rate based on the prime rate	\$ 2,195,000	\$ 467,718

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

The annual requirements to amortize all debt outstanding as of June 30, 2010, including interest payments of \$467,718, are as follows:

Year ending <u>June 30</u>	Revenue		
	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 130,000	\$ 69,226	\$ 199,226
2012	135,000	64,813	199,813
2013	145,000	60,111	205,111
2014	155,000	55,079	210,079
2015	165,000	49,718	214,718
2016-2020	980,000	156,487	1,136,487
2021-2022	<u>485,000</u>	<u>12,284</u>	<u>497,284</u>
	<u>\$ 2,195,000</u>	<u>\$ 467,718</u>	<u>\$ 2,662,718</u>

11. Pass Through Payments Reported as Other Financing Sources (Uses)

On June 4, 2004, a contract was executed between the Louisiana Department of Economic Development (LED), Continental Structural Plastics of Louisiana, LLC (CSP), and the North Webster Parish Industrial District (District). The contract was to award a grant of \$1,800,000 through the LED Economic Development Award Program for the purpose of funding the construction of a 37,500 square foot addition to an existing plant facility, owned by the District and leased to CSP.

The contract requires CSP to execute with the District a lease containing a commitment to occupy the addition for its manufacturing purposes, and repay the awarded funds through 144 consecutive monthly lease payments over a 12 year term in the amount of \$12,500 each, beginning with CSP's occupancy of the addition, to be paid to the District, which will act as a "pass through" or a "conduit" and forward all lease payments received from CSP to LED in repayment of the grant.

During the year ended June 30, 2010, the District received twelve (12) installments of \$12,500 from CSP totaling \$150,000 which was recognize as rental payments. The same amount was remitted to LED for the year ended June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

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

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual (CASH) Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 310,000	\$ 310,000	\$ 466,896	\$ 156,896
Rental income	378,399	378,399	273,606	(104,793)
Oil & gas royalty	14,500	14,500	10,323	(4,177)
Interest	30,000	30,000	92,542	62,542
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>733,899</u>	<u>733,899</u>	<u>843,367</u>	<u>109,468</u>
Expenditures				
General Government	173,800	173,800	178,524	(4,724)
Park maintenance	9,600	9,600	7,920	1,680
Capital outlay	450,000	450,000	23,114	426,886
Total expenditures	<u>633,400</u>	<u>633,400</u>	<u>209,558</u>	<u>423,842</u>
Excess (deficiency) of revenues over (under) expenditures	100,499	100,499	633,809	533,310
Other Financing Sources (Uses)				
Lease - principal payments	-	-	89,602	89,602
Pass through repayments to LED	(150,000)	(150,000)	(150,000)	-
Disposition of capital assets	-	-	5,000	5,000
Operating transfers out	(40,000)	(40,000)	(40,226)	(226)
Total other financing sources (uses)	<u>(190,000)</u>	<u>(190,000)</u>	<u>(95,624)</u>	<u>94,376</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(89,501)	(89,501)	538,185	627,686
Fund balance at beginning of year	<u>2,044,599</u>	<u>2,044,599</u>	<u>2,590,174</u>	<u>545,575</u>
Fund balance at end of year	<u>\$ 1,955,098</u>	<u>\$ 1,955,098</u>	<u>\$ 3,128,359</u>	<u>\$ 1,173,261</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Notes to Budgetary Comparison Schedules
June 30, 2010**

Note 1 - Budget basis

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

OTHER SUPPLEMENTAL SCHEDULES

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

Such statements include:

- Schedule of Compensation Paid Board Members
- Schedule of General Fund Expenditures

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Compensation Paid Board Members

June 30, 2010

The Board of Commissioners of the North Webster Parish Industrial District meets each month. They do not receive any compensation. The following were members of the Board as of June 30, 2010:

Chairman	David Smith	Member	Ray Mills
Vice-Chairman	Jeff Slack	Member	Lamar Smith
Secretary	Johnny Herrington	Member	Johnny Edens
Member	Jerry Hayes		

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
 Schedule of General Fund Expenditures
 Year Ended June 30, 2010

With Comparative Amounts for the Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
General and administrative:		
Salaries	\$ 65,987	\$ 74,038
Taxes	5,066	5,676
Insurance	28,884	28,492
Legal and accounting	20,845	19,262
Professional fees	16,875	-
Office	3,094	3,899
Tax assessor fees	16,768	11,872
Travel	3,610	2,227
Bank fees	-	3
Promotional	2,006	1,645
Telephone	3,930	4,261
Utilities	3,464	3,916
Dues	5,460	5,110
Printing	2,802	2,160
Miscellaneous	658	-
Total general and administrative	<u>179,449</u>	<u>162,561</u>
Park expenditures:		
Maintenance	7,920	6,571
Capital outlay:		
Miscellaneous projects	<u>21,714</u>	<u>29,287</u>
Total general fund expenditures	<u>\$ 209,083</u>	<u>\$ 198,419</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

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WM. PEARCE JAMIESON, C.P.A. (1991)
MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of North Webster Parish Industrial District, as of and for the year ended June 30, 2010, which collectively comprise the district's basic financial statements and have issued our report thereon dated December 27, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Webster Parish Industrial District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Webster Parish Industrial District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as item 2010-1 and 2010-2.

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

Jameson, Wise & Martin

Minden, Louisiana
December 27, 2010

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings and Responses For the Year Ended June 30, 2010

FINDINGS – FINANCIAL STATEMENTS AUDIT

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2010, of the North Webster Parish Industrial District, disclosed two items that are required to be reported in accordance with Generally Accepted Government Auditing Standards (GAGAS).

2010-1 – Advances of public funds

Criteria: Article 7, Section 14(A) of the Louisiana Constitution prohibits the state or any political subdivision from loaning, pledging, or donating funds, property, or things of value of the state or any political subdivision thereof to or for any person, association, or corporation.

Condition: The District entered into an agreement with an economic development consultant to pay an additional fee to the consultant based on jobs created from attracting new companies to the District. The agreement allows that one-half of the development fee be paid to the consultant upon the signing of the contracts between the district and new companies, with the remainder to be paid when the expected number of jobs created reaches the agreed upon total. For the year ended June 30, 2010, there was a payment of \$12,500 to the consultant in accordance with this agreement.

Effect: The District approved and made a payment which is considered to be a loan of public funds which is in violation of Article 7, Section 14(A) of the Louisiana Constitution.

Recommendation: The District should make payments for goods or services only after they are received.

Management's Response: The NWPID does not feel that paying its economic development consultant a portion of his fee pursuant to contract at the time the industrial prospect executes a lease agreement with the Industrial District violates Article 7, Section 14(A) of the Louisiana Constitution. However, the NWPID shall amend their contract with its economic development consultant so that payment is not made until the prospect actually occupies the leased premises.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Findings and Responses For the Year Ended June 30, 2010

2010-2 Disposal of surplus property

Criteria: State law provides four methods for disposal of surplus movable property by a local government:

- Disposition under RS 49:1125 of surplus movables at public auction open to private persons
- Disposition under RS 33:4712(F) of surplus movable property of a municipality or political subdivision with a value less than \$5,000
- RS 33:4711.1 covers internal sale of movables by parishes, municipalities, and local political subdivisions
- Disposition under RS 33:1321 et seq.: Local Services Law.

Condition: Equipment of the District was sold without first following relevant statutes related to the disposal of surplus property. There was no written documentation of the equipment being declared surplus or how the fair market value of \$5,000 was determined.

Effect: The District did not comply with the state statutes concerning the disposal of surplus property.

Recommendation: Upon identifying surplus property to be disposed, the District should follow one of four methods as prescribed by the Louisiana Revised Statutes.

Management's Response: The NWPID does not agree with the finding by the auditor. The NWPID specifically purchased this piece of equipment for the tenant, CSP, to enable the company to maintain and increase its employment level in the NWPID Park. The lease concerning the equipment contained a provision allowing CSP to purchase this used equipment at a fair market value. The notice of the lease was published in accordance with La. R.S. 33:4717.2. The fair market value was determined by the Board from information by the Industrial District's Manager.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Status of Prior Audit Findings
For the Year Ended June 30, 2010

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

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2009, of the North Webster Parish Industrial District, disclosed no items that are required to be reported in accordance with GAGAS.

Section II – Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2009, of the North Webster Parish Industrial District, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Section III – Management Letter

2009-1 Deposits in excess of adequate security

Finding: According to LSA RS 39:1225, adequate security is to be pledged by the District for deposits in excess of the federal depository insurance. As of June 30, 2009, the District had approximately \$136,344 in deposits with a local bank, which were not adequately secured.

Status: The shortfall in pledged securities to cover 100% of NWPID deposits in local banks has been corrected.