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**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**Basic Financial Statements
and Independent Auditors' Report
As of and for the Years Ended
June 30, 2002 and June 30, 2001**

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 9/18/02

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**Basic Financial Statements
and Independent Auditors' Reports
As of and for the Years Ended
June 30, 2002 and June 30, 2001**

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BASIC FINANCIAL STATEMENTS



POVERTY POINT RESERVOIR DISTRICT, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2002

The following Management Discussion and Analysis (MD&A) of the Poverty Point Reservoir District's activities and financial performance provides an introduction and overview to the financial statements for the fiscal year ended June 30, 2002.

Following this MD&A are the basic financial statements of the District and the notes thereto which are essential to a full understanding of the data contained in the financial statements.

RESERVOIR DISTRICT'S ACTIVITIES AND HIGHLIGHTS

The agency was created and formulated by Act 888 during the regular session of the legislature of 1992. The office was placed in operation in December, 1992. The Reservoir District received \$75,000 for general operations of the lake commission from the beginning until the fiscal year 1997 - 1998 when the amount for general operations was raised to \$100,000.

The purpose of the agency was to create and manage a multi facet water resource and recreational lake, and to manage the resources dependably and economically in order to improve the state and local economy. Poverty Point Reservoir will be a 2,800 acre lake that will provide a dependable water supply for the 21st century in Northeast Louisiana. It will also provide outdoor recreational needs and a base for future expansion of area economic development.

The funding for the construction of the lake and its related facilities has been provided by State Capital Outlay Funds. The commission has performed overall management of the construction of the lake. The basic reservoir project is complete and the ancillary economic development related facilities such as the marina and the cabins are under construction. Phase II construction of golf related facilities will be underway by Fall of 2002.

The management of the reservoir and the park related facilities will be handled by Louisiana State Parks. A transfer of the reservoir properties to State Parks is expected during the month of September. The District will continue to monitor the completion of the Phase I construction projects. Phase II will be managed under a cooperative endeavor agreement with Poverty Point Regional Economic Development Corp. and the Department of Transportation and Development.

FINANCIAL OPERATIONS AND HIGHLIGHTS

FINANCIAL POSITION SUMMARY

A condensed summary of the District's net assets at June 30 is shown below:

	<u>2002</u>
ASSETS:	
Current and Other Assets	1,371,604
Capital Assets	<u>23,257,881</u>
Total Assets	<u>24,629,485</u>
LIABILITIES:	
Long term debt	-
Other Liabilities	<u>640,384</u>
Total Liabilities	<u>640,384</u>
NET ASSETS:	
Invested in Capital Assets, Net of debt	23,257,881
Restricted	599,903
Unrestricted	<u>131,317</u>
Total Net Assets	<u>23,989,101</u>

In future years when prior year information is available, a comparative analysis of government wide data will be presented.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

A condensed summary of the District's operations and changes in net assets for the year ending follows:

	<u>2002</u>	<u>2001</u>
Program Revenues	4,765,756	5,242,017
Program Expenditures	337,646	216,770
Excess (Deficiency) of Revenues Over Expenditures	4,428,110	5,025,247
Other Non-Operating Income And Expenditures, Net	<u>(701,519)</u>	<u>4,052</u>
Net Increase in Assets	<u>3,726,591</u>	<u>5,029,299</u>

The increase in Net Assets for the fiscal year was \$3,726,591.

Program revenues for District Operations remained the same at \$100,000 for the current year. Program Expenditures increased by \$2,200 overall representing a 2% overall decrease.

Program revenues provided under the state capital outlay program administered by the Department of Transportation and Development (DOTD) decreased from the prior year by \$476,000, as a result of when expenditures are paid and State funding reimbursement is made. Expenditures have decreased in the same amount.

Depreciation expense has been included in expenditures as follows:

	<u>2002</u>	<u>2001</u>
General Fund	19,967	8,618
Capital Projects	175,865	64,340
Total Depreciation	<u>195,832</u>	<u>72,958</u>

General revenues decreased by \$10,000, an interest income reduction due to the use of the capital outlay dollars previously invested and lower interest rates.

Other special items during the current year were an economic development grant for \$117,000 to Poverty Point Economic Recovery District; and the sale of the island lots for \$621,000.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal 2001, the Reservoir District expended \$4.6 million on capital activities. This included \$2.2 for the construction of the road around the lake, \$1.1 for the marina and related parking areas and the balance for lake construction and various related contracts.

During the year, completed projects totaling \$7.8 were closed from construction in progress to their respective capital accounts. The major completed projects were:

Island Lot Development Project	\$1.2 million
South Dam & Tainted Gate	5.4 million
Pumping Station, Wells, Water Intake	.9 million
Office Protection System	.3 million

Capital asset acquisition and improvements, exceeding \$2,500 are capitalized at cost. All capital asset acquisitions have been funded by the state capital outlay program.

The island lot development was sold under the state's bid law to a private development company for \$621,200 during the fiscal year. Further development costs of the lots will be paid by the developer.

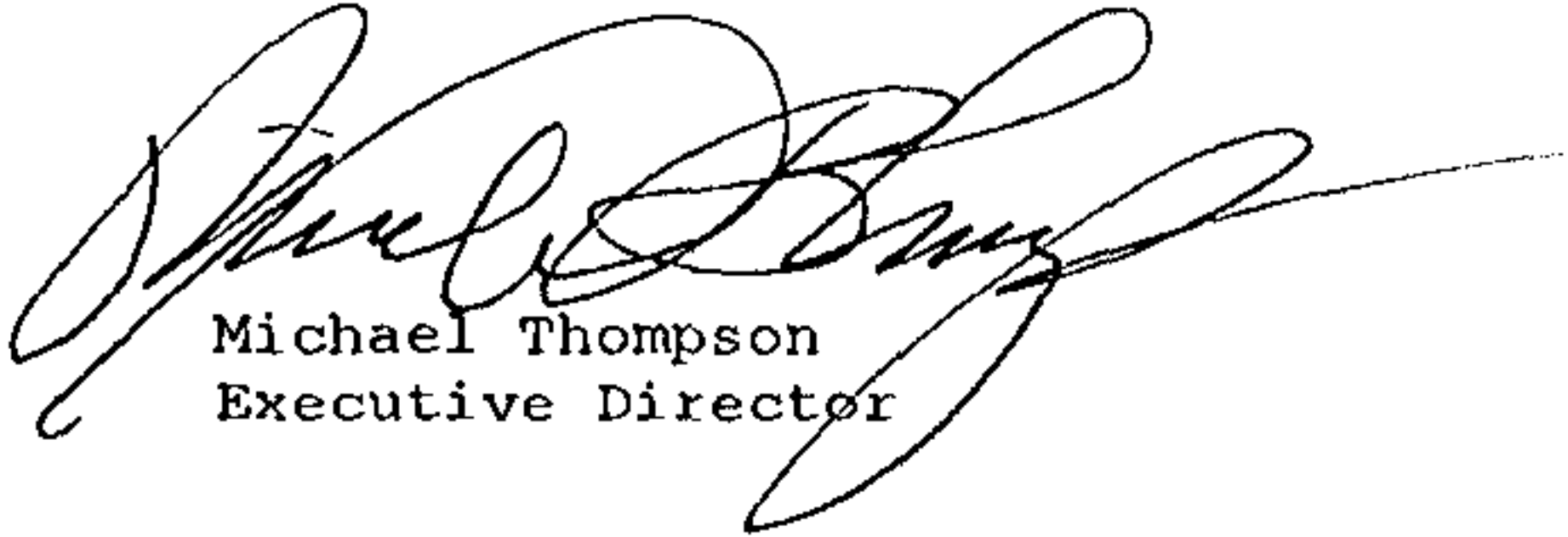
FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The District is structured as a general fund and a capital projects fund with revenues when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. Amounts are restricted for construction activities. See the notes to the financial statements for a summary of the District's significant accounting policies.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for all of those interested. Questions concerning any of the information provided in this report or a request for additional information should be addressed in writing to Poverty Point Reservoir District, P.O. Box 811, Delhi, La. 71232.

Respectfully,



Michael Thompson
Executive Director

MEEKS & CALVIT

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

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 years ended June 30, 2002 and June 30, 2001, 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 financial position of the Poverty Point Reservoir District as of June 30, 2002 and June 30, 2001, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18 to the basic 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. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2002, 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.

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.

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.

Meeks & Calvert

Rayville, Louisiana

August 26, 2002

BASIC FINANCIAL STATEMENTS

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF NET ASSETS
JUNE 30, 2002**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 682,329	\$ -	\$ 682,329
Receivables (net of allowances for uncollectibles)	96,709	-	96,709
Due from primary government	592,566	-	592,566
Capital assets (net)	<u>23,257,881</u>	<u>-</u>	<u>23,257,881</u>
TOTAL ASSETS	<u><u>24,629,485</u></u>	<u><u>-</u></u>	<u><u>24,629,485</u></u>
LIABILITIES			
Accounts, salaries and other payables	5,406	-	5,406
Contracts payable	592,566	-	592,566
Deferred revenues	39,277	-	39,277
Compensated absences payable	<u>3,135</u>	<u>-</u>	<u>3,135</u>
TOTAL LIABILITIES	<u><u>640,384</u></u>	<u><u>-</u></u>	<u><u>640,384</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	23,257,881	-	23,257,881
Restricted for:			
Capital projects	599,903	-	599,903
Unrestricted	<u>131,317</u>	<u>-</u>	<u>131,317</u>
TOTAL NET ASSETS	<u><u>\$23,989,101</u></u>	<u><u>\$ -</u></u>	<u><u>\$23,989,101</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, 2002

	<u>Program Revenues</u>	Operating Grants and Contributions	Capital Grants & Contributions	Net (Expenses)/ Revenue	<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
	Charges for Services				Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 148,241	\$ 100,000	\$ -	\$ (48,241)	\$ (48,241)	\$ -	\$ (48,241)
Lake development	<u>189,405</u>	-	<u>4,665,756</u>	<u>4,476,351</u>	<u>4,476,351</u>	-	<u>4,476,351</u>
Total Governmental Activities	<u>337,646</u>	<u>100,000</u>	<u>4,665,756</u>	<u>4,428,110</u>	<u>4,428,110</u>	-	<u>4,428,110</u>
Business-type Activities	-	-	-	-	-	-	-
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:							
Investment earnings					5,824		5,824
Other general revenues					<u>175</u>		<u>175</u>
Special Items:					<u>5,999</u>		<u>5,999</u>
Economic grants					(116,830)		(116,830)
Sale of capital assets					<u>(590,688)</u>		<u>(590,688)</u>
Total general revenues and special items					<u>(707,518)</u>		<u>(707,518)</u>
Change in net assets					<u>(701,519)</u>		<u>(701,519)</u>
Net assets - beginning					<u>3,726,591</u>		<u>3,726,591</u>
Net assets - ending					<u>20,262,510</u>		<u>20,262,510</u>
					<u>\$23,989,102</u>		<u>\$23,989,102</u>

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, 2002**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$138,175	\$ 544,154	\$ 682,329
Receivables (net of allowances for uncollectibles)	<u>509</u>	<u>688,766</u>	<u>689,275</u>
Total Assets	<u>138,684</u>	<u>1,232,920</u>	<u>1,371,604</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	4,232	1,174	5,406
Contracts payable	-	592,566	592,566
Deferred revenues	<u>-</u>	<u>39,277</u>	<u>39,277</u>
Total Liabilities	<u>4,232</u>	<u>633,017</u>	<u>637,249</u>
Fund Balances:			
Reserved for:			
Capital projects	-	599,903	599,903
Unreserved, reported in:			
General Fund	<u>134,452</u>	<u>-</u>	<u>134,452</u>
Total Fund Balances	<u>134,452</u>	<u>599,903</u>	<u>734,355</u>
Total Liabilities and Fund Balances	<u>\$138,684</u>	<u>\$1,232,920</u>	<u>\$1,371,604</u>

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, 2001**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$168,474	\$ 104,836	\$ 273,310
Receivables (net of allowances for uncollectibles)	-	1,027,870	1,027,870
Interest receivable	<u>1,201</u>	<u>-</u>	<u>1,201</u>
Total Assets	<u>169,675</u>	<u>1,132,706</u>	<u>1,302,381</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	4,369	28,012	32,381
Contracts payable	-	918,334	918,334
Deferred revenues	<u>-</u>	<u>91,795</u>	<u>91,795</u>
Total Liabilities	<u>4,369</u>	<u>1,038,141</u>	<u>1,042,510</u>
Fund Balances:			
Reserved for:			
Capital projects	-	94,565	94,565
Unreserved, reported in:			
General Fund	<u>165,306</u>	<u>-</u>	<u>165,306</u>
Total Fund Balances	<u>165,306</u>	<u>94,565</u>	<u>259,871</u>
Total Liabilities and Fund Balances	<u>\$169,675</u>	<u>\$1,132,706</u>	<u>\$1,302,381</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
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Licenses and permits	\$ 175	\$ -	\$ 175
Intergovernmental revenues:			
State grants			
Department of Transportation and Development	100,000	4,665,756	4,765,756
Investment earnings	<u>4,856</u>	<u>968</u>	<u>5,824</u>
 TOTAL REVENUES	 <u>105,031</u>	 <u>4,666,724</u>	 <u>4,771,755</u>
 EXPENDITURES			
General Government:			
Advertising	-	3,170	3,170
Automobile	874	-	874
Insurance	18,875	3,746	22,621
Miscellaneous	1,268	1,478	2,746
Office supplies	1,003	2,158	3,161
Professional	2,618	-	2,618
Repairs and maintenance	3,460	2,988	6,448
Retirement	9,685	-	9,685
Salaries	82,890	-	82,890
Taxes - payroll	1,225	-	1,225
Travel	4,029	-	4,029
Utilities	<u>9,958</u>	<u>-</u>	<u>9,958</u>
 Total	 <u>135,885</u>	 <u>13,540</u>	 <u>149,425</u>
Capital Improvements	<u>-</u>	<u>4,652,216</u>	<u>4,652,216</u>
 TOTAL EXPENDITURES	 <u>135,885</u>	 <u>4,665,756</u>	 <u>4,801,641</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(30,854)</u>	 <u>968</u>	 <u>(29,886)</u>

(Continued)

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Economic grant	-	(116,830)	(116,830)
Sale of capital assets	<u>-</u>	<u>621,200</u>	<u>621,200</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>504,370</u>	<u>504,370</u>
Net change in fund balance	(30,854)	505,338	474,484
Fund balances - beginning	<u>165,306</u>	<u>94,565</u>	<u>259,871</u>
Fund balances - ending	<u>\$134,452</u>	<u>\$599,903</u>	<u>\$734,355</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
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Licenses and permits	\$ 401	\$ -	\$ 401
Intergovernmental revenues:	-		
State grants			
Department of Transportation and Development	100,000	5,142,017	5,242,017
Investment earnings	9,405	5,010	14,415
Other revenues	<u>817</u>	<u>-</u>	<u>817</u>
 TOTAL REVENUES	 <u>110,623</u>	 <u>5,147,027</u>	 <u>5,257,650</u>
 EXPENDITURES			
General Government:			
Advertising	-	1,830	1,830
Automobile	613	1,389	2,002
Insurance	17,094	4,103	21,197
Miscellaneous	2,063	973	3,036
Office supplies	1,351	1,658	3,009
Professional	5,420	-	5,420
Repairs and maintenance	3,566	2,959	6,525
Retirement	10,236	-	10,236
Salaries	75,278	-	75,278
Shop supplies	-	390	390
Taxes - payroll	1,104	-	1,104
Travel	2,701	-	2,701
Utilities	<u>9,909</u>	<u>-</u>	<u>9,909</u>
 Total	 <u>129,335</u>	 <u>13,302</u>	 <u>142,637</u>
Capital Improvements	<u>-</u>	<u>5,128,715</u>	<u>5,128,715</u>
 TOTAL EXPENDITURES	 <u>129,335</u>	 <u>5,142,017</u>	 <u>5,271,352</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(18,712)</u>	 <u>5,010</u>	 <u>(13,702)</u>

(Continued)

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Sale of capital assets	<u>3,000</u>	<u>-</u>	<u>3,000</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 3,000	 -	 3,000
Net change in fund balance	(15,712)	5,010	(10,702)
Fund balances - beginning	<u>181,018</u>	<u>89,555</u>	<u>270,573</u>
Fund balances - ending	<u>\$165,306</u>	<u>\$94,565</u>	<u>\$259,871</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, 2002 AND JUNE 30, 2001**

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 nine 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 two employees.

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. As a component unit, the accompanying financial statements are included within the reporting of the primary government, 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 nonfiduciary activities of the Poverty Point Reservoir 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 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.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

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 judgements, 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 represents 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:

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.

The 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.

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 this 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 governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

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.

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. State law allows the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The District reports no investments during this period.

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.

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

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

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.

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

I. 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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, 2002:

Fund balances - total governmental funds	\$ 734,355
Capital assets used in governmental activities	23,257,881
Compensated absences	<u>(3,135)</u>
Net adjustment	<u>23,254,746</u>
Net assets of governmental activities	<u>\$23,989,101</u>

The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities for the year ended June 30, 2002:

Net change in fund balances - total governmental funds	\$ 474,484
Expenditures for capital assets	4,652,216
Less current year depreciation	(195,832)
Basis of capital assets sold	(1,211,888)
Change in long-term compensated absences	<u>7,611</u>
Change in net assets of governmental activities	<u>\$ 3,726,591</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, 2002 was adopted in June, 2001 and the budget for the fiscal year ended June 30, 2001 was adopted in June, 2000. 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, 2002 AND JUNE 30, 2001**

3. CASH AND CASH EQUIVALENTS

At June 30, 2002 and 2001, the Poverty Point Reservoir District had cash and cash equivalents (book balances) totaling \$682,329 and \$273,310 as follows:

	<u>2002</u>	<u>2001</u>
Interest-bearing demand deposits	\$582,179	\$ 82,500
Time deposits	100,000	190,660
Other	<u>150</u>	<u>150</u>
Total	<u>\$682,329</u>	<u>\$273,310</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, 2002 and 2001, the Poverty Point Reservoir District had \$ 893,646 and \$280,777 in deposits (collected bank balances), respectively. These deposits are secured from risk by \$200,000 of federal deposit insurance and \$693,646 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) in 2002. These deposits are secured from risk by \$190,117 of federal deposit insurance and \$90,660 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) in 2001.

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. INVESTMENTS

The Poverty Point Reservoir District has no investments during this period.

5. RECEIVABLES

The receivables of \$689,275 and \$1,029,071 at June 30, 2002 and 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Capital Projects Fund:		
Intergovernmental:		
State grants	\$ 592,566	\$1,027,870
Note receivable	<u>96,200</u>	<u>-</u>
	<u>688,766</u>	<u>1,027,870</u>
General Fund		
Interest receivable	<u>509</u>	<u>1,201</u>
Total	<u>\$ 689,275</u>	<u>\$1,029,071</u>

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

Management estimates that the note receivable is fully collectible.

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.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2002 for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets, not being depreciated				
Land	\$ 6,029,144	\$ 202,381	\$(1,211,888)	\$ 5,019,637
Construction in progress	6,583,129	3,568,302	(6,606,630)	3,544,801
Infrastructure	<u>6,792,555</u>	<u>881,534</u>	<u>-</u>	<u>7,674,089</u>
Total capital assets, not being depreciated	<u>19,404,828</u>	<u>4,652,217</u>	<u>(7,818,518)</u>	<u>16,238,527</u>
Capital assets being depreciated				
Buildings	162,678	-	-	162,678
Improvements other than buildings	1,984	283,724	-	285,708
Machinery and equipment	120,071	-	-	120,071
Infrastructure	<u>451,121</u>	<u>6,322,906</u>	<u>-</u>	<u>6,774,027</u>
Total capital assets being depreciated	<u>735,854</u>	<u>6,606,630</u>	<u>-</u>	<u>7,342,484</u>
Less accumulated depreciation for:				
Buildings	20,672	4,544	-	25,216
Improvements other than buildings	56,603	18,392	-	74,995
Infrastructure	<u>50,022</u>	<u>172,896</u>	<u>-</u>	<u>222,918</u>
Total accumulated depreciation	<u>127,297</u>	<u>195,832</u>	<u>-</u>	<u>323,129</u>
Total capital assets being depreciated, net	<u>608,557</u>	<u>6,410,798</u>	<u>-</u>	<u>7,019,355</u>
TOTAL CAPITAL ASSETS (NET)	<u>\$20,013,385</u>	<u>\$11,063,015</u>	<u>(\$7,818,518)</u>	<u>\$23,257,882</u>

Depreciation expense of \$195,832 for the year ended June 30, 2002 was charged to the following governmental functions:

General	\$ 19,967
Capital	175,865

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

8. CONSTRUCTION COMMITMENTS

The Poverty Point Reservoir District has active construction projects as of June 30, 2002 and 2001. At June 30, 2002, the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Marina and beach facilities	\$ 911,420	\$ 1,408,580
Utilities	75,000	75,000
Cabins and recreational facilities	-	1,724,000
Pipeline relocation	319,291	40,709
Perimeter road	2,015,013	1,078,087
Pumping station	<u>436,267</u>	<u>22,961</u>
TOTAL	<u>\$3,756,991</u>	<u>\$4,349,337</u>

9. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$597,972 and \$950,715 at June 30, 2002 and 2001 are as follows:

	<u>2002</u>			<u>2001</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withholdings	3,293	-	3,293	1,018	-	1,018
Accounts	939	1,174	2,113	3,351	28,012	31,363
Other	<u>-</u>	<u>592,566</u>	<u>592,566</u>	<u>-</u>	<u>918,334</u>	<u>918,334</u>
Total	<u>\$4,232</u>	<u>\$593,740</u>	<u>\$597,972</u>	<u>\$4,369</u>	<u>\$946,346</u>	<u>\$950,715</u>

10. SHORT-TERM DEBT

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

11. LEASES

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

12. LONG-TERM OBLIGATIONS

The Poverty Point Reservoir District has no long-term obligations during the period.

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

13. 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.

Generally, 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, 2002 and 2001 was 13.0 percent of annual covered payroll. The District contributions to the system for the years ending June 30, 2002, 2001, and 2000 were \$9,685, \$9,685, and \$9,072, 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, 2002 and June 30, 2001, 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 purchases commercial insurance to protect itself from these possible losses. There have been no reductions in insurance coverage from prior year coverages for the years ended June 30, 2002 and June 30, 2001, respectively. The District has not incurred any losses or made any settlement agreements.

16. PER DIEM PAID BOARD MEMBERS

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

17. SUBSEQUENT EVENTS

The Poverty Point Reservoir District has entered into an agreement to transfer the assets of the reservoir and the park related facilities to the Louisiana Office of State Parks for management. The transfer is expected to be completed in September, 2002.

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2002 AND JUNE 30, 2001**

18. CHANGE IN REPORTING MODEL

On July 1, 2001, the Poverty Point Reservoir District adopted the provisions of the 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*.

The implementation of the above provisions results in a change in the format and content of the basic financial statements. The measurement and reporting aspects of the new provision are discussed in Note 1-A and Note 1-B to the basic financial statements.

19. RESERVED FUND BALANCES

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

20. COOPERATIVE ENDEAVOR AGREEMENTS

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.

On April 30, 1993, the Poverty Point Reservoir District entered into an agreement with the Louisiana Department of Transportation to serve as sponsor for a project for the development of a multi-purpose reservoir north of the Town of Delhi, Louisiana to be funded through the State Bond Program.

The liability for funding outstanding as of June 30, 2002, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance June 30, 2002</u>
Statutorily Dedicated Revenue	<u>\$5,217,139</u>

*State Liability from Capital Outlay Appropriations

REQUIRED SUPPLEMENTAL INFORMATION

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary(GAAP Basis)</u>
REVENUES			
Intergovernmental			
Louisiana Department of Transportation and Development	\$100,000	\$100,000	\$100,000
Licenses and permits	-	-	175
Investment earnings	-	-	<u>4,856</u>
 TOTAL REVENUES	 <u>100,000</u>	 <u>100,000</u>	 <u>105,031</u>
EXPENDITURES			
Administrative salaries	75,000	75,000	82,890
Auto expenses	3,200	3,200	874
Capital purchases	2,000	2,000	-
Insurance	24,500	24,500	18,875
Miscellaneous	4,000	4,000	1,268
Office maintenance	6,000	6,000	3,460
Office supplies	4,000	4,000	1,003
Professional fees	2,500	2,500	2,618
Retirement	9,800	9,800	9,685
Taxes	1,100	1,100	1,225
Travel expense	6,000	6,000	4,029
Utilities	15,000	15,000	9,958
Other	<u>25,000</u>	<u>25,000</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>178,100</u>	 <u>178,100</u>	 <u>135,885</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>(78,100)</u>	 <u>(78,100)</u>	 <u>(30,854)</u>
 Net Change in Fund Balance	 (78,100)	 (78,100)	 (30,854)
 Fund Balance (Deficit) at Beginning of Year	 <u>165,306</u>	 <u>165,306</u>	 <u>165,306</u>
 Fund Balance (Deficit) at End of Year	 <u>\$ 87,206</u>	 <u>\$ 87,206</u>	 <u>\$134,452</u>

Notes to the Schedule

- (1) The budget of the Poverty Point Reservoir District is prepared on the GAAP basis of accounting.
- (2) There were no amendments to the budget for the year ended June 30, 2002.

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
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	<u>Budgetary(GAAP Basis)</u>
REVENUES			
Intergovernmental			
Louisiana Department of Transportation and Development	\$100,000	\$100,000	\$100,000
Licenses and permits	-	-	401
Investment earnings	5,000	5,000	9,405
Other revenues	<u>-</u>	<u>-</u>	<u>817</u>
 TOTAL REVENUES	 <u>105,000</u>	 <u>105,000</u>	 <u>110,623</u>
EXPENDITURES			
Administrative salaries	75,000	75,000	75,278
Auto expenses	3,200	3,200	613
Capital purchases	2,000	2,000	-
Insurance	20,000	20,000	17,094
Miscellaneous	4,000	4,000	2,063
Office maintenance	6,000	6,000	3,566
Office supplies	4,000	4,000	1,351
Professional fees	5,420	5,420	5,420
Retirement	9,750	9,750	10,236
Taxes	1,088	1,088	1,104
Travel expense	6,000	6,000	2,701
Utilities	12,000	12,000	9,909
Other	<u>50,000</u>	<u>50,000</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>198,458</u>	 <u>198,458</u>	 <u>129,335</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>(93,458)</u>	 <u>(93,458)</u>	 <u>(18,712)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	<u>-</u>	<u>-</u>	<u>3,000</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>3,000</u>
 Net Change in Fund Balance	 (93,458)	 (93,458)	 (15,712)
 Fund Balance (Deficit) at Beginning of Year	 <u>181,018</u>	 <u>181,018</u>	 <u>181,018</u>
 Fund Balance (Deficit) at End of Year	 <u>87,560</u>	 <u>87,560</u>	 <u>165,306</u>

(Continued)

**STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

Notes to the Schedule

- (1) The budget of the Poverty Point Reservoir District is prepared on the GAAP basis of accounting.
- (2) There were no amendments to the budget for the year ended June 30, 2001.

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 STATEMENT
FOR THE YEAR ENDED JUNE 30, 2002

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

Annual Financial Statements
As Of And For The Year Ended June 30, 2002
With Supplemental Information Schedules

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POVERTY POINT RESERVOIR DISTRICT, LOUISIANA

TRANSMITTAL LETTER

ANNUAL FINANCIAL STATEMENTS

August 29, 2002

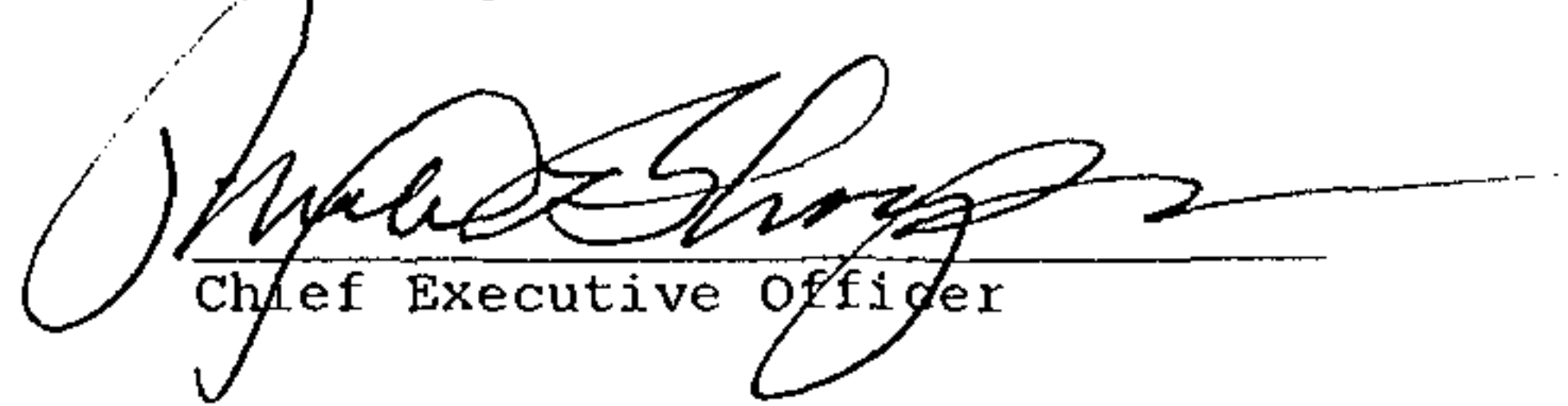
Office of Legislative Auditor
Attention: Ms. Suzanne Elliott
1600 North Third
P.O. Box 94397
Baton Rouge, LA 70804-9397

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, 2002. 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,


Chief Executive Officer

Enclosure

POVERTY POINT RESERVOIR DISTRICT, LOUISIANA


ANNUAL SWORN FINANCIAL STATEMENTS

AFFIDAVIT

Personally came and appeared before the undersigned authority, Poverty Point Reservoir District, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Poverty Point Reservoir District as of June 30, 2002, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.


Signature

Sworn to and subscribed before me, this 4th day of Sept, 2002.


NOTARY PUBLIC

Officer _____
Address _____
Telephone No. _____

POVERTY POINT RESERVOIR DISTRICT, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2002

The following Management Discussion and Analysis (MD&A) of the Poverty Point Reservoir District's activities and financial performance provides an introduction and overview to the financial statements for the fiscal year ended June 30, 2002.

Following this MD&A are the basic financial statements of the District and the notes thereto which are essential to a full understanding of the data contained in the financial statements.

RESERVOIR DISTRICT'S ACTIVITIES AND HIGHLIGHTS

The agency was created and formulated by Act 888 during the regular session of the legislature of 1992. The office was placed in operation in December, 1992. The Reservoir District received \$75,000 for general operations of the lake commission from the beginning until the fiscal year 1997 - 1998 when the amount for general operations was raised to \$100,000.

The purpose of the agency was to create and manage a multi facet water resource and recreational lake, and to manage the resources dependably and economically in order to improve the state and local economy. Poverty Point Reservoir will be a 2,800 acre lake that will provide a dependable water supply for the 21st century in Northeast Louisiana. It will also provide outdoor recreational needs and a base for future expansion of area economic development.

The funding for the construction of the lake and its related facilities has been provided by State Capital Outlay Funds. The commission has performed overall management of the construction of the lake. The basic reservoir project is complete and the ancillary economic development related facilities such as the marina and the cabins are under construction. Phase II construction of golf related facilities will be underway by Fall of 2002.

The management of the reservoir and the park related facilities will be handled by Louisiana State Parks. A transfer of the reservoir properties to State Parks is expected during the month of September. The District will continue to monitor the completion of the Phase I construction projects. Phase II will be managed under a cooperative endeavor agreement with Poverty Point Regional Economic Development Corp. and the Department of Transportation and Development.

FINANCIAL OPERATIONS AND HIGHLIGHTS

FINANCIAL POSITION SUMMARY

A condensed summary of the District's net assets at June 30 is shown below:

	<u>2002</u>
ASSETS:	
Current and Other Assets	1,371,604
Capital Assets	<u>23,257,881</u>
Total Assets	<u>24,629,485</u>
LIABILITIES:	
Long term debt	-
Other Liabilities	<u>640,384</u>
Total Liabilities	<u>640,384</u>
NET ASSETS:	
Invested in Capital Assets, Net of debt	23,257,881
Restricted	599,903
Unrestricted	<u>131,317</u>
Total Net Assets	<u>23,989,101</u>

In future years when prior year information is available, a comparative analysis of government wide data will be presented.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

A condensed summary of the District's operations and changes in net assets for the year ending follows:

	<u>2002</u>	<u>2001</u>
Program Revenues	4,765,756	5,242,017
Program Expenditures	337,646	216,770
Excess (Deficiency) of Revenues Over Expenditures	4,428,110	5,025,247
Other Non-Operating Income And Expenditures, Net	<u>(701,519)</u>	<u>4,052</u>
Net Increase in Assets	<u>3,726,591</u>	<u>5,029,299</u>

The increase in Net Assets for the fiscal year was \$3,726,591.

Program revenues for District Operations remained the same at \$100,000 for the current year. Program Expenditures increased by \$2,200 overall representing a 2% overall decrease.

Program revenues provided under the state capital outlay program administered by the Department of Transportation and Development (DOTD) decreased from the prior year by \$476,000, as a result of when expenditures are paid and State funding reimbursement is made. Expenditures have decreased in the same amount.

Depreciation expense has been included in expenditures as follows:

	<u>2002</u>	<u>2001</u>
General Fund	19,967	8,618
Capital Projects	175,865	64,340
Total Depreciation	<u>195,832</u>	<u>72,958</u>

General revenues decreased by \$10,000, an interest income reduction due to the use of the capital outlay dollars previously invested and lower interest rates.

Other special items during the current year were an economic development grant for \$117,000 to Poverty Point Economic Recovery District; and the sale of the island lots for \$621,000.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal 2001, the Reservoir District expended \$4.6 million on capital activities. This included \$2.2 for the construction of the road around the lake, \$1.1 for the marina and related parking areas and the balance for lake construction and various related contracts.

During the year, completed projects totaling \$7.8 were closed from construction in progress to their respective capital accounts. The major completed projects were:

Island Lot Development Project	\$1.2 million
South Dam & Tainted Gate	5.4 million
Pumping Station, Wells, Water Intake	.9 million
Office Protection System	.3 million

Capital asset acquisition and improvements, exceeding \$2,500 are capitalized at cost. All capital asset acquisitions have been funded by the state capital outlay program.

The island lot development was sold under the state's bid law to a private development company for \$621,200 during the fiscal year. Further development costs of the lots will be paid by the developer.

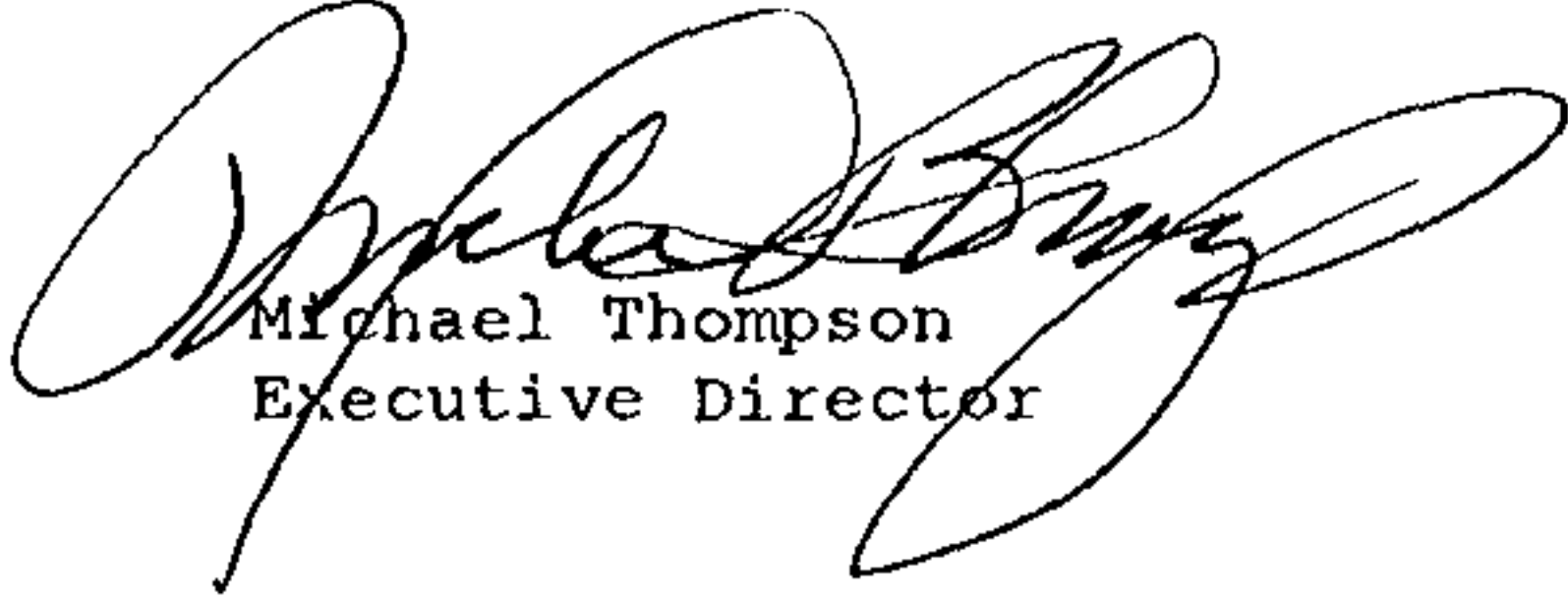
FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The District is structured as a general fund and a capital projects fund with revenues when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. Amounts are restricted for construction activities. See the notes to the financial statements for a summary of the District's significant accounting policies.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for all of those interested. Questions concerning any of the information provided in this report or a request for additional information should be addressed in writing to Poverty Point Reservoir District, P.O. Box 811, Delhi, La. 71232.

Respectfully,



Michael Thompson
Executive Director

Susan C. Cochran
A.C. Clark III
Reneé Robinson

(318) 728-4855
(318) 728-5670
Fax (318) 728-6618
ccrcpa@bayou.com

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, 2002, 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.

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.

As described in Notes to the basic 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. This results in a change in the format and content of the financial statements.

Cochran Clark & Robinson

August 29, 2002

STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT

Statement of Net Assets

June 30, 2002

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	682,329	\$	682,329
Investments			
Receivables (net of allowances for uncollectibles)	96,709		96,709
Internal balances			
Due from primary government	592,566		592,566
Inventory			
Prepaid Items			
Restricted assets			
Other assets			
Capital assets (net)	23,257,881		23,257,881
TOTAL ASSETS	24,629,485	\$	24,629,485
LIABILITIES			
Cash overdraft	\$	\$	\$
Accounts, salaries, and other payables	5,406		5,406
Contracts payable	592,566		592,566
Payable from restricted assets			
Due to primary government			
Deposits due others			
Deferred revenues	39,277		39,277
Other liabilities			
Matured bonds and interest payable			
Compensated absences payable	3,135		3,135
Capital leases payable			
Loans payable			
Bonds payable			
TOTAL LIABILITIES	640,384		640,384
NET ASSETS			
Invested in capital assets, net of related debt	23,257,881		23,257,881
Restricted for:			
Capital projects	599,903		599,903
Debt service			
Other purposes			
Unrestricted	131,317		131,317
TOTAL NET ASSETS	23,989,101	\$	23,989,101

See Accountants' Compilation Report. The accompanying notes are an integral part of this statement.

STATEMENT B

STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT

Statement of Activities

For the Year Ended June 30, 2002

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Change in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 148,241	\$ 100,000	\$ (48,241)	\$ (48,241)	\$	\$ (48,241)	
Lake Development	189,405		4,665,756	4,476,351	4,476,351	4,476,351	
Total Governmental Activities	337,646	100,000	4,665,756	4,428,110	4,428,110	4,428,110	
Business-type Activities							
Total Business-type Activities							
Total Component Unit	\$	\$	\$	\$	\$	\$	\$
General Revenues:							
Property taxes							
Sales taxes							
Grants and contributions not restricted to specific programs							
Investment earnings					5,824	5,824	
Other general revenues					175	175	
Special Items:							
Economic Grants					-116,830	-116,830	
Sale of Capital Asset					-590,688	-590,688	
Total general revenues and Special Items					-701,519	-701,519	
Change in Net Assets					3,726,591	3,726,591	
Net assets--beginning					20,262,510	20,262,510	
Net assets--ending					23,989,101	23,989,101	

See Accountants' Compilation Report. The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT

Balance Sheet, Governmental Funds

June 30, 2002

	GENERAL FUND	CAP PROJ FUNDS	FUNDS	FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	138,175	544,154	\$	\$	682,329
Cash with fiscal agents					
Investments					
Receivables (net of allowances for uncollectibles)	509	96,200			96,709
Due from other funds					
Due from primary government		592,566			592,566
Inventory					
Restricted assets					
Other assets					
TOTAL ASSETS	138,684	1,232,920	\$	\$	1,371,604
LIABILITIES AND FUND BALANCES					
<i>Liabilities:</i>					
Cash overdraft	\$	\$	\$	\$	\$
Accounts, salaries, and other payables	4,232	1,174			5,406
Contracts payable		592,566			592,566
Payable from restricted assets					
Due to other funds					
Due to primary government					
Matured bonds and interest payable					
Deferred revenues		39,277			39,277
Other liabilities					
Matured bonds and interest payable					
Total Liabilities	4,232	633,017			637,249
<i>Fund balances:</i>					
<i>Reserved for:</i>					
Capital projects		599,903			599,903
Debt services					
<i>Unreserved, reported in:</i>					
General Fund	134,452				134,452
Special revenue funds					
Capital projects funds					
Permanent funds					
TOTAL LIABILITIES AND FUND BALANCES	138,684	1,232,920	\$	\$	1,371,604

See Accountants' Compilation Report. The accompanying notes are an integral part of this statement.

STATEMENT D

STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT

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

For the Year Ended June 30, 2002

	GENERAL FUND	CAP PROJ FUND	FUND	FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes:					
Ad valorem	\$	\$	\$	\$	\$
Sales and use					
Other taxes, penalties, interest, etc.					
Licenses and permits					
Intergovernmental revenues:					
Federal grants					
State grants	100,000	4,665,756			4,765,756
Local Grants					
Fines and forfeitures					
Investment earnings	4,856	968			5,824
Other revenues	175				175
Total Revenues	105,031	4,666,724			4,771,755
EXPENDITURES					
General Government	135,885	13,540			149,425
Capital Outlay		4,652,216			4,652,216
Total Expenditures	135,885	4,665,756			4,801,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	-30,854	968			-29,886
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out		-116,830			-116,830
Capital leases					
Sale of capital assets		621,200			621,200
Total Other Financing Sources and Uses		504,370			504,370
Net Change in Fund Balance	-30,854	505,338			474,484
Fund balances -- beginning	165,306	94,565			259,871
Fund balances -- ending	134,452	599,903	\$	\$	734,355

See Accountants' Compilation Report. The accompanying notes are an integral part of this statement.

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, 2002

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. This results in a change in the format and content of the financial statements.

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		734,355
Compensated Absences	(3,135)	
Capital Assets (Net)	<u>23,257,881</u>	
Net Adjustment		<u>23,254,746</u>
Net Assets of Governmental Activities		<u>23,989,101</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		474,484
Capital Outlay	4,652,216	
Sale of Assets	(1,211,888)	
Depreciation	(195,832)	
Change in Estimated Leave	<u>7,611</u>	
Net Adjustment		<u>3,252,107</u>
Change in Net Assets of Governmental Activities		<u>3,726,591</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, 2002 was adopted in June 2001. 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, 2002, the Poverty Point Reservoir District has cash and cash equivalents (book balances) totaling \$682,329 as follows:

Interest-bearing demand deposits	\$582,179
Time Deposits	100,000
Other	<u>150</u>
Total	<u>682,329</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, 2002 the Poverty Point Reservoir District has \$682,179 in deposits (collected bank balances) as follows:

	Deposits in Bank Accounts Certificates			<u>Total</u>
	<u>Cash</u>	<u>Of Deposit</u>	<u>Other (Describe)</u>	
Deposits in Bank Accounts per Balance Sheet	582,179	100,000	-	682,179
Bank Balances:				
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	100,000	100,000	-	200,000
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>693,646</u>	<u>-</u>	<u>-</u>	<u>693,646</u>
Total Bank Balances	<u>793,646</u>	<u>100,000</u>	<u>-</u>	<u>893,646</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	39,419
2. AmSouth Bank	Special Projects	229,309
3. Guaranty Bank	General Fund	100,000
4. AmSouth Bank	Special Projects	<u>524,918</u>
Total		<u>893,646</u>
Cash in State Treasury		<u>-</u>
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 \$689,275 at June 30, 2002 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Intergovernmental - grants:			
Federal	-	-	-
State	-	592,566	592,566
Local	-	-	-
Note Receivable	-	96,200	96,200
Interest	<u>509</u>	<u>-</u>	<u>509</u>
Total	<u>509</u>	<u>688,766</u>	<u>689,275</u>

Management estimates that the note receivable is fully collectible.

5. INTERFUND RECEIVABLES/PAYABLES

There are no interfund receivables or payables at June 30, 2002.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2002, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	6,029,144	202,381	1,211,878	5,019,637
Construction in progress	6,583,129	3,568,302	6,606,630	3,544,801
Infrastructure	<u>6,792,555</u>	<u>881,534</u>	<u>-</u>	<u>7,674,089</u>
Total Capital Assets, not being depreciated	<u>19,404,828</u>	<u>4,652,217</u>	<u>7,818,508</u>	<u>16,238,527</u>
Capital Assets being depreciated				
Buildings	162,678	-	-	162,678
Improvements other than buildings	1,984	283,724	-	285,708
Machinery and Equipment	120,071	-	-	120,071
Infrastructure	<u>451,121</u>	<u>6,322,906</u>	<u>-</u>	<u>6,774,027</u>
Total Capital Assets being depreciated	<u>735,854</u>	<u>6,606,630</u>	<u>-</u>	<u>7,342,484</u>
Less Accumulated Depreciation for:				
Buildings	20,672	4,544	-	25,216
Improvements other than buildings	56,603	18,392	-	74,995
Infrastructure	<u>50,022</u>	<u>172,896</u>	<u>-</u>	<u>222,918</u>
Total Accumulated Depreciation	<u>127,297</u>	<u>195,832</u>	<u>-</u>	<u>323,129</u>
Total Capital Assets being depreciated, net	<u>608,557</u>	<u>6,410,798</u>	<u>-</u>	<u>7,019,355</u>

Depreciation expense of \$195,832 for the year ended June 30, 2002 was charged to the following governmental functions:

General	19,967
Capital	175,865

7. CONSTRUCTION COMMITMENTS

The Poverty Point Reservoir District has active construction projects as of June 30, 2002. At year end the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Marina and Beach Facilities	911,420	1,408,580
Utilities	75,000	75,000
Cabins and Recreational Facilities	-	1,724,000
Pipeline Relocation	319,291	40,709
Perimeter Road	2,015,013	1,078,087
Pumping Station	436,267	22,961
Total	<u>3,756,991</u>	<u>4,349,337</u>

8. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

There were no interfund transfers in the year ended June 30, 2002.

9. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$599,147 at June 30, 2002 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Salaries	-	-	-
Withholdings	3,293	-	3,293
Trade Accounts	939	1,174	2,113
Construction Accounts	-	592,566	592,566
Total	<u>4,232</u>	<u>593,740</u>	<u>547,972</u>

10. SHORT-TERM DEBT

The Poverty Point Reservoir District has no short-term debt.

11. LEASES

The Poverty Point Reservoir District has no capital lease obligations.

12. 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, 2002:

	Compensated Absences
Long-term obligations at Beginning of Year	10,746
Additions	5,005
Deductions	<u>(12,616)</u>
Long-term obligations at End of Year	<u>3,135</u>

All of the obligations are considered to be long-term.

13. 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, 2002, was 13.0%. The District contributions to the System for the years ending June 30, 2002, 2001, and 2000, were \$9,685, \$9,072, and \$8,660, respectively, equal to the required contributions for each year.

14. OTHER POSTEMPLOYMENT BENEFITS

The Poverty Point Reservoir District provides no postemployment benefits.

15. 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, 2002. The District has not incurred any losses or made any settlement agreements.

16. CONTINGENT LIABILITES AND LITIGATION

There are no pending litigations or claims against the District at June 30, 2002, 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.

17. COOPERATIVE ENDEAVOR

IRS 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, 2002, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance</u> <u>June 30, 2002</u>
Statutorily Dedicated Revenue	<u>5,217,139</u>

* State Liability from Capital Outlay Appropriations

18. SUBSEQUENT EVENTS

Poverty Point Reservoir District has entered into an agreement to transfer the assets of the reservoir and the park related facilities to the Louisiana Office of State Parks for management. The transfer is expected to be completed in September, 2002.

STATE OF LOUISIANA
POVERTY POINT RESERVOIR DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
General Fund (and all major governmental funds)
For the Year Ended June 30, 2002

Required Supplemental Information

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over(Under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	100,000	100,000	100,000	\$	100,000
Interest			4,856		4,856
Other			175		175
Total Revenues	100,000	100,000	105,031		105,031
Expenditures					
Ancillary & Miscellaneous	5,100	5,100	2,466		2,466
Auto & Travel	9,200	9,200	4,904		4,904
Contingencies	25,000	25,000	0		0
Insurance	24,500	24,500	18,875		18,875
Office Maint & Supplies	100,000	100,000	4,480		4,480
Professional	2,500	2,500	2,618		2,618
Salaries & Labor Burden	84,800	84,800	92,584		92,584
Utilities	15,000	15,000	9,958		9,958
Capital Outlay	2,000	2,000	0		0
Total Expenditures	178,100	178,100	135,885		135,885
Excess of Revenues Over Expenditures	-78,100	-78,100	-30,854		-30,854
Other Financing Sources (Uses)					
Total Other Financing Sources (uses)					
Net Change in Fund Balance	-78,100	-78,100	-30,854		-30,854
Fund Balance (Deficit) at Beginning of Year	165,306	165,306	165,306		165,306
Fund Balance (Deficit) at End of Year	87,206	87,206	134,452	\$	134,452

See Accountants' Compilation Report. The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
 POVERTY POINT RESERVOIR DISTRICT

Schedule of Compensation Paid Board Members
 For the Year Ended June 30, 2002

Board Member	Amount
Mike Martin	\$ -0-
Edward Eiland	-0-
Cleophos May	-0-
James Morse	-0-
Mike Gammill	-0-
David Doughty	-0-
Sylvia Armstrong	-0-
Brant Thompson	-0-
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ -0-

See Accountants' Compilation Report. The accompanying notes are an integral part of this statement.

OTHER REPORTS

**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 years ended June 30, 2002 and June 30, 2001, and have issued our report thereon dated August 26, 2002. 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 as defined above.

This report is intended solely for the information and use of the audit committee, management and the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

Marks & Colvitt

Rayville, Louisiana
August 26, 2002