

REPORT
WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana
Financial Statements
As of and for the Period
Ended June 30, 2005
with Supplemental Information Schedules

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 2-15-06

WILLIAM R. DURDEN

Certified Public Accountant

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WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

As of and for the Period Ended June 30, 2005
With Supplemental Information Schedule

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

Board of Commissioners
Washington Parish
Reservoir District
Bogalusa, Louisiana

I have reviewed the accompanying financial statements and supplemental information of the Washington Parish Reservoir District, an entity of the State of Louisiana, as of and for the year ended June 30, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in this financial statement is the representation of the board of commissioners (management) of the Washington Parish Reservoir District

A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements and supplementary information in order for them to be in conformity with generally accepted accounting principles

The management's discussion and analysis and budgetary comparison information, on pages 2 through 5 and 16 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures, applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion, or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Audit Guide* and the provisions of state law, I have issued a report dated October 7, 2005, on the results of my agreed-upon procedures.



William R. Durden
Certified Public Accountant
Franklinton, Louisiana
October 7, 2005

Management's Discussion and Analysis

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Management's Discussion and Analysis

Introduction

The Washington Parish Reservoir District is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments (hereinafter referred to as GASB 34) and related standards.

The Management's Discussion and Analysis (MD&A) is designed to:

1. assist the reader in focusing on significant financial issues,
2. provide an overview of the District's financial activities,
3. identify changes in the District's overall financial position and results of operations and assist the user in determining whether the financial position has improved or deteriorated as a result of the year's operations,
4. identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity, and
5. identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The District's basic financial statements are comprised of three components 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide financial statements The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting method.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Management's Discussion and Analysis

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of net assets and the statement of activities display information about the District as a whole.

Fund financial statements A fund is a grouping of related accounts that is used to maintain control over resources that has been segregated for specific activities or objectives. The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The modified accrual basis of accounting is used by the governmental funds.

Notes to financial statements The notes to the financial statements provide required disclosure, essential to the understanding of the financial statements. The notes present information, about the District's accounting policies, significant account balances, and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule.

Financial Highlights

- Total assets, at June 30, 2005, were \$1,183,122 and exceeded liabilities by \$748,442 (i.e., net assets). Net assets consist of the following: \$714,435 invested in capital assets, and \$34,007 unrestricted, and available to support short-term operations.
- The Washington Parish Reservoir District's total net assets increased by \$483,351 for the current year's operation. The increase can be attributed to the receipt of a state grant used to increase capital assets by \$484,215, and a reduction in cash of \$864.
- As of June 30, 2004, the Reservoir District's governmental funds reported combine ending fund balance of \$34,007, a decrease of \$864.
- Revenue consisted of a grant from the State of Louisiana for \$486,415. Grant funds were used for 1) consulting and engineering fees for study and selection of reservoir site, and 2) accounting services.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Management's Discussion and Analysis

Financial Analysis

Statement of Net Assets

Included below is a condensed Statement of Net Assets for the District. The condensed format allows the reader to view the overall financial position of the District for the current year, as compared to the previous year.

Condensed Statement of Net Assets

	June 30, 2004	June 30, 2005
Current assets	\$ 189,657	\$ 468,687
Capital assets	230,220	714,435
Total Assets	<u>419,877</u>	<u>1,183,122</u>
Total Liabilities	<u>154,786</u>	<u>434,680</u>
Net Assets:		
Invested in capital assets, net of related debt	230,220	714,435
Unrestricted	34,871	34,007
Total Net Assets	<u>\$ 265,091</u>	<u>\$ 748,442</u>

See page 6 for a more detailed Statement of Net Assets for the District.

Government-Wide Review of Condensed Statement of Net Assets

The composition of net assets and the change in net assets over time serves as a useful indicator of a government's financial position. Net assets increased \$483,351 in fiscal year 2005. The largest category of net assets is "Invested in capital assets net of related debt" totaling \$714,435 or 95.46% of net assets. This category is such a large percentage of net assets because the District's current operation, consist of the study and selection of a reservoir site, which is considered a capital asset.

The "Unrestricted Net Assets" are available to meet the ongoing needs of the District.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Management's Discussion and Analysis

Condensed Statement of Activities

	June 30, 2004	June 30, 2005
Revenues:		
State grant	\$ 230,220	\$ 486,415
Donations	101,000	-
Total revenues	<u>331,220</u>	<u>486,415</u>
Expenditures:		
General government	<u>66,129</u>	<u>3,064</u>
Change in Net Assets	265,091	483,351
Beginning Net Assets	-	265,091
Prior Year adjustment	-	
Ending Net Assets	<u>\$ 265,091</u>	<u>\$ 748,442</u>

While the Balance Sheet shows the change in financial position of net assets, the Statement of Activities provides answers to the nature and scope of these changes. The above table gives an indication of how the board of commissioners operates the District on a conservative basis.

The net assets for the fiscal year 2005 increased by 182.33%. Revenues increased by \$155,195, which is 46.86% over 2004.

Expenditures decreased in 2005 by \$63,065, which is a 95.37% decrease over 2004. The major decrease was for administrative consulting fees of \$64,415. Expenditures for accounting services increased \$2,333.

Analysis of Fund Financial Statements

Governmental Funds

The focus of the District's governmental funds (general fund and capital projects fund) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Management's Discussion and Analysis

As of June 30, 2005, the District's governmental funds reported a combined ending fund balance of \$34,007, a decrease of \$864 from the combined fund balance at June 30, 2004. Approximately 97.97% (\$33,316) of this total constitutes unreserved fund balance, which is available for spending at the District's discretion. The remainder of the combined fund balance is reserved for capital project expenditures.

Budgetary Highlight

The District does not have a formal policy for adopting a budget. The District adopted a capital projects budget for the period ending June 30, 2005 at the Commissioners meeting on June 29, 2004. The budget was published in the official journal for Washington Parish.

Following is a comparison of the final budget to actual expenditures for the year ended June 30, 2005.

Budget vs. Actual – Period Ended June 30, 2005

	Capital Projects Fund		
	Budget	Actual	Variance
Revenues:			
State government grant	\$ 484,215	\$ 486,415	\$ 2,200
Total Revenues	<u>484,215</u>	<u>486,415</u>	<u>2,200</u>
Expenditures:			
Capital outlay	<u>484,215</u>	<u>484,215</u>	<u>-</u>
Total Expenditures	<u>484,215</u>	<u>484,215</u>	<u>-</u>
EXCESS REVENUES OVER			
EXPENDITURES	-	2,200	2,200
FUND TRANSFERS	-	(2,200)	(2,200)
EXCESS REVENUES AND			
FUND TRANSFERS	-	-	-
FUND BALANCE JULY 1, 2004	-	824	-
FUND BALANCE JUNE 30, 2005	<u>\$ -</u>	<u>\$ 824</u>	<u>\$ -</u>

The District prepared a worksheet for the budget for the General Fund, but published a proposed 2004-2005 General Fund Budget with no revenue or expenditures.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Management's Discussion and Analysis

Following is a comparison of the budget worksheet amounts to actual expenditures for the year ended June 30, 2005:

Budget vs. Actual – Period Ended June 30, 2005

	General Fund		
	Budget	Actual	Variance
Revenues:			
Local Government Contributions	\$ -	\$ -	\$ -
Donations	-	-	-
Total Revenues	-	-	-
Expenditures:			
Travel and promotions	5,000	457	4,543
Professional fees	-	2,333	(2,333)
Office supplies	500	126	374
Printing	1,200	148	1,052
Total Expenditures	6,700	3,064	3,636
EXCESS REVENUES OVER EXPENDITURES	(6,700)	(3,064)	3,636
FUND TRANSFERS	-	2,200	2,200
EXCESS REVENUES AND FUND TRANSFERS	(6,700)	(864)	5,836
FUND BALANCE JULY 1, 2004	34,047	34,047	-
FUND BALANCE JUNE 30, 2005	\$ 27,347	\$ 33,183	\$ 5,836

Capital Assets

At the end of the fiscal year June 30, 2005, the District had \$714,435 in cost for the study and site selection of the reservoir. The District's Board of Commissioners has elected to capitalize all engineering and consulting cost associated with the reservoir until its completion. Capital outlays are recorded as expenditures of the Capital Projects Fund and as assets in the government-wide financial statement. There will be no depreciation recorded until the reservoir is completed.

Future Economic Plans

The Reservoir District's management approach is conservative. The Board of Commissioners actively monitors the progress for the site selection and reviews the engineering and consulting cost of the proposed project. In fiscal year ended June 2004, the District received a capital project appropriation from the State of Louisiana for

**WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana**

Management's Discussion and Analysis

\$1,000,000. Additional funds of \$100,000 were allocated in fiscal year 2004, and an additional \$125,000 will be available July 1, 2005. Of the total \$1,225,000; cost of \$230,220 were incurred at fiscal year end June 30, 2004, \$486,415 at fiscal year end June 30, 2005, and the remaining \$508,365 will be expended during fiscal year ending June 30, 2006. Of the total budget (\$1,225,000), \$777,705 will be used for, engineering, planning, and environmental technical assistance regarding the securing of the U. S. Army Corps of Engineering 404 Permit. The balance of funds will be used for engineering, consulting, accounting, land acquisition, and construction.

In addition to the above appropriation the District has applied for additional funding for completion of the reservoir.

FINANCIAL STATEMENTS

STATEMENT A

WASHINGTON PARISH RESERVOIR COMMISSION
 WASHINGTON PARISH GOVERNMENT
 Bogalusa, Louisiana
 Statement of Net Assets
 June 30, 2005

	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 34,007
Receivables	434,680
Capital assets	
Site study and selection	714,435
Total Assets	1,183,122
LIABILITIES	
Current liabilities	434,680
Current long-term liabilities	-
Total Liabilities	434,680
Net Assets	
Invested in capital assets,	714,435
Unrestricted	34,007
Total Net Assets	\$ 748,442

See accountant's report and accompanying notes to the financial statements.

STATEMENT B

WASHINGTON PARISH RESERVOIR COMMISSION
WASHINGTON PARISH GOVERNMENT
Bogalusa, Louisiana
STATEMENT OF ACTIVITIES
For the Period Ended June 30, 2005

PROGRAM EXPENDITURES:

Advertisement	\$ 457
Printing	148
Accounting	2,333
Postage	126
Total Program Expenses	<u>3,064</u>

PROGRAM REVENUES:

State grant	486,415
Contribution from local governments	-
Economic development organizations	-
Donations	-
Net Program Revenues	<u>486,415</u>

Change in Net Assets 483,351

Beginning Net Assets, July 1, 2004 265,091

Ending Net Assets, June 30, 2005 \$ 748,442

See accountant's report and accompanying notes to financial statements.

STATEMENT C

WASHINGTON PARISH RESERVOIR COMMISSION
 WASHINGTON PARISH GOVERNMENT
 Bogalusa, Louisiana
 Balance Sheet
 Governmental Funds
 June 30, 2005

	General Fund	Capital Project Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 33,316	\$ 691	\$ 34,007
Receivables	-	434,680	434,680
TOTAL ASSETS	<u>\$ 33,316</u>	<u>\$ 435,371</u>	<u>\$ 468,687</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable	\$ -	\$ 433,554	\$ 433,554
Retainage payable	-	1,126	1,126
Total Liabilities	<u>-</u>	<u>434,680</u>	<u>434,680</u>
EQUITY			
Fund balance - unreserved	33,316	691	34,007
Total Equity	<u>33,316</u>	<u>691</u>	<u>34,007</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 33,316</u>	<u>\$ 435,371</u>	<u>\$ 468,687</u>
Reconciliation:			
Total government funds balance	\$ 34,007		
Invested in capital assets	714,435		
Net assets of government-wide statements	<u>\$ 748,442</u>		

See accountant's report and accompanying notes to financial statements.

STATEMENT D

WASHINGTON PARISH RESERVOIR COMMISSION
WASHINGTON PARISH GOVERNMENT
Bogalusa, Louisiana
Statement of Revenues, Expenditures
and Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Period Ended June 30, 2005

	General	Capital Project	Total
REVENUES:			
State grant	\$ -	\$ 486,415	\$ 486,415
Local government's contributions	-	-	-
Economic development contributions	-	-	-
Donations	-	-	-
Total Revenues	<u>-</u>	<u>486,415</u>	<u>486,415</u>
EXPENDITURES:			
Advertisement	457	-	457
Accounting	-	2,333	2,333
Printing	148	-	148
Bank fees	-	-	-
Postage	126	-	126
Capital outlay	-	484,215	484,215
Total expenditures	<u>731</u>	<u>486,548</u>	<u>487,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(731)	(133)	(864)
Fund transfers	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND FUND TRANSFERS	(731)	(133)	(864)
FUND BALANCE, JULY 1, 2004	<u>34,047</u>	<u>824</u>	<u>34,871</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 33,316</u>	<u>\$ 691</u>	<u>\$ 34,007</u>
Change in fund balance	\$ (864)		
Capital assets purchased	484,215		
Change in net assets	<u>\$ 483,351</u>		

See accountant's report and accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements
For the Period Ended June 30, 2005

Introduction:

The Reservoir District of Washington Parish, was created by Act 71 under the Louisiana Revised Statute 36:509 (S) and Part XXVI of Chapter 13 Of Title 38 of 1950, to be comprised of R. S. 38:3087.191 through 3087.205. The Act 71 established the following:

1. Create the Washington Parish Reservoir District, a political subdivision and a state agency
2. Provide for a board of commissioners to manage the Reservoir Commission
3. Provide for the powers and duties of the District including the power to levy taxes and issue bonds to prohibit certain actions and to provide penalties
4. Provide relative to the District's relationship with the Department of Transportation and Development and the Louisiana Wildlife and Fisheries Commission
5. Provide for other related matters.

The District is managed by a board of commissioners (no compensation) composed of eleven members appointed by the governor as follows:

1. Three members appointed from a list of names submitted by each member of the legislative delegation representing the parish of Washington
2. Seven members, representing each of the seven parish council districts, appointed from a list of names submitted by each of the seven members of the parish council
3. One member shall be appointed from a list of names submitted by the parish president.

The District was created for the purpose of studying the feasibility of developing a reservoir in Washington Parish and to examine and search for potential sites for such a reservoir. The purpose of the reservoir is to develop the wealth and natural resources of the district by the conservation of soil and water for agricultural, recreational, commercial, industrial, and sanitary purposes.

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Washington Parish Reservoir District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended June 30, 2005, the District prepared its financial statements under the reporting requirements of GASB Statement No. 34, *Basic Financial Statements--Management's Discussion and Analysis- for State and Local Governments*.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements (Continued)
For the Period Ended June 30, 2005

A. Reporting Entity

The District is a political subdivision of the state of Louisiana, within the Department of Transportation and Development, and shall perform and exercise its powers, duties, functions, and responsibilities in the manner provided for agencies transferred, in accordance with the provisions of R.S. 36:801.1. Governmental Accounting Standards Board (GASB) Statement No. 14, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District includes all funds for which the District exercises financial accountability. Because the Reservoir District members are appointed by the State of Louisiana and are solely accountable for fiscal matters, which include (1) *budget authority*, (2) *responsibility for funding deficits and operating deficiencies*, and (3) *fiscal management for controlling the collection and disbursement of funds*, the District is a separate governmental reporting entity, primary government. There are no other component units which the Washington Parish Reservoir District has an oversight relationship.

B. Government-Wide and Fund 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 government activities of the District as a whole. They include all funds of the entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Washington Parish Reservoir District had no business-type activities for the year ended June 30, 2005. The statement of net assets list assets beginning with the most current to least current. Any debt would be stated in current and long-term components. 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 expenses that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "Major" funds. Funds statements present in separate columns the General Fund, followed by Major Funds, with Non-Major Funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of Major Funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements (Continued)
For the Period Ended June 30, 2005

government's officials believe is particularly important to financial statement users may be reported as a Major Fund. The District maintains two funds that are categorized as governmental funds and were determined to be major funds, as follows:

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

Capital Projects Fund-The Capital Projects Fund is used to account for all financial resources used for the acquisition or construction of major capital facilities. The Capital Project Fund is considered a major fund for government-wide reporting purpose.

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

The government-wide financial statements are accounted for on a flow of 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.

The statement of net assets and statement of activities are presented on the accrual basis of accounting. Under this method of accounting, exchange revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to follow subsequent private-sector guidance.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements (Continued)
For the Period Ended June 30, 2005

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and interest bearing demand deposits with original maturities of 90 days or less. State law and the District's policy allow the District to deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana, and the state sponsored investment pool.

E. Receivables and Payables

Grants and appropriations are recorded as receivables as soon as all eligibility requirements have been met, and the funds and their source identified. Payables are recorded as soon as the liability or contract is either identified or negotiated.

F. Prepaid Items

The District has no prepaid expenses.

G. Capital Assets

Capital outlays are recorded as expenditures of the General or Capital Project Fund and as assets in the government-wide financial statement. Cost of study and evaluation of a reservoir site is the only capital asset in the government-wide financial statement. There is no depreciation recorded at this time.

H. Encumbrances

The District does not use encumbrance accounting.

I. Compensated Absences

The District does not have any paid employees; therefore, it does not have a formal leave policy.

J. Long-Term Obligations

Long-term obligations are reported in the government-wide financial statement.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements (Continued)
For the Period Ended June 30, 2005

K. Net Assets and Fund Equity

In the government-wide statements, net assets are reported in three categories: 1) net assets invested in capital assets, net of related debt; 2) restricted net assets; and 3) unrestricted net assets. Net assets invested in capital assets, net of related debt, represents capital assets less accumulated depreciation less outstanding principal of any debt related to the purchase of capital assets. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the District. All other net assets are considered unrestricted.

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

L. Estimates

The preparation of financial statements in conformance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 expenses during the reported period. Actual results could differ from those estimates.

M. 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 is presented in Statement C of the basic financial statements. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities is presented in Statement D of the basic financial statements.

2. Stewardship, Compliance, and Accountability

The District does not have a formal policy for adopting a budget. The budget for the year ending June 30, 2005, was adopted at the Board of Commissioners' meeting on July 29, 2004. The Board did not amend the budget for June 30, 2005. The budget for year ending June 30, 2006, was adopted at the Board meeting of May 24, 2005. All appropriations lapse at year-end.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements (Continued)
For the Period Ended June 30, 2005

3. Cash and Cash Equivalents

At June 30, 2005, the District had cash and cash equivalents totaling \$34,006.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are to be 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, 2005, the District had \$34,006, in deposits (collected bank balances). These deposits were secured from risk by \$100,000 of the federal deposit insurance.

4. Receivables

The receivable consists of \$434,680 which is due from the State of Louisiana on the balance of the contracts for consulting fees and engineering fees..

5. Capital Assets

Capital asset activity for the year ended June 30, 2005, consists of \$484,215 of consulting and engineering fees in connection with studies for site selection for the proposed reservoir.

6. Current Liabilities

The District has current liabilities in the Capital Projects Fund of \$434,680 which consists of consulting fees of \$32,859, engineering fees of \$400,695, and retainage due on previously paid engineering invoices of \$1,126.

7. Grant

The Washington Parish Reservoir District has received a grant of \$1,225,000 from the State of Louisiana for the purpose of site selection, planning, land acquisition, and construction of the reservoir. Four Hundred Thousand Dollars (\$400,000) of the \$1,225,000 grant was an appropriation directly from the state general fund, with \$100,000 coming from Act 23, \$500,000 from Act 24, \$100,000 from Act 2 LOC, and \$125,000 from Act 26.

Funds received or allocated to date are \$716,435. Expenditures incurred for these funds are listed below:

Engineering fees	\$552,435
Consulting fees	162,000
Accounting services	2,200

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Notes to the Financial Statements (Continued)
For the Period Ended June 30, 2005

8. Litigation and Claims

As of June 30, 2005, the District was not involved in any outstanding litigations or claims.

9. Related Party Transactions

There were no related party transactions requiring disclosure in the financial statements.

10. Subsequent Events

There were no subsequent events requiring disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

WASHINGTON PARISH RESERVOIR COMMISSION
 WASHINGTON PARISH GOVERNMENT
 Bogalusa, Louisiana
 Budgetary Comparison Schedule
 For the Period Ended June 30, 2005

	General Fund			Capital Projects Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
DOTD Grant	\$ -	\$ -	\$ -	\$ 484,215	\$ 486,415	\$ 2,200
Economic development contributions	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,215</u>	<u>486,415</u>	<u>2,200</u>
EXPENDITURES:						
Professional fees (capital expenditures)	-	-	-	484,215	484,215	-
Professional fees (accounting)	-	2,333	(2,333)	-	-	-
Travel and promotions	5,000	457	4,543	-	-	-
Office supplies	500	126	374	-	-	-
Other	1,200	148	1,052	-	-	-
Total expenditures	<u>6,700</u>	<u>3,064</u>	<u>3,636</u>	<u>484,215</u>	<u>484,215</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,700)</u>	<u>(3,064)</u>	<u>3,636</u>	<u>-</u>	<u>2,200</u>	<u>(134)</u>
FUND TRANSFERS	<u>-</u>	<u>2,200</u>	<u>2,200</u>	<u>-</u>	<u>(2,200)</u>	<u>-</u>
EXCESS OF REVENUES AND FUND TRANSFERS	<u>(6,700)</u>	<u>(864)</u>	<u>5,836</u>	<u>-</u>	<u>-</u>	<u>(134)</u>
FUND BALANCE, JULY 1, 2003	<u>34,047</u>	<u>34,047</u>	<u>-</u>	<u>824</u>	<u>824</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 27,347</u>	<u>\$ 33,183</u>	<u>\$ 5,836</u>	<u>\$ 824</u>	<u>\$ 824</u>	<u>\$ (134)</u>

See accountant's report and accompanying notes to the financial statements.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
For the Period Ended June 30, 2005

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Board members did not receive compensation during the period under this report.

See accountant's report and accompanying notes to the financial statements.

WILLIAM R. DURDEN

Certified Public Accountant

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FRANKLINTON, LOUISIANA 70438
(985)839-4413
FAX (985)839-4402

MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Washington Parish Reservoir Commission
Bogalusa, LA

Gentlemen:

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Washington Parish Reservoir District, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the period ended June 30, 2005, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representations regarding the sufficiency of the procedures described below neither for the purpose for which this report has been requested nor for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LAS-RS 38:2211-2251 (the public bid law).

The District had expenditures for engineering fees and consultant fees, which are not subject to the bid laws. These expenditures were made under approved contracts for the consultant and engineer. The District did not have any purchases that exceed \$15,000 or public works exceeding \$100,000. The District complied with public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list of board members, their immediate family members, and their outside business interests. I scanned cash disbursements journals for any related party transactions, there were none that came to my attention.

3. Obtain from management a listing of all employees paid during the period under examination.

The District does not employ any compensated employees or other personnel at this time, thus there were no payroll records to review.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in procedure (2) as immediate family members.

This procedure was not performed due to the lack of compensated employees.

Budgeting

5. Obtain a copy of the legally adopted original budget and all amendments.

The District did adopt a budget for the period ending June 30, 2005.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption, of the District's 2004-05 budget, to the minutes of the Board of Commissioners' meeting of June 29, 2004. The budget was not amended.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

The actual revenues were not under budgeted amounts by more than 5%. Expenditures did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and

- (a) Trace payments to supporting documentation as to proper amount and payee

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) Determine if payments were properly coded to the correct fund and general ledger account

The six payments I examined were coded to the correct general ledger accounts and proper fund.

- (c) Determine whether payments received approval from proper authorities.

Inspection of documentation supporting the six selected disbursements indicates approval to purchase from the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).

Washington Parish Reservoir District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's meeting place. Management has asserted that such documents were properly posted. I examined copies of meeting notices containing date, time, place and business to be conducted, which are filed with the minutes of each meeting.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

I inspected copies of all bank deposits for the period under examination and did not note any deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.


Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

I scanned cash disbursement records and minutes for evidence of any payments which may constitute bonuses, advances, or gifts to District's members, none were noted. The District does not employ any compensated employees.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Washington Parish Reservoir District, the Legislative Auditor, and the State of Louisiana and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


William R. Durden
Certified Public Accountant

October 7, 2005

MANAGEMENT'S REPRESENTATIONS

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Corrective Action Plan for Prior Year Findings
For the Period Ended June 30, 2005

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
Section 1 - Independent Accountant's Report on Applying Agreed-Upon Procedures:				
2004-1	2004	Budget requirements not followed-The District adopted a budget. But the budget was adopted late.	yes	The District will prepare and adopt a budget. They will also review the budget to actual at least three times per year and amend the budget if applicable.

WASHINGTON PARISH RESERVOIR DISTRICT
Bogalusa, Louisiana

Corrective Action Plan for Current Year Findings
For the Period Ended June 30, 2005

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken Yes, No, Partially</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section 1 - Independent Accountant's Report on Applying Agreed-Upon Procedures:				

There were no findings for the current year