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**OLACHITA ECONOMIC
DEVELOPMENT CORPORATION**
**FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 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.

Released Date 6/4/03

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL REPORT
DECEMBER 31, 2003 AND 2001

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MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

May 2, 2003

The Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the accompanying statement of financial position of Ouachita Economic Development Corporation (a Nonprofit Corporation) as of December 31, 2002, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Ouachita Economic Development Corporation as of December 31, 2001, were audited by other auditors whose report dated March 11, 2002, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ouachita Economic Development Corporation as of December 31, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2003, on our consideration of Ouachita Economic Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Board of Directors
Coachita Economic Development Corporation
May 2, 2003

Our audit was made for the purpose of forming an opinion on the basic financial statements referred to above taken as a whole. The accompanying financial information listed as Supplementary Information Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Corporation. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Martin, Harrison + Smallwood, LLP

GUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2002	2001
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 15,368	\$ 200,447
Investments	190,404	260,305
Accounts Receivable	2,490	-
Unconditional Promise to Give - Unrestricted	25,000	-
Interest Receivable	1,400	9,875
Prepaid Expenses	1,618	1,384
Total Current Assets	<u>357,280</u>	<u>471,911</u>
Temporarily Restricted Assets:		
Pending for Next Fiscal Year:		
Unconditional Promise to Give	-	85,000
Total Temporarily Restricted Assets	<u>-</u>	<u>85,000</u>
Fixed Assets:		
Office Furniture and Equipment	80,690	78,393
Less: Accumulated Depreciation	56,531	38,179
Net Fixed Assets	<u>24,159</u>	<u>40,214</u>
Other Assets:		
Security Deposit	450	450
Total Other Assets	<u>450</u>	<u>450</u>
TOTAL ASSETS	<u>\$ 682,289</u>	<u>\$ 600,635</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 211	\$ 397
Accrued liabilities	863	561
Compensated absences	3,465	3,465
Total Current Liabilities	<u>4,539</u>	<u>4,423</u>
TOTAL LIABILITIES	<u>4,539</u>	<u>4,423</u>
NET ASSETS		
Unrestricted	277,734	311,273
Temporarily Restricted	-	85,000
Total Net Assets	<u>277,734</u>	<u>396,273</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 682,289</u>	<u>\$ 600,635</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES

	DECEMBER 31,	
	2002	2001
	<u> </u>	<u> </u>
UNRESTRICTED NET ASSETS		
City of Monroe	\$ 25,000	\$ 99,999
State of Louisiana - Renewal Community	15,000	-
Private Funding	25,300	67,480
Short-term Revenue	12,990	22,900
Renewal Community, Private & Other	5,400	-
Interest Income	10,510	19,225
Other Income	-	794
	<u>104,400</u>	<u>319,398</u>
Total Unrestricted Support and Revenue	<u>104,400</u>	<u>319,398</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Ouachita Parish Police Jury Funding	<u>25,000</u>	<u>190,000</u>
Total Reclassifications	<u>25,000</u>	<u>190,000</u>
Total Unrestricted Support, Revenue, and Reclassifications	<u>129,400</u>	<u>509,398</u>
EXPENSES		
Personnel Costs	217,749	188,708
Marketing and Communication	59,341	66,596
Research	10,731	26,538
Professional Development	5,028	2,813
Total Operating Expenses	<u>272,849</u>	<u>284,655</u>
Administrative Expenses	<u>88,093</u>	<u>82,974</u>
Total Expenses	<u>360,942</u>	<u>367,629</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(231,542)</u>	<u>(7,231)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Ouachita Parish Police Jury Funding	-	85,000
Reduction of Prior Year Ouachita Parish Police Jury Funding	(60,000)	-
Net Assets Released From Restrictions	<u>(60,000)</u>	<u>(60,000)</u>
Ouachita Parish Police Jury Funding	<u>(25,000)</u>	<u>(150,000)</u>
Decrease in Temporarily Restricted Net Assets	<u>(25,000)</u>	<u>(150,000)</u>
DECREASE IN NET ASSETS	<u>(518,542)</u>	<u>(77,231)</u>
NET ASSETS - BEGINNING OF YEAR	<u>389,272</u>	<u>466,488</u>
NET ASSETS - END OF YEAR	<u>\$ 177,730</u>	<u>\$ 389,257</u>

The accompanying notes are an integral part of these financial statements.

QUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS

	DECEMBER 31, 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in Net Assets	\$ (253,348)	\$ (71,210)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	18,332	13,349
Changes in Assets and Liabilities:		
Unconditional Promises to Give	(23,480)	141,237
Prepays and Other	8,217	(4,389)
Agency Transactions - Grants Received for Others	-	43,352
Agency Transactions - Grants Disbursed for Others	-	(47,351)
Accounts Payable	(136)	(28)
Accrued Liabilities	302	2,252
Payroll Taxes Payable	-	(1,298)
Total Adjustments	(145)	155,366
Net Cash Provided by (Used in) Operating Activities	(74,016)	84,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Proceeds of Investments	68,771	43,931
Purchase of Furniture and Equipment	(4,557)	(3,745)
Net Cash Provided by (Used in) Investing Activities	64,214	40,186
NET INCREASE IN CASH AND CASH EQUIVALENTS	(9,802)	124,342
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	305,643	82,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 295,841	\$ 306,347

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2000****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****NATURE OF OPERATIONS**

Ouachita Economic Development Corporation (the Corporation) is a nonprofit organization which was incorporated on April 30, 1989, as the Ouachita Enterprise Corporation, for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita.

On June 18, 1997, the name of the Corporation was changed to Ouachita Economic Development Corporation to more accurately reflect the purpose of the non-profit organization.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements of the Corporation have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements to the reader.

REVENUE RECOGNITION

Support from local governmental entities is paid throughout each entity's fiscal year. It is the Corporation's policy to recognize this support in the period declared. Support from local businesses is recognized in the period received.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets which generally are either eight years for furniture and fixtures and five years for office equipment.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pervasiveness of Estimates

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

Income Tax Status

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting Pronouncements

The Corporation adopted Statements of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements of Not-For-Profit Organizations effective January 1, 1996. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature and/or existence of any donor-imposed restrictions. SFAS 116 requires that such contributions be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restriction. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Agency transactions for flow-thru grants are included in the Statement of Cash Flows.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - CASH AND INVESTMENTS

The Corporation's cash and investments consist of funds on deposit with area financial institutions. The investment amounts at December 31, 2002 and 2001, are \$191,404 and \$260,263 respectively. These investments consist of certificates of deposits with interest rates of 1.89% and 2.42% for 2002, and 4.2% and 6.5% for 2001. The carrying values of these investments approximate their market value.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of \$25,000 to be received from the City of Monroe as of December 31, 2002, which is presented as an unrestricted asset and \$85,000 to be received from Ouachita Parish Police Jury at December 31, 2001, which is presented as "Temporarily Restricted Asset".

NOTE 4 - OPERATING LEASES

The Corporation has a five year operating lease with an effective date of June 1, 2002, for its office space. The monthly payment is \$1,598. Future minimum lease payments under this lease are \$18,834 in 2003, \$19,757 in 2004, \$20,679 in 2005, \$21,602 in 2006, and \$12,915 in 2007.

The Corporation also has a three year operating lease for an automobile. The lease began in June of 2000 and will end in May of 2003. The monthly payment is \$450. Future minimum lease payments under this lease are \$2,250 in 2000.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

At December 31, 2002 and 2001, the Corporation had funds on deposit with a single financial institution that exceeded the amount covered through the FDIC by \$6,086 and \$16,736 respectively.

Approximately 39% and 70% of the revenues recognized in 2002 and 2001 were from the local governments, being the City of Monroe, City of West Monroe, and the Ouachita Parish Police Jury. One hundred percent of the unconditional promises to give at December 31, 2002 and 2001 were from the same funding sources. The Corporation does not require any collateral in support of promises to give.

NOTE 6 - AGENCY TRANSACTIONS

During 2002 and 2001 the Corporation received workforce development grants of \$0 and \$47,252, on behalf of business entities in the community. These grants are to be used only by the particular business as stipulated in the grant. Since the Corporation did not have any discretion over the use of the grants received, these transactions were recorded as agency transactions and are not reflected in the statement of activities.

QUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

NOTE 7 - EMPLOYEE PENSION PLAN

The Corporation provides a simplified employee pension plan for eligible employees. To participate in the plan, employees must be at least 21 years of age, employed one year and have received at least \$396 in compensation for services during the current year. The Corporation contributes 6% of participating employees' earnings. The Corporation contributed \$5,215 and \$8,993 for the years ended December 31, 2002 and 2001 respectively.

SUPPLEMENTARY INFORMATION SCHEDULES

QUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES

	DECEMBER 31,	
	2002	2001
PERSONNEL COSTS		
Wages and Salaries	\$ 195,822	\$ 148,258
Temporary Office Help	719	-
Payroll Taxes	15,425	10,943
Retirement	5,315	8,995
Insurance	10,570	20,532
Total Personnel Costs	227,349	188,708
MARKETING AND COMMUNICATION		
Materials	1,363	4,264
Rent/Lease	12,044	24,276
Advertising	7,505	1,251
Travel and Lodging	9,573	9,317
Allied Operations	2,862	1,513
Professional Services	-	23,688
Miscellaneous	-	2,368
Total Marketing and Communication	33,347	66,597
RESEARCH		
Ongoing Research	4,518	11,213
Publications	1,167	-
On-Line Charges	2,046	4,013
Special Purpose	-	11,300
Total Research	10,731	26,526
PROFESSIONAL DEVELOPMENT		
Travel and Lodging	3,978	1,379
Tuition and Fees	1,050	1,434
Total Professional Development	5,028	2,813
TOTAL OPERATING EXPENSES	\$ 276,859	\$ 284,655

The accompanying notes are an integral part of these financial statements.

OSIACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF ADMINISTRATIVE EXPENSES

	DECEMBER 31,	
	2002	2001
OFFICE EXPENSES		
Rent	\$ 15,763	\$ 13,000
Telephone	8,629	7,516
Bank Charges	139	-
Postage	1,533	3,887
Supplies	8,322	9,752
Dues and Subscriptions	3,327	3,360
Insurance - Office	4,146	3,029
Legal and Professional Fees	31,329	9,727
Total Office Expenses	<u>53,288</u>	<u>48,881</u>
AUTO LEASE	5,450	5,450
EQUIPMENT MAINTENANCE AND RENTAL	1,780	5,326
TRAVEL AND MEETINGS		
Travel	3,105	798
Insurance - Auto	2,294	2,285
Meetings	1,833	2,096
Total Travel and Meetings	<u>7,232</u>	<u>5,179</u>
OTHER EXPENSES		
Depreciation	18,352	17,583
Miscellaneous	187	982
Taxes and Licenses	4	5
Total Other Expenses	<u>18,543</u>	<u>18,150</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 86,993</u>	<u>\$ 82,454</u>

The accompanying notes are an integral part of these financial statements.

OTHER INDEPENDENT AUDITORS' REPORT

MARTIN, HARRISON & SMALLWOOD, L.L.P.

MEMBER FIDELICITY ACCOUNTANTS

8009 BELPATRICE BLVD., P.O. BOX 9048 - MONROE, LA 70111-9048 - (504) 836-6600
409 EMPORIUM STREET, SUITE A - DELHI, LA 71228 - (504) 876-0775

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

May 2, 2003

The Board of Directors
Ouachita Economic Development Corporation

We have audited the financial statements of Ouachita Economic Development Corporation as of and for the year ended December 31, 2002, and have issued our report thereon dated May 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether Ouachita Economic Development Corporation's 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 these 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 Ouachita Economic Development Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

The Board of Directors
Ouachita Economic Development Corporation
May 2, 2000
Page Two

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 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 that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Ouachita Economic Development Corporation in a separate letter dated May 2, 2000.

This report is intended solely for the information and use of the board of directors, management, and the agencies granting funds to the Corporation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Martin, Harrison + Smallwood, LLP

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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400 DEPOT STREET, SUITE 2 - BELLAIR, LA 70004 - (504) 836-0000

May 2, 2003

Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the financial statements of the Ouachita Economic Development Corporation as of and for the year ended December 31, 2002, and have issued our report thereon dated May 2, 2003. 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.

As part of our examination, we have issued our report on the financial statements, dated May 2, 2003, and our report on internal control and compliance with laws, regulations, and contracts, dated May 2, 2003.

During the course of our examination, we became aware of the following matters, which represent suggestions for improved internal controls.

FINDING #1

Our review of expense reimbursements revealed that certain reimbursements are not reviewed and approved by management unless they exceed certain limits.

RECOMMENDATION

All expense reimbursements should be reviewed by a member of management who is independent of the one submitting the reimbursement request.

Martin, Harrison & Smallwood, L.L.P.

May 2, 2003

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FINDING #2

Review of travel and entertainment expenses revealed some expenses that appeared to be excessive in certain instances.

RECOMMENDATION

A standard policy addressing travel and entertainment expenses should be adopted to provide guidance in the type and amount of expense that is allowable.

We are available to further explain the above findings and to help implement the recommendations. Please feel free to contact us at any time if we may be of any assistance. We appreciate the cooperation and courtesy extended to us during the course of the audit.

Respectfully,

MARTIN, HARRISON & SMALLWOOD, L.L.P.



Mike M. Martin

Certified Public Accountant



Economic Development Corporation
Ouachita Parish, Louisiana

May 12, 2003

Mr. Grever C. Austin
Office of Legislative Auditor
State of Louisiana
P.O. Box 94387
Baton Rouge, LA 70804-9387

Dear Mr. Austin:

This letter is in response to the finding of the Ouachita Economic Development Corporation's (OEDC) audited financial statements for the year ended December 31, 2002.

FINDING #1: The review of expense reimbursements revealed that certain reimbursements are not reviewed and approved by management unless they exceed certain limits.

ACTION: The president's expense reports will be approved by an OEDC Officer once a month.

FINDING #2: The review of travel and entertainment expenses revealed some expenses that appeared to be excessive in certain instances.

ACTION: The OEDC has adopted the State of Louisiana's travel policies. The staff met on May 14, 2003 and reviewed the State travel policy.

If you have any questions, I can be reached at 318-387-8763.

Thank you,

Buddy Spillers
President