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**OUACHITA ECONOMIC
DEVELOPMENT CORPORATION**

Financial Statements
Years Ended December 31, 1998 and 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 03 1999

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

DECEMBER 31, 1998 AND 1997

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Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Alleberry, CPA
Carolyn A. Clarke, CPA

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana**

We have audited the accompanying statements of financial position of **Ouachita Economic Development Corporation** (the Corporation) as of December 31, 1998 and 1997 and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with generally accepted auditing standards, the standards for financial audits contained in *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 audits 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 the Corporation at December 31, 1998 and 1997 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 1999 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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**Ouachita Economic Development Corporation
Monroe, Louisiana**

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

Ruffly, Huffman & Monroe (APAC)

January 22, 1999

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	1998	1997
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 86,458	\$ 103,521
Investments	150,000	-
Unconditional Promises to Give:		
Unrestricted	80,999	82,581
Prepaid Expenses	1,122	2,253
Total Current Assets	318,579	188,355
Temporarily Restricted Assets		
Funding for Next Fiscal Year:		
Cash and Cash Equivalents	8,000	-
Unconditional Promise to Give	98,000	98,000
Total Temporarily Restricted Assets	106,000	98,000
Furniture and Equipment		
Furniture and Equipment	46,706	31,331
Less: Accumulated Depreciation	(26,365)	(22,274)
Net Furniture and Equipment	20,341	9,057
Other Assets		
Security Deposit	475	475
TOTAL ASSETS	\$ 445,395	\$ 295,887
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,997	\$ 385
Accrued Expenses	30,200	-
Payroll Taxes Payable	5,936	3,957
Total Current Liabilities	38,133	4,342
Net Assets		
Unrestricted	301,262	193,545
Temporarily Restricted	106,000	98,000
Total Net Assets	407,262	291,545
TOTAL LIABILITIES AND NET ASSETS	\$ 445,395	\$ 295,887

The accompanying notes are an integral part of these statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Unrestricted Net Assets		
Support		
City of Monroe	\$ 154,000	\$ 153,998
City of West Monroe	50,084	49,989
Business Sector	63,730	75,500
Rivertown	10,032	13,260
Pathfinders	-	26,500
Other Income	2,629	1,142
Interest Income	1,363	862
Total Unrestricted Support	<u>281,838</u>	<u>321,251</u>
 Net Assets Released From Restrictions		
Ouachita Parish Police Jury Funding	98,000	98,000
Less: Uncollected Promise to Give	<u>(4,161)</u>	<u>-</u>
Total Reclassifications	<u>93,839</u>	<u>98,000</u>
 Total Unrestricted Support and Reclassifications	 375,677	 419,251
 Expenses		
Personnel Costs		
Wages and Salaries	133,534	112,745
Temporary Office Help	8,428	1,125
Payroll Taxes and Benefits	16,234	19,615
Total Personnel Costs	<u>158,196</u>	<u>133,485</u>
 Operating Expenses		
New Business Development	998	41,243
Existing Business Development	15,882	20,392
Computer Services	6,065	6,677
Total Operating Expenses	<u>22,945</u>	<u>68,312</u>
 Administrative Expenses		
Office Expenses	55,685	50,673
Auto Lease	5,481	5,922
Equipment Maintenance and Rental	163	45
Travel and Meetings	8,923	17,734
Other Expenses	16,567	34,540
Total Administrative Expenses	<u>86,819</u>	<u>108,914</u>
 Total Expenses	 267,960	 310,711

(Continued)

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES (CONCLUDED)
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Increase in Unrestricted Net Assets	107,717	108,540
Temporarily Restricted Net Assets		
Business Sector Funding for 1999	8,000	-
Ouachita Parish Police Jury Funding for 1999	98,000	98,000
Net Assets Released From Time Restrictions		
Ouachita Parish Police Jury Funding	<u>(98,000)</u>	<u>(98,000)</u>
Increase in Temporarily Restricted Net Assets	<u>8,000</u>	<u>-</u>
Increase in Net Assets	115,717	108,540
Net Assets at Beginning of Year	<u>291,545</u>	<u>183,005</u>
NET ASSETS AT END OF YEAR	<u>\$ 407,262</u>	<u>\$ 291,545</u>

The accompanying notes are an integral part of these statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 115,717	\$ 108,540
Adjustments to Reconcile Increase in Net Assets To Net Cash Provided by Operating Activities		
Depreciation	7,965	3,430
Loss on Disposal of Fixed Assets	741	-
Changes in assets and liabilities:		
Unconditional Promises to Give	1,582	(24,169)
Prepays and Other	1,131	(2,120)
Agency Transactions-Grants Received for Others	93,867	31,057
Agency Transactions-Grants Disbursed to Others	(93,867)	(31,057)
Accounts Payable	1,612	(1,465)
Payroll Taxes Payable	1,979	(3,881)
Accrued Expenses	30,200	(25,500)
Total Adjustments	<u>45,210</u>	<u>(53,705)</u>
Net Cash Provided by Operating Activities	160,927	54,835
 Cash Flows From Investing Activities		
Purchase of Certificate of Deposit	(150,000)	-
Purchase of Furniture and Equipment	(19,990)	(4,751)
Net Cash Used by Investing Activities	<u>(169,990)</u>	<u>(4,751)</u>
 Net Increase (Decrease) in Cash	(9,063)	50,084
 Cash and Cash Equivalents, Beginning of Year	<u>103,521</u>	<u>53,437</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 94,458</u>	<u>\$ 103,521</u>
 Presented on the Statement of Financial Position as:		
Current Assets:		
Cash and Cash Equivalents	\$ 86,458	\$ 103,521
Temporarily Restricted Assets:		
Cash and Cash Equivalents	8,000	-
Total	<u>\$ 94,458</u>	<u>\$ 103,521</u>

The accompanying notes are an integral part of these statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

Note 1 - Summary of Significant Accounting Policies

Organization

The Ouachita Economic Development Corporation (the Corporation) is a non-profit organization which was incorporated on April 26, 1989 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

The financial statements of the Corporation are presented 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 or five years for office equipment.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

Income Taxes

The Corporation was a non-profit corporation exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. During the year 1998, the corporation's exempt status was changed and it is now 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.

Statements of Cash Flows

For purposes of the Statements 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 Statements of Cash Flows.

Note 2 - Cash and Investments

The Corporation's cash and investments consist of petty cash and funds on deposit with a financial institution. The \$150,000 investment amount is for a certificate of deposit with an interest rate of 4.88%. It matures on May 22, 1999 and its carrying value approximates its market value.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

Note 3 - Unconditional Promises to Give

Unconditional promises to give consist of the following at December 31, 1998:

	Current	Subsequent
City of Monroe	\$ 51,337	\$ 0
City of West Monroe	29,167	0
Ouachita Parish Police Jury	0	98,000
Northeast Louisiana University	495	0
	\$ 80,999	\$ 98,000

Note 4 - Operating Leases

The Corporation has a three year operating lease with an effective date of February 1, 1997 for its office space. The monthly payment is \$850. Future minimum lease payments under this lease are as follows: 1999 - \$10,200; 2000 - \$850.

The Corporation also has a three year operating lease for an automobile. The lease began in June of 1997 and will end in May of 2000. The monthly payment is \$457. Future minimum lease payments under this lease are as follows: 1999 - \$5,484; 2000 - \$2,285.

Note 5 - Concentrations of Credit Risk

As of December 31, 1998, the Corporation had funds on deposit with a single financial institution that exceeded the amount covered through the FDIC by \$151,683.

Approximately 79% of the revenues recognized in 1998 were from the three local governments, being the City of Monroe, the City of West Monroe and the Ouachita Parish Police Jury and 99% of the unconditional promises to give at December 31, 1998 were from the same three funding sources. Failure of these agencies to perform could impact the Corporation's ability to collect \$178,999. The Corporation does not require any collateral in support of promises to give.

Note 6 - Agency Transactions

During 1998 and 1997 the Corporation received various grants on behalf of business entities throughout the community. These were workforce development grants to be used

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

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.

Note 7 - Year 2000 Compliance

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1998. These systems will potentially recognize the "00" as the year 1900 instead of 2000.

On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching and could impact a full range of business services and activities.

The Corporation has conducted a study of its own systems and operations. Based on this study, the Corporation has initiated a project to take all necessary and reasonable steps to get the mission critical systems and operations Y2K compliant in a timely manner. The project will include confirming the Y2K preparedness of significant third parties.

The total costs of the Y2K efforts are estimated to be nil and as of December 31, 1998, it has not been necessary for the Corporation to expend any funds toward making its systems year 2000 compliant.

The assessment of the costs of the Y2K compliance effort, and the timetable for the planned completion of the internal Y2K modifications, are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that these estimates will prove accurate, and actual results could differ from those estimated if these assumptions prove inaccurate. Additionally, there can be no absolute guarantee that significant third parties will successfully and timely convert their systems.

SUPPLEMENTARY INFORMATION SCHEDULES

**OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
New Business Development		
Advertising	\$ 636	\$ 1,178
Travel	235	65
Prospect Development	127	40,000
Total New Business Development	<u>998</u>	<u>41,243</u>
 Existing Business Development		
Score	-	1,581
Community Development	1,377	1,098
Industry Appreciation	14,408	16,389
Travel	97	1,324
Total Existing Business Development	<u>15,882</u>	<u>20,392</u>
 Computer Services		
Subscriptions	225	84
On-line Time Charges	5,840	6,593
Total Computer Services	<u>6,065</u>	<u>6,677</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 22,945</u>	 <u>\$ 68,312</u>

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Office Expenses		
Rent	\$ 10,200	\$ 10,200
Telephone	8,444	8,704
Postage	2,174	4,412
Supplies	14,548	12,708
Dues and Subscriptions	1,824	2,985
Insurance - Office	1,383	400
Legal and Professional Fees	17,022	11,096
Bank Charges	90	168
Total Office Expenses	<u>55,685</u>	<u>50,673</u>
Auto Lease	5,481	5,922
Equipment Maintenance and Rental	163	45
Travel and Meetings		
Travel	3,430	4,259
Schools and Conventions	-	3,748
Automobile Allowance	13	68
Insurance - Auto	2,312	2,034
Meetings	3,168	7,625
Total Travel and Meetings	<u>8,923</u>	<u>17,734</u>
Other Expenses		
Printing	-	8,351
Studies	1,975	5,725
Promotion	2,263	6,563
Depreciation	7,965	3,430
Miscellaneous	233	637
Moving Expense	2,890	9,834
Taxes and Licenses	500	-
Disposal of Fixed Assets	741	-
Total Other Expenses	<u>16,567</u>	<u>34,540</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 86,819</u>	<u>\$ 108,914</u>

**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**

**Ouachita Economic Development Corporation
Monroe, Louisiana**

We have audited the financial statements of **Ouachita Economic Development Corporation** (the Corporation), a nonprofit organization, as of and for the year ended December 31, 1998 and have issued our report thereon dated January 22, 1999. We conducted our audit in accordance with generally accepted auditing standards, the standards for 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 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 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. 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 to 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.

**Ouachita Economic Development Corporation
Monroe, Louisiana**

This report is intended for the management of the Corporation, other 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.

Ruffly, Hoffman & Malone (LAPAL)

January 22, 1999