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**OUACHITA ECONOMIC
DEVELOPMENT CORPORATION**

**FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003**

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 7-13-05

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL REPORT
DECEMBER 31, 2004 AND 2003

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

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

May 25, 2005

The Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the accompanying statements of financial position of Ouachita Economic Development Corporation (a Nonprofit Corporation) as of December 31, 2004 and 2003, 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 audit.

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, 2004 and 2003, 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 25, 2005, 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
Ouachita Economic Development Corporation
May 25, 2005
Page 2

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 & Smalleywood, LLP

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2004	2003
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 91,583	\$ 79,334
Investments	88,757	87,967
Accounts Receivable	-	55,000
Accrued Interest Receivable	267	-
Prepaid Expenses	4,803	4,768
Total Current Assets	185,410	227,069
Temporarily Restricted Assets:		
Funding for Next Fiscal Year:		
Unconditional Promise to Give	91,667	75,000
Total Temporarily Restricted Assets	91,667	75,000
Fixed Assets:		
Office Furniture, Equipment, and Automobile	107,103	107,103
Less: Accumulated Depreciation	78,032	66,803
Net Fixed Assets	29,071	40,300
TOTAL ASSETS	\$ 306,148	\$ 342,369
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,778	\$ 1,750
Accrued liabilities	769	421
Notes Payable - Current	4,636	4,399
Total Current Liabilities	7,183	6,570
Long-Term Liabilities:		
Notes Payable - Long Term	12,257	16,893
Total Long-Term Liabilities	12,257	16,893
TOTAL LIABILITIES	19,440	23,463
NET ASSETS		
Unrestricted	195,041	243,906
Temporarily Restricted	91,667	75,000
Total Net Assets	286,708	318,906
TOTAL LIABILITIES AND NET ASSETS	\$ 306,148	\$ 342,369

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES

	DECEMBER 31,	
	2004	2003
UNRESTRICTED NET ASSETS		
City of Monroe	\$ 83,333	\$ 50,000
Ouachita Parish Police Jury	75,000	150,000
State of Louisiana	65,125	64,000
Private Funding	51,973	61,450
Rivertown Revenue	14,050	12,925
Ouachita Enterprise Community	-	25,000
Renewal Community, Private & Other	3,600	4,200
Interest Income	1,794	3,529
Other Income	2,347	2,798
	<u>297,222</u>	<u>373,902</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Ouachita Parish Police Jury Funding	<u>75,000</u>	-
Total Reclassifications	<u>75,000</u>	-
Total Unrestricted Support, Revenue, and Reclassifications	<u>372,222</u>	<u>373,902</u>
EXPENSES		
Personnel Costs	278,498	267,733
Marketing and Communication	50,834	38,189
Research	6,399	7,969
Professional Development	1,338	1,828
Strategic Planning	7,218	19,240
Total Operating Expenses	<u>344,287</u>	<u>334,959</u>
Administrative Expenses	<u>76,800</u>	<u>72,761</u>
Total Expenses	<u>421,087</u>	<u>407,720</u>
Decrease in Unrestricted Net Assets	(48,865)	(33,818)
TEMPORARILY RESTRICTED NET ASSETS		
Ouachita Parish Police Jury Funding	75,000	75,000
City of Monroe Funding	16,667	-
Net Assets Released From Restrictions		
Ouachita Parish Police Jury Funding	<u>(75,000)</u>	<u>-</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>16,667</u>	<u>75,000</u>
INCREASE (DECREASE) IN NET ASSETS	(32,198)	41,182
NET ASSETS - BEGINNING OF YEAR	<u>318,906</u>	<u>277,724</u>
NET ASSETS - END OF YEAR	<u>\$ 286,708</u>	<u>\$ 318,906</u>

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS

	DECEMBER 31, 2004	2003
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ (32,198)	\$ 41,182
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	11,229	10,272
Changes in Assets and Liabilities:		
Unconditional Promises to Give	(16,667)	(50,000)
Accrued Interest Receivable	(267)	
Prepays and Other	(35)	(1,276)
Accounts Receivable	55,000	(52,510)
Accounts Payable	28	1,539
Accrued Liabilities	348	(442)
Compensated Absences	-	(3,465)
Total Adjustments	49,636	(95,882)
Net Cash (Used in) Operating Activities	17,438	(54,700)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Proceeds of Investments	(790)	103,527
Purchase of Furniture and Equipment	-	(26,153)
Net Cash Provided by Investing Activities	(790)	77,374
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Long-Term Debt	-	23,753
Payments on Long-Term Debt	(4,399)	(2,461)
Net Cash Provided by Financing Activities	(4,399)	21,292
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,249	43,966
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	79,334	35,368
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 91,583	\$ 79,334
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 1,072	\$ 729

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

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 26, 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, 2004 AND 2003

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 those 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.

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, 2004 and 2003, are \$88,757 and \$87,967 respectively. These investments consist of certificates of deposits with interest rates of 1.19% for 2004 and 2003. The carrying values of these investments approximate their market value.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 3 – UNCONDITIONAL PROMISED TO GIVE

Unconditional promises to give consists of \$75,000 to be received from the Ouachita Parish Police Jury and \$16,667 to be received from the City of Monroe at December 31, 2004, 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 \$1,614. Future minimum lease payments under this lease are \$20,679 in 2005, \$21,602 in 2006, and \$12,915 in 2007.

NOTE 5 – NOTES PAYABLE

On June 10, 2003, the Corporation entered into a five-year loan with Ford Motor Credit Company in monthly installments of \$451. The loan is secured by 2003 Ford Crown Victoria. The principal balance outstanding at December 31, 2004, is \$16,893.

The Corporation’s obligation under this note payable consist of the following:

5.25% note payable, due in monthly installments of \$451.00, including interest, through July 10, 2008, secured by a lien on a 2003 Ford Crown Victoria.	<u>\$16,893</u>
Total Notes Payable	<u>\$16,893</u>

The future scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2005	\$ 4,636
2006	4,885
2007	5,147
2008	<u>2,225</u>
	<u>\$ 16,893</u>

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Approximately 67% and 53% of the revenues recognized in 2004 and 2003 were from the local governments, being the City of Monroe and the Ouachita Parish Police Jury. One hundred percent of the unconditional promises to give at December 31, 2004 and 2003 were from the same funding sources. The Corporation does not require any collateral in support of promises to give.

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 \$10,643 and \$6,661 for the years ended December 31, 2004 and 2003 respectively.

NOTE 8 - RISK OF LOSS

The Corporation is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Corporation finances these potential losses through purchasing insurance. The level of coverage has remained constant. At this time, there are no known claims against the Corporation.

NOTE 9 - CONTINGENT LIABILITIES

Under the Corporation's personnel policies, all unused vacation and sick leave lapse as of December 31. Therefore, no accrual is necessary for compensated absences.

SUPPLEMENTARY INFORMATION SCHEDULES

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES

	DECEMBER 31,	
	2004	2003
PERSONNEL COSTS		
Wages and Salaries	\$ 224,672	\$ 216,310
Temporary Office Help	4,309	7,200
Payroll Taxes	17,443	15,819
Retirement	10,643	6,661
Insurance	21,431	21,743
Total Personnel Costs	278,498	267,733
MARKETING AND COMMUNICATION		
Materials	97	80
Entertainment	1,278	-
Rivertown	13,847	14,037
Advertising	6,288	6,727
Travel and Lodging	8,278	7,617
Allied Operations	5,598	3,115
Professional Services	14,740	6,570
State Farm Building Expense	465	-
Miscellaneous	243	43
Total Marketing and Communication	50,834	38,189
RESEARCH		
Travel and Lodging	1,307	-
Ongoing Research	2,200	4,840
Publications	40	-
On-Line Charges	2,852	3,129
Total Research	6,399	7,969
PROFESSIONAL DEVELOPMENT		
OEC Conference	100	-
Travel and Lodging	800	344
Tuition and Fees	438	1,484
Total Professional Development	1,338	1,828
STRATEGIC PLANNING		
Meetings	6,329	5,739
Consultants	889	10,518
Supplies	-	2,983
Total Strategic Planning	7,218	19,240
TOTAL OPERATING EXPENSES	\$ 344,287	\$ 334,959

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF ADMINISTRATIVE EXPENSES

	DECEMBER 31,	
	2004	2003
OFFICE EXPENSES		
Rent	\$ 19,911	\$ 18,988
Telephone	9,183	7,812
Bank Charges	199	238
Postage	1,958	1,911
Supplies	4,828	4,837
Dues and Subscriptions	1,547	1,540
Insurance - Office	3,717	4,829
Legal and Professional Fees	11,368	9,593
Total Office Expenses	52,711	49,748
 AUTO LEASE	-	2,296
 EQUIPMENT MAINTENANCE AND RENTAL	2,647	413
 TRAVEL		
Travel	-	4,932
Insurance - Auto	1,828	4,371
Interest - Auto	1,072	729
Gas, Mileage and Maintenance	6,926	-
Total Travel	9,826	10,032
 OTHER EXPENSES		
Depreciation	11,229	10,272
Miscellaneous	362	-
Taxes and Licenses	25	-
Total Other Expenses	11,616	10,272
 TOTAL ADMINISTRATIVE EXPENSES	\$ 76,800	\$ 72,761

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

OTHER INDEPENDENT AUDITORS' REPORT

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

CERTIFIED PUBLIC ACCOUNTANTS

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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 25, 2005

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, 2004 and 2003, and have issued our report thereon dated May 25, 2005. 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 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.

The Board of Directors
Ouachita Economic Development Corporation
May 25, 2005
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 25, 2005.

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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May 25, 2005

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, 2004, and have issued our report thereon dated May 25, 2005. 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 25, 2005, and our report on internal control and compliance with laws, regulations, and contracts, dated May 25, 2005.

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

FINDING # 1

Our review of credit card expenses revealed that complete documentation was not always present at the time of payment of the expense.

RECOMMENDATION

All expenses should have complete documentation attached before payment.

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

June 20, 2005

Office of the Legislative Auditor
Mr. Steve Theriot
1600 North Third Street
Baton Rouge, LA 70802

Dear Sir:

In regard to the finding on the audit that was conducted by Martin, Harrison, & Smallwood, LLP, and issued on May 25, 2005; we will take the following corrective action:

Finding 1:

All employees will be required to submit credit card receipts as soon as transactions are conducted. This procedure will allow us to have complete documentation prior to payment of invoices.

Sincerely,

Buddy Spillers
President