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CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

VIVIAN, LOUISIANA

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FINANCIAL STATEMENTS

December 31, 1999

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 JUL 26 2000

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SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Caddo Ward II Industrial Development
Corporation
Vivian, Louisiana

We have compiled the accompanying general purpose financial statements of Caddo Ward II Industrial Development Corporation (a nonprofit corporation) as of December 31, 1999, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

June 23, 2000

FINANCIAL STATEMENTS

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1999

	<u>Account Groups</u>		
	<u>Governmental Fund Types General Fund</u>	<u>General Fixed Asset Account Group</u>	<u>Total (Memorandum Only)</u>
Assets			
Cash and cash equivalents	\$ 484,579	\$ -	\$ 484,579
Fixed assets	-	661,976	661,976
Total Assets	<u>\$ 484,579</u>	<u>\$ 661,976</u>	<u>\$ 1,146,555</u>
Fund Equity			
Unreserved fund balance	\$ 484,579	\$ -	\$ 484,579
Investment in general fixed assets	-	661,976	661,976
Total Fund Equity	<u>\$ 484,579</u>	<u>\$ 661,976</u>	<u>\$ 1,146,555</u>

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - All Governmental Fund Types
December 31, 1999

	<u>General Fund</u>
Revenues	
Intergovernmental	\$ 305,390
Interest	<u>12,324</u>
Total revenues	<u>317,714</u>
Expenditures	
Professional fees	5,601
Legal publications	265
Civic associations	2,000
Miscellaneous	1,205
Capital expenditures	<u>40,700</u>
Total expenditures	<u>49,771</u>
Excess of Revenues over Expenditures (Expenditures over Revenue)	267,943
Fund Balances	
Fund Balance at Beginning of Year	<u>216,636</u>
Fund Balance at End of Year	<u>\$ 484,579</u>

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (Cash) Basis and Actual - General Fund
For the Years Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 305,000	\$ 305,390	\$ 390
Interest	<u>11,000</u>	<u>12,324</u>	<u>1,324</u>
Total revenues	<u>316,000</u>	<u>317,714</u>	<u>1,714</u>
Expenditures			
Professional fees	5,600	5,601	(1)
Legal publications	300	265	35
Civic associations	2,000	2,000	-
Miscellaneous	200	1,205	(1,005)
Capital expenditures	<u>290,700</u>	<u>40,700</u>	<u>250,000</u>
Total expenditures	<u>298,800</u>	<u>49,771</u>	<u>249,029</u>
(Excess) of Expenditures over Revenues	<u>\$ 17,200</u>	267,943	<u>\$ 250,743</u>
Fund Balances			
Fund Balance at Beginning of Year		<u>216,636</u>	
Fund Balance at End of Year		<u>\$ 484,579</u>	

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 1999

1. Summary of Significant Accounting Policies:

A. Reporting Entity

In 1978, LSA-R.S. 39:551.4 created a political subdivision named "The Caddo Parish Industrial District," the boundaries of which extend throughout Ward II of Caddo Parish. In 1995, the Caddo Ward II Industrial Development Corporation (the Corporation) was formed as the entity responsible for attracting business to the aforementioned industrial district. LSA-R.S. 27:93 allocated a percentage of boarding fees from river boats located in Caddo Parish to the Corporation. Accordingly, the Corporation must comply with regulations and procedures normally associated with governmental entities.

The Corporation is not a component unit of another primary government nor does it have any component units, which are related to it. Therefore, the Corporation has presented its financial statements as a separate special-purpose government.

The primary function of the Corporation is to attract business to the Caddo Parish Industrial District. In its attempt to do so, its activities include the general improvement of land and infrastructure in an effort to make the District more desirable for new business ventures.

B. Basis of Presentation

The accompanying general purpose financial statements of the Caddo Ward II Industrial Development Corporation have been prepared in conformity with general 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.

C. Fund Accounting

The Corporation uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 1999

1. Summary of Significant Accounting Policies (continued):

Funds of the Corporation are classified as governmental funds. Governmental funds account for the Corporation's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of construction of general fixed assets, and the servicing of general long-term debt. The Corporation only has one governmental fund (the General Fund) and one account group (the General Fixed Asset Account Group).

General Fund – the general operating fund of the Corporation and accounts for all financial resources, except those required to be accounted for in other funds.

General Fixed Assets Account Group – The fixed assets (capital outlays) used in the General Fund are accounted for (capitalized) in this account group as they are recorded as expenditures in the General Fund.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Budget Policy

The Board of Directors of the Corporation adopts an annual cash basis budget, and periodically compares actual results with the adopted budget as a management control device. The budget for 1999 was amended in accordance with Louisiana statutes.

G. Total Columns of Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to help with financial analysis. Data on these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 1999

1. *Summary of Significant Accounting Policies (continued):*

H. Fixed Assets

Fixed assets consists solely of land and land improvements, and are stated at historical cost. No depreciation has been provided on general fixed assets.

2. *Revenue Recognition – Intergovernmental Revenues and Economic Dependency:*

Intergovernmental revenues consists of payments to the Corporation of its statutorily set share of river boat boarding fees. The payments are booked when received. The Corporation is dependent on the boarding fees as its only guaranteed source of revenue. Accordingly, any situation that adversely affected the patronage of river boats located in Caddo Parish would adversely affect the Corporation. The Board is not aware of any situation that would drastically change the amount of revenue to be received in the next calendar year.

3. *Cash and Cash Equivalents:*

At December 31, 1999, the district has cash and cash equivalents (book balances) totaling \$484,429 as follows:

Demand deposits	\$ 113,055
Interest-bearing demand deposits	57,095
Time deposits	<u>314,429</u>
Total	<u><u>\$ 484,579</u></u>

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 held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. At December 31, 1999, the district has \$484,579 in deposits (collect bank balances). These deposits are secured from risk by \$157,095 of federal deposit insurance and \$327,484 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 1999

4. *Board of Directors' Compensation:*

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

5. *Income Tax Status:*

The Corporation is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

6. *Judgments, Claims, and Contingencies:*

There is no litigation pending against the Corporation at December 31, 1999.

7. *Commitments:*

The Corporation accepted bids for two construction contracts at its December 2, 1999, regular meeting. The bids were as follows:

1. Water and Sewer Improvements -- The Corporation accepted the bid of David Lawler Construction in the amount \$229,114.
2. Installation of Street Lights -- The Corporation accepted the bid Jack Moorman Electric in the amount of \$44,908.

These construction projects were completed in 2000.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Commissioners
Caddo Ward II Industrial Development Corporation
Vivian, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Caddo Ward II Industrial Development Corporation and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Caddo Ward II Industrial Development Corporation's compliance with certain laws and regulations during the year ended December 31, 1999, 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or 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 LSA-RS 38:2211-2251 (the public bid law).

There was only one expenditure exceeding \$100,000 for public works. It appears that this expenditure was made in accordance with the 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 us with the required list including the noted information.

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

The Corporation had no payroll expense in 1999.

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 agreed-upon procedure (2) as immediate family members.

The Corporation had no payroll expense in 1999.

Budgeting

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

Management provided us with a copy of the amended budget.

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

We noted that the amended budget was approved in the minutes.

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%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures, noting no variances as described above greater than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

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

We 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; and

All payments were properly coded.

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

Inspection of documentation supporting each of the six selected disbursements indicated proper approvals.

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 through 42:12 (the open meetings law).

Management has asserted that documents were properly posted and advertised. We also noted expenditures for legal publication were made.

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.

We inspected all bank statements for the period under examination and noted no 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.

The Corporation had no payroll expense in 1999.

Our prior year report, dated June 10, 1999, did not include any comments or unresolved matters.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Caddo Ward II Industrial Development Corporation and the Legislative Auditor, 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.

Smith Pugh Robinson LLP

Certified Public Accountants

June 23, 2000

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

5/4/00 (Date Transmitted)

Smith Pugh Rabinowitz, LLP
610 Marshall St, Suite 800
Shreveport, LA 71101 (Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [x] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [X] No []

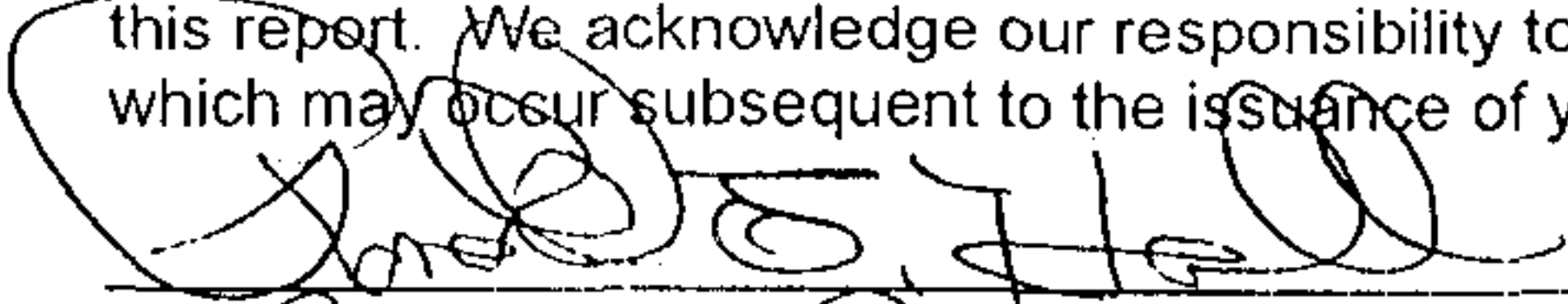
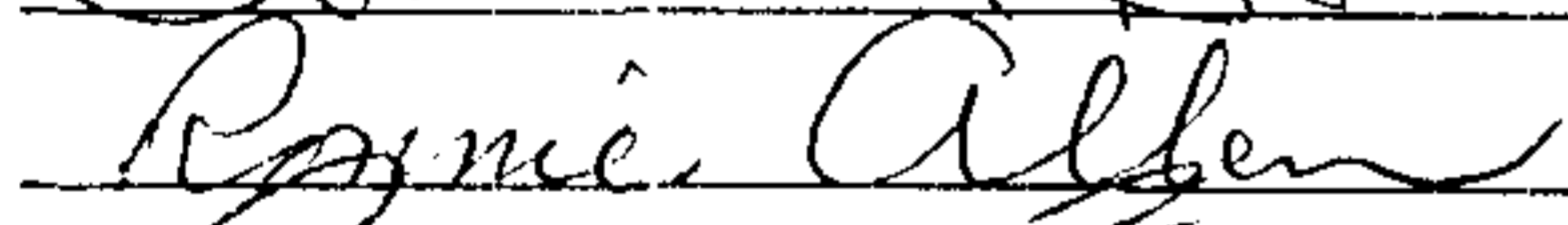
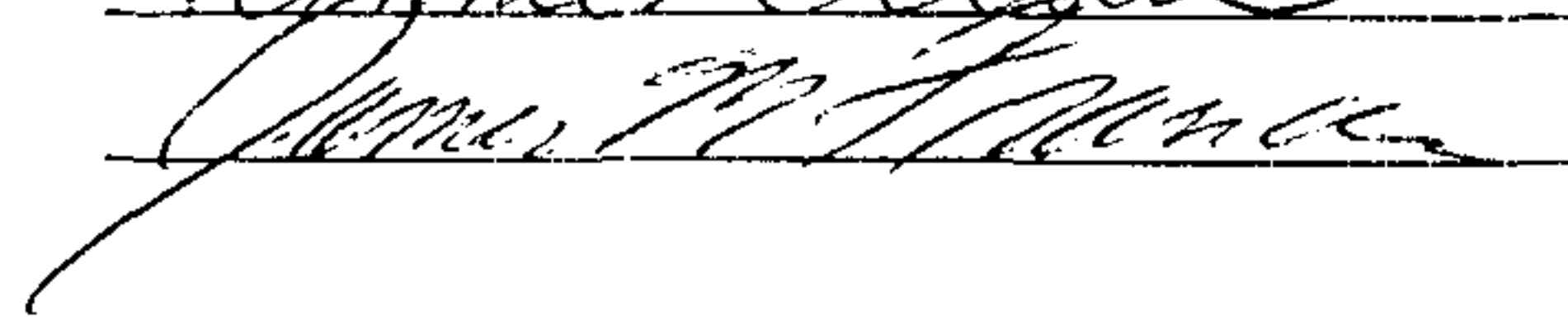
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [x] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

 Secretary 5/4/00 Date
 Treasurer 5/4/00 Date
 President 5/4/00 Date