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**Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana**

**Financial Statements With Auditors' Report**

**As of and for the Years Ended December 31, 1999 and 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entities 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 19 2000

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

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# COOK & MOREHART

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## Independent Auditors' Report

To the Board of Directors  
Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

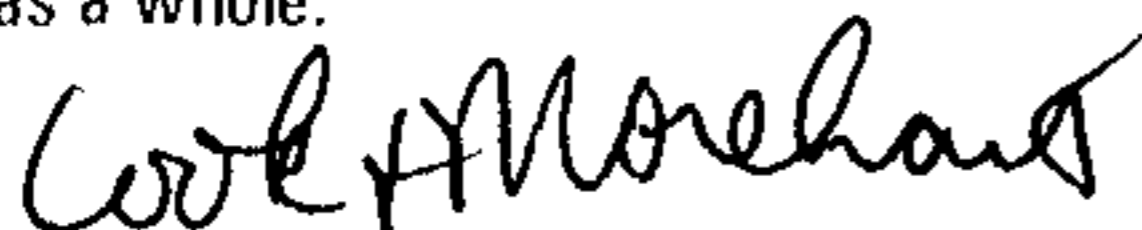
We have audited the accompanying statements of financial position of the Northeast Louisiana Delta Community Development Corporation as of December 31, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Northeast Louisiana Delta Community Development 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits provide 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 Northeast Louisiana Delta Community Development Corporation as of December 31, 1999 and 1998, 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 a report dated June 1, 2000 on our consideration of Northeast Louisiana Delta Community Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Northeast Louisiana Delta Community Development Corporation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Cook and Morehart  
Certified Public Accountants  
June 1, 2000

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Statements of Financial Position  
December 31, 1999 and 1998

Assets	1999	1998
Current assets:		
Cash	\$ 731,859	\$ 462,059
Grant receivables	10,144	251,052
Notes receivable - current	40,807	94,582
Total current assets	782,810	807,693
Cash restricted for loan program		150,000
Notes receivable - long term	478,374	489,160
Property and equipment - net	558,002	368,488
Total non-current assets	1,036,376	1,007,648
<b>Total Assets</b>	<b>\$ 1,819,186</b>	<b>\$ 1,815,341</b>
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 3,108	\$ 6,102
Accrued liabilities	21,502	12,330
Current portion long-term debt	28,508	
Total current liabilities	53,118	18,432
Long-term debt	744,234	762,831
Total liabilities	797,352	781,263
 <b>Net assets:</b>		
Unrestricted net assets - fixed assets	558,002	368,488
Temporarily restricted	463,832	665,590
Total net assets	1,021,834	1,034,078
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,819,186</b>	<b>\$ 1,815,341</b>

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

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Statement of Activities  
For the Year Ended December 31, 1999

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Support, and Reclassifications:</b>			
Contractual revenue - grants	\$ 1,061,016	\$	\$ 1,061,016
Interest income	47,363		47,363
Other	5,000		5,000
Net assets released from restrictions			
Satisfaction of program restrictions	201,758	(201,758)	
	<u>1,315,137</u>	<u>(201,758)</u>	<u>1,113,379</u>
<b>Expenses:</b>			
<b>Program services</b>			
Economic development	579,176		579,176
Education	54,418		54,418
Consolidated health care services	19,971		19,971
Parks and facilities	16,672		16,672
Youth development and recreational programs	21,096		21,096
Tourism	500		500
Housing programs	273,307		273,307
	<u>965,140</u>		<u>965,140</u>
<b>Supporting services</b>			
Administration	160,483		160,483
	<u>1,125,623</u>		<u>1,125,623</u>
Changes in net assets	189,514	(201,758)	(12,244)
Net assets, as of beginning of year	368,488	665,590	1,034,078
Net assets, as of end of year	<u>\$ 558,002</u>	<u>\$ 463,832</u>	<u>\$ 1,021,834</u>

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

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Statement of Activities  
For the Year Ended December 31, 1998

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Support, and Reclassifications:</b>			
Contractual revenue - grants	\$ 754,227	\$ 351,398	\$ 1,105,625
Interest income	36,706		36,706
Other	325		325
	<u>791,258</u>	<u>351,398</u>	<u>1,142,656</u>
<b>Expenses:</b>			
<b>Program services</b>			
Economic development	236,071		236,071
Education	79,882		79,882
Consolidated health care services	36,798		36,798
Crime prevention	6,451		6,451
Parks and facilities	12,036		12,036
Youth development and recreational programs	16,429		16,429
Tourism	700		700
Housing programs	207,425		207,425
	<u>595,792</u>		<u>595,792</u>
<b>Supporting services</b>			
Administration	160,077		160,077
	<u>755,869</u>		<u>755,869</u>
Changes in net assets	35,389	351,398	386,787
Net assets, as of beginning of year	<u>333,099</u>	<u>314,192</u>	<u>647,291</u>
Net assets, as of end of year	<u>\$ 368,488</u>	<u>\$ 665,590</u>	<u>\$ 1,034,078</u>

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

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Statements of Cash Flows  
For the Years Ended December 31, 1999 and 1998

	1999	1998
<b>Operating activities</b>		
Change in net assets	\$ (12,244)	\$ 386,787
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,787	15,564
Provision for loan losses	137,177	
(Increase) decrease in operating assets:		
Grant receivables	240,908	(26,195)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,994)	(20,792)
Accrued liabilities	9,172	2,426
	392,806	357,790
<b>Investing Activities</b>		
Payments for property and equipment	(210,301)	(50,953)
Cash restricted for loan program		(150,000)
Release of restricted cash	150,000	
Loans made	(140,900)	(365,362)
Collection on loans	68,284	38,883
	(132,917)	(527,432)
<b>Financing Activities</b>		
Proceeds from IRP loan	10,000	243,000
Principal payments on debt	(89)	(255)
	9,911	242,745
<b>Net decrease in cash</b>	269,800	73,103
<b>Cash as of beginning of year</b>	462,059	388,956
<b>Cash as of end of year</b>	\$ 731,859	\$ 462,059

Interest costs for the years ended December 31, 1999 and 1998 were \$7,882 and \$8,107, respectively.

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



Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Northeast Louisiana Delta Community Development Corporation (NELDCDC) is a private non-profit corporation incorporated under the laws of the State of Louisiana. NELDCDC is governed by a Board of Directors.

NELDCDC serves as lead entity for the Northeast Louisiana Delta Enterprise Community, and has primary responsibility for implementing the enterprise communities strategic plan.

The following program and supporting services are included in the accompanying financial statements:

**Economic development** – Provides a comprehensive community revitalization plan for the Northeast Louisiana Delta region.

**Education** – Provides a community based program to improve the success of students and raise standardized test scores to the state average.

**Consolidated health care services** – Develop a forum to assess current healthcare services.

**Crime prevention** – Increases the number of available police and programs by introducing the concept of community policing.

**Parks and facilities** – Expands the Tallulah City Park and increases recreational parks in the community.

**Youth development and recreational programs** – Increases recreational, mentoring, and educational programs for youth living in areas where no such services exist.

**Tourism** – Increases tourism within the community.

**Housing programs** – Develops comprehensive single housing program and comprehensive housing rehabilitation and demolition program.

**General and Administration** – Includes functions necessary to support the administrative activity of the Northeast Louisiana Delta Community Development Corporation.

(Continued)



Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998  
(Continued)

Funding for the above listed activities was provided by various federal, state, and other miscellaneous grants, shown here with their approximate percentage of total revenues:

**Social Service Block Grant (35%)** – Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services, Office of Community Services.

**Rural Business and Enterprise (Technical Assistance) Grant (9%)** – Funding is provided by federal funds from the United States Department of Agriculture, Rural Economic and Community Development.

**Rural Business and Enterprise Grant–Micro-loan Program (3%)** – Funding is provided by federal funds from the United States Department of Agriculture, Rural Economic and Community Development.

**Urban and Rural Economic Development (Office of Community Service Pre–Development Grant) (34%)** – Funding is provided by federal funds from the United States Department of Health and Human Services.

**Housing Assistance Grants (4%)** – Funding is provided by federal funds from the United States Department of Agriculture, Rural Development Office.

**Community Development Financial Institutions Grant (5%)** – Funding is provided by federal funds from the U.S. Department of the Treasury.

**Other grants (8%)** – Funding is provided by several local grants from various foundations.

**Intermediary Relending Program** – Funding is provided by federal funds through a loan from the United States Department of Agriculture, Rural Economic and Community Development.

**B. Basis of Accounting**

The financial statements of NELDCDC have been prepared on the accrual basis of accounting.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not–for–Profit Organizations. Under SFAS No. 117, the Organization 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.

(Continued)

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998  
(Continued)

D. Income Tax Status

NELDCDC is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NELDCDC's tax-exempt purpose is subject to taxation as unrelated business income. NELDCDC had no such income for this audit period.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, NELDCDC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. NELDCDC had no cash equivalents during the years ended December 31, 1999 and 1998.

G. Cash Account Requirement

Funds received through the Intermediary Relending Program—revolving loan fund are required by the funding source to be kept separate from all other funds and accounts. NELDCDC did comply with this requirement during the years ended December 31, 1999 and 1998.

H. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

I. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

(Continued)

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998  
(Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

J. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject NELDCDC to concentrations of credit risk consist principally of temporary cash investments and grants receivable.

Concentrations of credit risk with respect to grants receivable are limited due to these amounts being due from governmental agencies under contractual terms. As of December 31, 1999 and 1998, NELDCDC had no significant concentrations of credit risk in relation to grants receivable.

NELDCDC maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 1999 total cash balances held at financial institutions was \$1,052,035. Of this amount, \$200,000 was secured by FDIC, \$852,035 was collateralized by pledged securities. At December 31, 1998 total cash balances held at financial institutions was \$636,835. Of this amount, \$200,000 was secured by FDIC and \$273,825 was collateralized by pledged securities and the remaining \$163,010 was not secured.

(3) Concentrations of Credit Risk – Notes Receivable

As of December 31, 1999, NELDCDC had notes receivable totaling \$656,358, comprised of numerous loans to businesses. As of December 31, 1998, NELDCDC had notes receivable totaling \$583,742, comprised of numerous separate loans to businesses. The collateral on the notes receivable is comprised of property and equipment. These notes receivable potentially subject NELDCDC to credit risk.

(4) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at December 31, 1999 and 1998, but received after those dates.

(Continued)

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998  
(Continued)

(5) Notes Receivable

The notes receivable balance at December 31, 1999 and 1998 consisted of notes receivable from several local businesses through the following funding sources:

	1999	1998
IRP revolving loan funds, due in monthly installments over one to fifteen years, including interest at 8%, secured by real estate and equipment.	\$ 545,782	\$ 518,000
RBEG Micro-loan program, due in monthly installments over one to fifteen years, including interest at 8%, secured by real estate and equipment.	88,214	43,380
SSBG loan, due in monthly installments over one to fifteen years, including interest at 8%, secured by real estate and equipment.	22,362	22,362
	656,358	583,742
Allowance for doubtful accounts	( 137,177)	-
Less current portion	( 40,807)	( 94,582)
	\$ 478,374	\$ 489,160

(6) Property and Equipment

Property and equipment consisted of the following at December 31, 1999:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Land		\$ 273,458	\$ -	\$ 273,458
Buildings and improvements	20-30 years	196,075	-	196,075
Furniture and equipment	5-10 years	101,381	37,120	138,501
Accumulated depreciation		( 40,451)	( 9,581)	( 50,032)
Net investment in property and equipment		\$ 530,463	\$ 27,539	\$ 558,002

Depreciation expense for the year ended December 31, 1999 was \$20,787.

(Continued)

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998  
(Continued)

Property and equipment consisted of the following at December 31, 1998:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Land		\$ 142,458	\$ -	\$ 142,458
Buildings and improvements	20-30 years	196,075	-	196,075
Furniture and equipment	5-10 years	40,707	18,493	59,200
Accumulated depreciation		( 23,673)	( 5,572)	( 29,245)
 Net investment in property and equipment		<u>\$ 355,567</u>	<u>\$ 12,921</u>	<u>\$ 368,488</u>

Depreciation expense for the year ended December 31, 1998 was \$15,564.

(7) *Accrued Liabilities*

At December 31, 1999 and 1998, accrued liabilities consisted of the following:

	1999	1998
Accrued payroll	\$ 7,558	\$ 2,423
Accrued leave	2,165	2,788
Accrued Interest payable	2,879	2,861
Payroll taxes payable	8,900	4,258
	<u>\$ 21,502</u>	<u>\$ 12,330</u>

(8) *Temporarily Restricted*

Temporarily restricted net assets at December 31, 1999 and 1998 represent grant funds received by the agency but not yet spent.

(9) *Contractual Revenue - Grants*

During the year ended December 31, 1999 and 1998, NELDCDC received contractual revenue from federal, state, and other grants in the amount of \$1,061,016 and \$1,105,625, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)



Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
Notes to Financial Statements  
December 31, 1999 and 1998  
(Continued)

(10) Leases

NELDCDC leases certain property under operating leases. Rental costs on the leases for the year ended December 31, 1999 and 1998, were \$11,400 and \$15,300, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year consist of the following:

2000	\$ <u>2,100</u>
------	-----------------

(11) Long-term Debt

Long-term debt consists of a note payable to the U.S. Department of Agriculture with a stated interest rate of 1% for the agency's IRP revolving loan program. During the first three years, interest is due semi-annually and principal payments are deferred. Thereafter, principal payments and interest at 1%, will be due annually. The amount available to be drawn down on this loan is \$1,000,000. Total principal drawn down as of December 31, 1999 and 1998 was \$772,742 and \$762,831, respectively. Interest expense incurred on this loan for 1999 and 1998 was \$7,882 and \$8,107, respectively. The loan is collateralized by the assignments of the promissory notes given by the ultimate recipients of the IRP program. Approximate maturities of the debt are as follows:

2000	\$ 28,508
2001	24,941
2002	25,191
2003	25,445
2004	25,700
2005 and after	<u>642,957</u>
	<u>\$ 772,742</u>

(12) Restricted Cash

This balance represented a certificate of deposit which was collateral pledged to an entity for a loan under the IRP revolving loan program.

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 1999

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program:			
Urban and Rural Economic Development	93.570	90EE0351/01	\$ 207,388
Urban and Rural Economic Development	93.570	90EE0270/01	169,046
Passed through Louisiana Department of Social Services:			
Social Services Block Grant	93.667	N/A	485,984
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Intermediary relending program	10.767	220330001298779-03	772,742
Rural Business and Enterprise Grant-Technical Assistance	10.769	N/A	40,913
Rural Business and Enterprise Grant-Micro-Loan Program	10.769	N/A	47,000
Rural Business and Enterprise Grant-Farmer's Market	10.769	N/A	64,704
Housing Assistance Grant	10.769	N/A	18,244
Housing Preservation Grant	10.769	N/A	66,656
502 Construction Program	10.769	N/A	10,144
<u>U.S. Department of the Treasury</u>			
Direct Programs:			
Community Development Financial Institutions Fund	21.020	981CE000598	8,997
Total federal expenditures			\$ 1,891,818

NOTE 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 2: The expenditures shown for CFDA #10.767 - IRP loan program represents the balance of the loan outstanding at 12/31/99.



# COOK & MOREHART

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Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

To the Board of Directors  
Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

We have audited the financial statements of Northeast Louisiana Delta Community Development Corporation as of and for the year ended December 31, 1999, and have issued our report thereon dated June 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Northeast Louisiana Delta Community 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 Northeast Louisiana Delta Community 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 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 and its operation that we consider to be material weaknesses. However, we noted a certain matter involving internal control over financial reporting which we have reported to management of Northeast Louisiana Delta Corporation in a separate management letter dated June 1, 2000.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

Cook & Morehart  
Certified Public Accountants  
June 1, 2000

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors  
Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

### Compliance

We have audited the compliance of Northeast Louisiana Delta Community Development Corporation with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. Northeast Louisiana Delta Community Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northeast Louisiana Delta Community Development Corporation's management. Our responsibility is to express an opinion on Northeast Louisiana Delta Community Development Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Louisiana Delta Community Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northeast Louisiana Delta Community Development Corporation's compliance with those requirements.

In our opinion, Northeast Louisiana Delta Community Development Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

### Internal Control Over Compliance

The management of Northeast Louisiana Delta Community Development Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northeast Louisiana Delta Community Development Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Cook & Morehart  
Certified Public Accountants  
June 1, 2000

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana  
*Summary Schedule of Prior Audit Findings*  
December 31, 1999

There were no findings or questioned costs for the previous audit period ended December 31, 1998.

*Schedule of Findings and Questioned Costs*  
December 31, 1999

**A. Summary of Audit Results**

1. *The auditor's report expresses an unqualified opinion on the financial statements of Northeast Louisiana Delta Community Development Corporation.*
2. *No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.*
3. *No instances of noncompliance material to the financial statements of Northeast Louisiana Delta Community Development Corporation were disclosed during the audit.*
4. *No reportable conditions are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.*
5. *The auditor's report on compliance for the major federal award programs for Northeast Louisiana Delta Community Development Corporation expresses an unqualified opinion.*
6. *There are no audit findings relative to the major federal award programs for Northeast Louisiana Delta Community Development Corporation reported in Part C. of this Schedule.*
7. *The programs tested as major programs included: 1) Social Service Block Grant CFDA #93.667, 2) Intermediary Relending Program CFDA #10.767, and 3) Urban and Rural Economic Development CFDA #93.570.*
8. *The threshold for distinguishing Types A and B programs was \$300,000.*
9. *Northeast Louisiana Delta Community Development Corporation qualifies as a low-risk auditee.*

**B. Findings – Financial Statements Audit – NONE**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit – NONE**

Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

**Summary Schedule of Prior Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 1998**

There were no prior year findings or management letter comments for the year ended December 31, 1998.

**Corrective Action Plan For Current Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 1999**

There was one management letter comment for the current year ended December 31, 1999. Management response to that comment is as follows:

Reworked Loan-IRP Loan Program

- I. The miscalculation of interest resulted from clerical error (computer program) in that the borrowers' lump sum payment on November 23, 1999 was applied to principal only, and not principal and interest.
- II. The clerical and computer calculation on this account has been corrected.
- III. The liability of the borrowers for the \$11,298 in interest on this IRP loan remains intact.



# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Management Letter

June 1, 2000

Board of Directors  
Northeast Louisiana Delta Community Development Corporation  
Tallulah, Louisiana

We have audited the financial statements of Northeast Louisiana Delta Community Development Corporation (NELDCDC) for the year ended December 31, 1999, and have issued our report thereon dated June 1, 2000. In planning and performing our audit the financial statements of Northeast Louisiana Delta Community Development Corporation, we considered its 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.

During our audit the following item was noted which appears to merit your attention for consideration to improve the internal control or operations of Northeast Louisiana Delta Community Development Corporation. This comment has been discussed with the appropriate members of management.

### Reworked Loan—IRP Loan Program

During our audit we noted that a certain loan under the IRP loan program was reworked. When the loan was reworked, unpaid interest accrued up to the new reworked loan date totaling \$11,298 was not added onto the new loan.

We recommended that NELDCDC correct the reworked loan to include the \$11,298.



Cook & Morehart  
Certified Public Accountants  
June 1, 2000