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TRI DISTRICT DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION AND AUDITOR'S REPORT
FOR THE YEARS ENDING
SEPTEMBER 30, 1998 & 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 3/10/99

TRI DISTRICT DEVELOPMENT CORPORATION

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G E O R G E E . M C G O V E R N I I I
C E R T I F I E D P U B L I C A C C O U N T A N T
M E M B E R O F A M E R I C A N I N S T I T U T E O F
C E R T I F I E D P U B L I C A C C O U N T A N T S

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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 20, 1998

Independent Auditor's Report

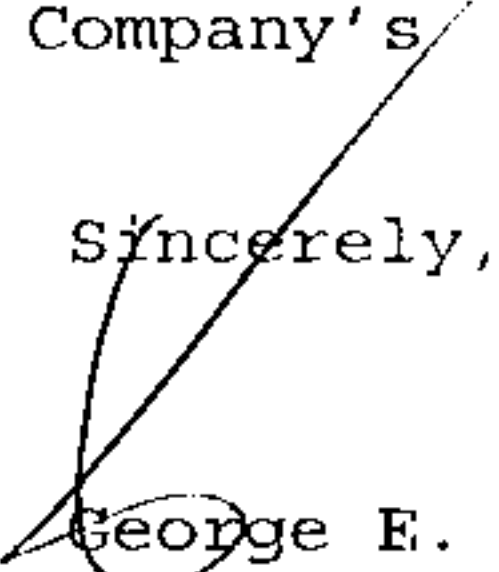
To the Board of Directors of
Tri District Development Corporation (TDC)
Shreveport, LA

I have audited the accompanying statements of financial position of Tri District Development Corporation (TDC) (a nonprofit organization) as of June 30, 1998 and June 30, 1997, and the related statements of activity & functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TDC as of June 30, 1998 and June 30, 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*, I have also issued a report dated November 20, 1998 on my consideration of the Company's compliance with laws and regulations.

Sincerely,


George E. McGovern III
Certified Public Accountant

Receipt Acknowledged
Legislative Auditor

By SM

TRI DISTRICT DEVELOPMENT CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 1998 & 1997

ASSETS

	1998	1997
Cash (Note 3)	\$ 752,223	\$ 630,356
Notes Receivable (Note 4)	1,450,981	1,584,226
Interest Receivable	47,805	32,000
Investment in Mill (Note 9)	0	141,473
TOTAL ASSETS	\$2,251,009	\$2,388,055

NET ASSETS

EDA Title IX Grant (Note 1)	\$1,500,000	\$1,500,000
EDA Grant (Note 1)	460,000	460,000
Contributed Capital (Note 1 & 9)	200,000	200,000
Retained Earnings (Deficit)	91,009	228,055
TOTAL NET ASSETS	\$2,251,009	\$2,388,055

The accompanying notes are an integral part of these statements.

TRI DISTRICT DEVELOPMENT CORPORATION
 STATEMENTS OF ACTIVITY & FUNCTIONAL EXPENSES
 FOR THE YEARS ENDING SEPTEMBER 30, 1998 & 1997

	<u>1998</u>	<u>1997</u>
REVENUE		
Income (Interest & Fees)	\$ 175,148	\$ 138,275
EXPENSES		
Bad Debts (Note 7)	225,892	0
Administration Cost (Note 6)	81,795	94,965
Other	<u>4,507</u>	<u>6,000</u>
TOTAL EXPENSES	<u>312,194</u>	<u>100,965</u>
NET INCOME (LOSS)	(137,046)	37,310
Beginning Net Assets	<u>2,388,055</u>	<u>2,350,745</u>
Ending Net Assets	<u>\$ 2,251,009</u>	<u>\$2,388,055</u>

The accompanying notes are an integral part of these statements.

TRI DISTRICT DEVELOPMENT CORPORATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDING SEPTEMBER 30, 1998 & 1997

	1998	1997
Net Cash Provided (Used By) Operating Activities		
Net (Loss) Income	\$(137,046)	\$ 37,310
Adjustments to Reconcile Net Income to Net Cash Provided by Operations		
Bad Debts	225,892	0
*(Increase) Decrease in Notes Receivable (Net of Allowance)	(92,647)	(306,331)
(Increase) Decrease in Interest Receivable	(15,805)	(32,000)
Increase (Decrease) in Other Receivable	141,473	0
Net Cash Provided (Used By) Operating Activities	121,867	(301,021)
Beginning Cash	630,356	931,377
Ending Cash	\$ 752,223	\$ 630,356

During these periods, no money was spent for taxes or interest.

	1998	1997
*		
New Notes (Note 4)	\$ (600,000)	\$(510,000)
Payments on Notes	281,461	203,669
Write Off	225,892	0
	\$(92,647)	\$(306,331)

Non Cash Transactions - Foreclosure on McManus Note (See Note 9)

The accompanying notes are an integral part of these statements.

TRI DISTRICT DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998 AND 1997

NOTE 1 - ORGANIZATION, FUNCTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Function - Tri District Development Corporation was organized in 1980 for the primary purpose of administering the EDA Title IX Revolving Loan Fund Grant No. 08-39-02248, awarded to The Coordinating and Development Corporation, Kisatchie-Delta Regional Planning and Development District, and North Delta Regional Planning and Development District. It began operations with the initial drawdown of the grant in September 1981. The original grant was for \$1,500,000.

Tri District Development Corporation is managed by a nine member Board of Directors. Each director serves for a term of one year.

On 9/10/87, Tri District Development Corporation was awarded a second grant, No. 08-39-02248.01, for \$600,000. A 25/75 matching of funds was required and this was funded as follows:

The Coordinating and Development Corporation	\$103,333.34
Kisatchie-Delta Regional Planning & Development District, Inc.	33,333.33
North Delta Regional Planning & Development District, Inc.	<u>63,333.33</u>
	<u>\$200,000.00</u>

As of 9/30/90, \$460,000 had been drawn leaving a balance due of \$140,000, which was unused and no longer available to Tri District Development Corporation.

NOTE 2 - ACCOUNTING POLICIES

- A. Cash Equivalents - Includes amounts in demand deposits as well as short term investments with maturities of less than three months.
- B. Fund Accounting - The accounts of TDC are organized on the basis of enterprise fund accounting whereby the operations are financed and operated in a manner similar to private business enterprises. The financial statements have been prepared on a modified accrual basis, whereby all revenues are recognized when susceptible to accrual and expenditures are recorded when the liability is incurred.
- C. Entity - TDC is a private, not-for-profit, IRS Section 501(C)(6) Corporation.
- D. Bad Debts - TDC uses the allowance method to record its allowance for doubtful accounts.
- E. Budgets - Budgets are not required.
- F. Employees - The Company has no employees.
- G. Investments - Investments are presented in the financial statements at the fair market value.
- H. Financial Statement Presentation - In 1995, the Organization was required to present its financial statements in accordance with 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 assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted not assets. The reclassification has no effect on the change in net assets for prior years. All assets are unrestricted net assets.

TRI DISTRICT DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE 2 - ACCOUNTING POLICIES (continued)

- I. Capitalized Interest - The Company paid no interest expense.
- J. Advertising - The Company expenses non-direct response advertising as incurred.
- K. Collateral - The Company requires collateral on all notes.
- L. Impairment - The carrying value of property, equipment and intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future cash flows is less than book value. For the years presented, no adjustment was necessary.

NOTE 3 - CASH

At year end all monies and short term investments were insured by federal depository insurance or by collateral. As of 9/30/98 and 9/30/97 the interest rate being earned was 5.04% and 5.46%.

TRI DISTRICT DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998 AND 1997

NOTE 4 - NOTES RECEIVABLE

The following is a summary of notes receivable all secured by real property or equipment and the personal guarantee of the stockholders/owners, at interest rates ranging from 8.0% - 11% per annum.

	Principal Bal. @ 9/30/98	Principal Bal. @ 9/30/97
Robert Craig	\$ 88,438	\$ 91,890
Ruston Machine Shop	29,555	29,555
Calcasieu Associates	0	137,326
Huey Products	0	3,000
Hester Funeral Home	50,000	50,000
Melamine	115,379	127,602
James Potts	0	3,946
Ashley Furniture #1	14,140	18,611
Ashley Furniture #2	9,105	11,183
Ashley Furniture #3	22,302	24,452
George Morgan Inc. #1	46,057	47,697
Andrew Jackson	0	84,000
Bayou Gas	25,000	25,000
Country Loft	38,012	41,726
WH Marionneaux	10,479	17,697
Hometown Productions	71,429	71,429
Thurman Lasyone	2,160	2,160
LeBlanc U Pack It	77,304	89,604
Toney	7,412	9,554
Andy Adams	45,000	45,000
C. A. Burney Inc.	139,386	145,703
Ford Wood Products	8,489	9,222
Waterfront Grill	29,285	31,741
CHL Enterprises	18,208	19,102
Church's Chicken	198,239	0
AIDC	28,651	0
Ridgley Funeral Home	0	119,201
LA Container	112,978	138,017
Marvin Blake	0	120,000
Jacob's Formal Wear	9,247	9,808
Rainbow International	57,836	60,000
Embroidery Cap	148,660	0
Professional Training	48,230	0
	<u>\$ 1,450,981</u>	<u>\$ 1,584,226</u>
Total		

Notes made during the years include:

	1998	1997
Professional Training	\$ 50,000	\$ 0
Embroidery Cap	150,000	0
Rainbow International	0	60,000
Jacob's Formal Wear	0	10,000
Marvin Blake	0	120,000
Louisiana Container	0	150,000
Ridgley Funeral Home	0	120,000
AIDC	200,000	0
Church's Chicken	200,000	0
Robert Craig	0	50,000
	<u>\$ 600,000</u>	<u>\$ 510,000</u>

TRI DISTRICT DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998 AND 1997

NOTE 5 - CONTINGENCIES

There are no material contingency items @ 9/30/98.

NOTE 6 - ADMINISTRATIVE FEES

During the years, the following transpired:

	1998	1997
Fees Paid (for servicing, placing, administering the portfolio) To:		
The Three Governing Districts	\$ 81,795	\$ 94,965

NOTE 7 - BAD DEBT

During the year, the following loans were written down/off as uncollectible:

	1998
Huey Products	\$ 3,000
Marvin Blake	27,637
Ridgley Funeral Home	119,201
Andrew Jackson	19,104
J. Green	5,651
Huey Products	3,000
McManus	48,299
TOTAL	\$ 225,892

NOTE 8 - OPERATIONS

The Company operates in and makes its loans in North Louisiana.

NOTE 9 - INVESTMENT MILL

In FYE 9/96, the Company foreclosed on the McManus Note and obtained possession, along with a bank, of the plant and equipment originally pledged as collateral on the 'McManus Note'. The Company has a percentage split with the other mortgage holder, the bank, of 76/24. The value on the statement represents the proceeds expected to be realized. At foreclosure, the Company realized a loss of \$48,299.

NOTE 10 - 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.

TRI DISTRICT DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments, notes receivable, approximates the carrying (book) value due to the collateral supporting these assets.

NOTE 12 - YEAR 2000

In accordance with GASB TB 98-1, the Company has recognized potential short comings in their electronic data-processing systems and other equipment that might adversely effect their operations in the year 2000 and beyond. The following summarizes the Company's position at the end of fiscal year 1997.

Awareness Stage - The Company has developed a budget and time frame for implementation of the project plan to occur no later than 12/15/98.

Assessment Stage - The Company anticipates this to take place during the first six months of 1999. A dual system is running offsite to assure compliance.

Remediation Stage and Validation/Testing Stage will take place in the year 1999.

G E O R G E E. M C G O V E R N III
CERTIFIED PUBLIC ACCOUNTANT
MEMBER OF AMERICAN INSTITUTE OF
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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 20, 1998

Independent Auditor's Report on Supplementary Information

Schedule of Federal Financial Assistance

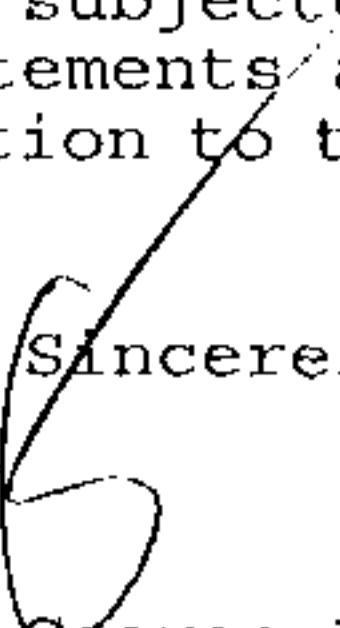
Tri District Development Corporation (TDC)
Shreveport, LA

I have audited the financial statements of Tri District Development Corporation (TDC) (a nonprofit corporation), as of and for the years ended September 30, 1998 and 1997, and have issued my report thereon dated November 20, 1998. These financial statements are the responsibility of TDC. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and OMB A-133. Those standards and OMB A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements of Tri District Development Corporation, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Sincerely,


George E. McGovern III
Certified Public Accountant

TRI DISTRICT DEVELOPMENT CORPORATION
SCHEDULES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEARS ENDING SEPTEMBER 30, 1998 AND 1997

	<u>CFDA</u> <u>#</u>	<u>PERIOD</u> <u>COVERED</u>	<u>PROGRAM</u> <u>AMOUNT</u>
Department of Commerce	11.300	9/30/87	\$600,000

This schedule is attached due to the revolving fund still being used by the agency.

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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 20, 1998

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Tri District Development Corporation (TDC)

I have audited the compliance of Tri District Development Corporation (TDC) (a nonprofit organization) 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 its major federal programs for the years ended June 30, 1998 & June 30, 1997. Tri District Development Corporation (TDC)'s major federal program is the Job Training Partnership Act which constitutes 99% of its federal funding. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tri District Development Corporation (TDC)'s management. My responsibility is to express an opinion on Tri District Development Corporation (TDC)'s compliance based on my audit.

I conducted my 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 I 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 Tri District Development Corporation (TDC)'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Tri District Development Corporation (TDC)'s compliance with those requirements.

In my opinion, Tri District Development Corporation (TDC) complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the years ended June 30, 1998 & June 30, 1997.

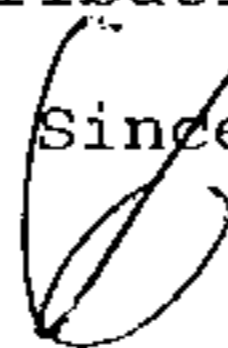
Internal Control Over Compliance

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

My 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



George E. McGovern III
Certified Public Accountant

G E O R G E E. M C G O V E R N I I I

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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 20, 1998

Independent Accountant's Report

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 of
Tri District Development Corporation

I have audited the financial statements of Tri District Development Corporation (a nonprofit organization) as of and for the years ended September 30, 1998 & 1997, and have issued my report thereon dated November 20, 1998. I conducted my 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 Tri District Development Corporation's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

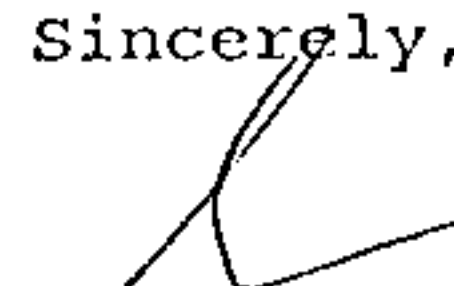
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Tri District Development Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Board of Directors of
Tri District Development Corporation
November 20, 1998
Page 2

This report is intended for the information of the management, federal awarding agencies, legislative auditor, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



George E. McGovern III
Certified Public Accountant