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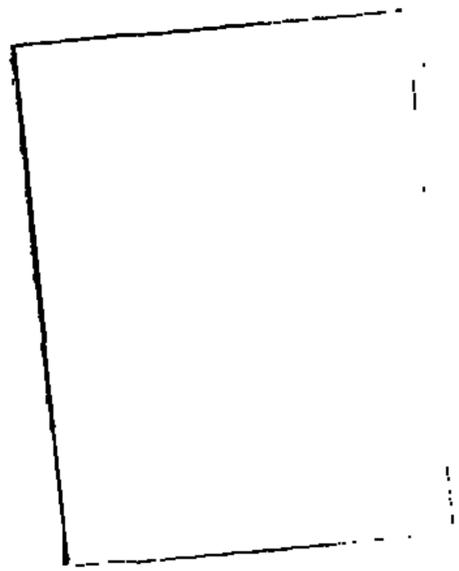
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**CADDO WARD II INDUSTRIAL
DEVELOPMENT CORPORATION**

VIVIAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 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 8/18/04



**CADDO WARD II
INDUSTRIAL DEVELOPMENT CORPORATION**

Vivian, Louisiana

December 31, 2003

Table of Contents

	<u>Page</u>
Accountant's Compilation Report.....	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities – Budget and Actual – GAAP Basis	3
Statement of Functional Expenses	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-8
Independent Accountant's Report on Applying Agreed Upon Procedures.....	9-11
Summary of Attestation Findings.....	12-13
Summary of Prior Attestation Findings.....	14
Corrective Action Plan	15
Louisiana Attestation Questionnaire.....	16-17



Certified Public Accountants • Management Consultants • Business Advisors

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of financial position of Caddo Ward II Industrial Development Corporation (a nonprofit corporation) as of December 31, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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 & Company, LLP

Smith Pugh & Company, LLP
Certified Public Accountants
Shreveport, Louisiana

July 19, 2004

FINANCIAL STATEMENTS

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2003

<u>Assets</u>	
Assets:	
Cash and cash equivalents	\$ 336,831
Property and equipment	<u>1,397,611</u>
 Total assets	 <u><u>\$ 1,734,442</u></u>

<u>Net Assets</u>	
Net assets:	
Unrestricted	<u>\$ 1,734,442</u>
Total net assets	<u><u>\$ 1,734,442</u></u>

See accompanying notes and accountant's compilation report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

**Statement of Activities - Budget and Actual - GAAP Basis
For the Year Ended December 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Casino boarding fees	\$ 221,000	\$ 206,221	\$ (14,779)
Interest	9,500	3,307	(6,193)
Total revenue	<u>230,500</u>	<u>209,528</u>	<u>(20,972)</u>
Expenses:			
Program Services	44,600	57,892	(13,292)
Support Services	38,000	12,527	25,473
Total expenses	<u>82,600</u>	<u>70,419</u>	<u>12,181</u>
Change in net assets	147,900	139,109	(8,791)
Net assets, beginning of year	<u>1,595,333</u>	<u>1,595,333</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,743,233</u>	<u>\$ 1,734,442</u>	<u>\$ (8,791)</u>

See accompanying notes and accountant's compilation report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

**Statement of Functional Expenses
For the Year Ended December 31, 2003**

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Industrial</u>	<u>Management</u>	<u>Total</u>
	<u>Development</u>	<u>and</u>	<u>Expenses</u>
		<u>General</u>	
Professional fees	\$ -	\$ 12,100	\$ 12,100
Advertising and promotion	95	-	95
Legal publications	968	-	968
Insurance	11,867	-	11,867
Civic associations	18,600	-	18,600
Repairs and maintenance	7,323	-	7,323
Utilities	1,564	-	1,564
Miscellaneous	375	427	802
Cooperative endeavor development costs	17,100	-	17,100
Total	<u>\$ 57,892</u>	<u>\$ 12,527</u>	<u>\$ 70,419</u>

See accompanying notes and accountant's compilation report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

**Statement of Cash Flows
For the Year Ended December 31, 2003**

Cash flows from operating activities:	
Increase in unrestricted net assets	\$ 139,109
 Cash flows from investing activities:	
Acquisition of property and equipment	<u>(290,168)</u>
 Net increase in cash and cash equivalents	 (151,059)
Cash and cash equivalents at beginning of year	<u>487,890</u>
Cash and cash equivalents at end of year	<u><u>\$ 336,831</u></u>

See accompanying notes and accountant's compilation report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2003

1. *Summary of Significant Accounting Policies:*

A. **Nature of Business**

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 (a nonprofit 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 riverboats located in Caddo Parish to the Corporation.

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. **Financial Statement 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.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Board, and/or by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Board. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

C. **Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

D. **Budget Policy**

The Board of Directors of the Corporation adopts an annual budget, and periodically compares actual results with the adopted budget as a management control device.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2003

1. Summary of Significant Accounting Policies (continued):

E. Property and Equipment

Fixed assets consist solely of land and land improvements, and are stated at historical cost. No assets have been placed into service, therefore no depreciation has been provided.

2. Revenue Recognition and Economic Dependency:

Revenues consist of payments to the Corporation of its statutorily set share of river boat boarding fees from two casinos located in Caddo Parish, Louisiana. 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 riverboats 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, 2003, the district has cash and cash equivalents (book balances) totaling \$336,831 as follows:

Demand deposits	\$ 74,738
Interest-bearing demand deposits	<u>262,093</u>
Total	<u>\$ 336,831</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, 2003, the district has \$336,937 in deposits (collected bank balances). These deposits are secured from risk by \$174,844 of federal deposit insurance and \$162,093 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, 2003

4. Changes in Property and Equipment

A summary of changes in property and equipment follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land & improvements	<u>\$ 1,107,443</u>	<u>\$ 290,168</u>	<u>\$ -</u>	<u>\$ 1,397,611</u>

5. Board of Directors' Compensation:

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

6. Income Tax Status:

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

7. Judgments, Claims, and Contingencies:

There is no litigation pending against the Corporation at December 31, 2003.

9. Cooperative Endeavor Agreement

The Corporation has a cooperative endeavor agreement with the Vivian Economic Development Corporation (VEDC) in which the Corporation has appropriated up to \$20,000 unto VEDC to be used as an economic incentive for BRUIS, Inc. to locate in the Vivian Industrial Park.



Certified Public Accountants • Management Consultants • Business Advisors

**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, 2003, 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 and applicable standards of *Government Auditing Standards*. 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 were no expenditures exceeding \$15,000 for materials and supplies or \$100,000 for public works.

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 employees during 2003.

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 employees during 2003.

Budgeting

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

Management provided us with a copy of the adopted budget.

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

We noted that the 2003 budget and amended budget were approved in the minutes. Also, the budget for 2004 was adopted in December 2003.

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 adopted budget to actual revenues and expenditures, noting variances greater than 5%. The budget should be amended throughout the year to reflect increases and decreases in expected revenues and expenditures.

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.

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 employees during 2003.

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 & Company, LLP

Smith, Pugh & Company, LLP
Certified Public Accountants
Shreveport, Louisiana

July 19, 2004

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Summary of Attestation Findings
December 31, 2003

Item: 03-1

Criteria or specific requirement:

R.S. 39:1310A1 requires that total revenue should not be more than five percent less than budgeted revenues.

Condition:

The budgeted revenues exceed the actual revenues by more than five percent.

Questioned costs:

None

Context:

The entity is not in compliance with state statute.

Effect:

The Corporation fails to have budgetary authority and control.

Cause:

Unknown

Recommendation:

The budget should be compared to the actual financial position of the Corporation during the year and amended when appropriate.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Summary of Attestation Findings (continued)
December 31, 2003

Item: 03-2

Criteria or specific requirement:

R.S. 24:513A5 (a) requires financial reports to be completed within six months of the close of the entity's fiscal year.

Condition:

The Corporation did not complete its financial report and file it with the Louisiana Legislative Auditor within the statutory period.

Questioned costs:

None

Context:

The entity is not in compliance with state statute.

Cause:

The Corporation did not provide all information necessary to complete the engagement to its accountant on a timely basis.

Recommendation:

The Corporation should provide information needed for next year's engagement in time for the report to be completed by the due date of June 30th.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

**Summary of Prior Attestation Findings
December 31, 2003**

Schedule of Findings

02-1 – The Corporation failed to amend the budget in accordance with state law.

Status: Unresolved – See current year findings #03-1

02-2 – The Corporation did not complete its annual financial statements and file them with the Louisiana Legislative Auditor within the statutory period.

Status: Unresolved – See current year findings #03-2

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Corrective Action Plan
December 31, 2003

Caddo Ward II Industrial Development Corporation is going to take the following corrective actions:

Item #03-01

The Corporation will compare the budget to their actual financial position during the year and amend when appropriate.

Item #03-02

The Corporation will provide information needed for next year's engagement in time for the report to be completed by the due date of June 30th.



James M. Francis, President

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
January 1, 2004

Smith Pugh and Company, LLP
920 Pierremont Road, Suite 400
Shreveport, LA 71106-2037

(Auditors)

In connection with your compilation of our financial statements as of December 31, 2003 and for the period 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 July 19, 2004.

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [x] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [x] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [x] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [x] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [x] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [x] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No [x]

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 federal, state, and local grants, to include the applicable 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 will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<i>[Signature]</i>	President	<i>H-04</i>	Date