

# State Fair of Louisiana

## **FINANCIAL STATEMENTS** Years Ended December 31, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/29/09



# **State Fair of Louisiana**

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**FINANCIAL STATEMENTS**  
Years Ended December 31, 2008 and 2007

# State Fair of Louisiana

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## **Independent Auditors' Report**

The Executive Committee  
State Fair of Louisiana  
Shreveport, Louisiana

We have audited the accompanying statements of financial position of State Fair of Louisiana for the years ended December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fair's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 State Fair of Louisiana as of December 31, 2008 and 2007, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2009, on our consideration of State Fair of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

**RBM LLP**

Certified Public Accountants

Shreveport, Louisiana  
April 14, 2009

<i>December 31,</i>	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>						
<b>Current assets:</b>						
Cash (Notes 1 and 8)	\$1,162,617	\$ -	\$1,162,617	\$1,321,566	\$ -	\$1,321,566
Accounts receivable	212,071	-	212,071	105,988	-	105,988
Prepaid expenses and other	53,482	-	53,482	49,752	-	49,752
Total current assets	1,428,170	-	1,428,170	1,477,306	-	1,477,306
Property and equipment, net (Note 2)	1,992,930	-	1,992,930	1,945,835	-	1,945,835
Long-term investments (Note 5)	404,458	-	404,458	344,309	-	344,309
Reserve fund investments (Notes 4 and 5)	-	700,000	700,000	-	700,000	700,000
Other assets	8,750	-	8,750	12,639	-	12,639
	\$3,834,308	\$700,000	\$4,534,308	\$3,780,089	\$700,000	\$4,480,089

# State Fair of Louisiana

## Statements of Financial Position

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$ 215,885	\$ -	\$ 215,885	\$ 288,474	\$ -	\$ 288,474
Deferred income	53,883	-	53,883	10,000	-	10,000
Accrued pension liability-current (Note 3)	-	-	-	40,000	-	40,000
<b>Total current liabilities</b>	<b>269,768</b>	<b>-</b>	<b>269,768</b>	<b>338,474</b>	<b>-</b>	<b>338,474</b>
Accrued pension liability (Note 3)	260,000	-	260,000	70,000	-	70,000
<b>Total liabilities</b>	<b>529,768</b>	<b>-</b>	<b>529,768</b>	<b>408,474</b>	<b>-</b>	<b>408,474</b>
<b>Commitments and contingencies (Note 6)</b>						
<b>Net Assets:</b>						
Unrestricted	3,304,540	-	3,304,540	3,371,615	-	3,371,615
Temporarily restricted (Note 4)	-	700,000	700,000	-	700,000	700,000
<b>Total net assets</b>	<b>3,304,540</b>	<b>700,000</b>	<b>4,004,540</b>	<b>3,371,615</b>	<b>700,000</b>	<b>4,071,615</b>
	<b>\$3,834,308</b>	<b>\$700,000</b>	<b>\$4,534,308</b>	<b>\$3,780,089</b>	<b>\$700,000</b>	<b>\$4,480,089</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# State Fair of Louisiana

## Statements of Activities

Years Ended December 31,	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue:</b>						
Fair	\$2,295,716	\$ -	\$2,295,716	\$2,163,805	\$ -	\$2,163,805
Off-season	775,239	-	775,239	901,198	-	901,198
Other	58,439	-	58,439	107,726	-	107,726
<b>Total revenue</b>	<b>3,129,394</b>	<b>-</b>	<b>3,129,394</b>	<b>3,172,729</b>	<b>-</b>	<b>3,172,729</b>
<b>Expenses:</b>						
Fair	1,625,220	-	1,625,220	1,471,848	-	1,471,848
Off-season	1,208,570	-	1,208,570	1,319,304	-	1,319,304
Depreciation and amortization	203,679	-	203,679	202,067	-	202,067
<b>Total expenses</b>	<b>3,037,469</b>	<b>-</b>	<b>3,037,469</b>	<b>2,993,219</b>	<b>-</b>	<b>2,993,219</b>
<b>Increase in net assets before effect of adoption of FASB Statement No. 158</b>						
	91,925	-	91,925	179,510	-	179,510
<b>Effect of adoption of FASB No. 158</b>	<b>(159,000)</b>	<b>-</b>	<b>(159,000)</b>	<b>(85,000)</b>	<b>-</b>	<b>(85,000)</b>
<b>Increase (decrease) in net assets</b>	<b>(67,075)</b>	<b>-</b>	<b>(67,075)</b>	<b>94,510</b>	<b>-</b>	<b>94,510</b>
<b>Net assets, beginning of year</b>	<b>3,371,615</b>	<b>700,000</b>	<b>4,071,615</b>	<b>3,277,105</b>	<b>700,000</b>	<b>3,977,105</b>
<b>Net assets, end of year</b>	<b>3,304,540</b>	<b>\$700,000</b>	<b>4,004,540</b>	<b>\$3,371,615</b>	<b>\$700,000</b>	<b>\$4,071,615</b>

See accompanying summary of accounting policies and notes to financial statements.

# State Fair of Louisiana

## Statements of Cash Flows

Years Ended December 31,	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Cash Flows From Operating Activities:</b>						
Increase in net assets	\$ 91,925	\$ -	\$ 91,925	\$ 94,510	\$ -	\$ 94,510
Adjustments to reconcile increase in net assets to net cash provided by operating activities:						
Depreciation and amortization	203,679	-	203,679	202,067	-	202,067
(Gain) loss on retirement of assets	141	-	141	(17,133)	-	(17,133)
Unrealized (gain) on investments	(10,150)	-	(10,150)	(24,059)	-	(24,059)
Effect of adoption of FASB No. 158	-	-	-	85,000	-	85,000
Noncash change in pension liability	(9,000)	-	(9,000)	-	-	-
Change in operating assets and liabilities:						
Accounts receivable	(106,083)	-	(106,083)	87	-	87
Prepaid expenses and other	(3,730)	-	(3,730)	5,535	-	5,535
Accounts payable and accrued expenses	(72,589)	-	(72,589)	46,364	-	46,364
Deferred income	43,883	-	43,883	1,280	-	1,280
Accrued pension liability	-	-	-	(37,000)	-	(37,000)
Net cash provided by operating activities	138,076	-	138,076	356,651	-	356,651
<b>Cash Flows From Investing Activities:</b>						
Expenditures for buildings equipment and improvements	(247,025)	-	(247,025)	(74,060)	-	(74,060)
Proceeds from sale of assets	-	-	-	33,000	-	33,000
Proceeds from redemption of investments	150,000	-	150,000	-	-	-
Purchase of investments	(200,000)	-	(200,000)	(50,000)	-	(50,000)
Net cash (used) by investing activities	(297,025)	-	(297,025)	(91,060)	-	(91,060)
Net increase (decrease) in cash	(158,949)	-	(158,949)	265,591	-	265,591
Cash, at beginning of year	1,321,566	-	1,321,566	1,055,975	-	1,055,975
Cash, at end of year	\$1,162,617	\$ -	\$1,162,617	\$1,321,566	\$ -	\$1,321,566

See accompanying summary of accounting policies and notes to financial statements.

# State Fair of Louisiana

## Summary of Accounting Policies

### **Business**

The State Fair of Louisiana (the Fair) is a nonprofit corporation organized under the laws of the State of Louisiana on a nonstock basis having one class of member. The objects and purposes for which this nonprofit corporation is formed and exists are declared to be the maintenance in the Parish of Caddo, State of Louisiana, of public fairs, expositions and exhibitions of stock and farm products, and for the encouragement of agricultural and horticultural pursuits, and in all ways to promote the various industries of the State of Louisiana and the welfare of its citizens.

Substantially all of the Fair's revenue is from the sale of admissions to Fair sponsored events and exhibitions as well as the rental of its buildings for events promoted by others. Accordingly, the Fair is heavily dependent on the local community and the health of the local economy in which it operates.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the depreciable life of assets and the pension liability.

### **Property and Equipment**

Buildings and equipment are carried at cost and depreciated over their estimated useful lives on the straight-line method. Major additions are capitalized and depreciated; maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

### **Reserve Fund**

As provided by contract with the City of Shreveport, one-half of the net earnings of the State Fair of Louisiana shall be set aside permanently in a Reserve Fund. This allocation is to continue until the Reserve Fund shall equal \$700,000. Any sums transferred, which raise the balance above this amount, shall be used for property improvements.

# State Fair of Louisiana

## Summary of Accounting Policies

(Continued)

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**Revenue  
Recognition**

Unrestricted contributions and grants are recognized as revenue in the period in which the donation is received or the grant is due and payable to the Fair.

The Fair reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. The net change in assets of other funds are reported as offsetting revenue (expense) solely to simplify financial statement presentation. Restricted donations on which the restriction expires in the same period as the revenue is recognized are reported as unrestricted revenues.

**Allowance for  
Doubtful Accounts**

The Fair records an allowance for doubtful accounts based on specifically identified amounts believed to be uncollectible. The Fair has a limited number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customers' credit worthiness or other matters affecting collectability of amounts due from such customers could have a material effect on the Fair's results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

**Income Taxes**

The State Fair of Louisiana is exempt from federal income tax under provisions of Section 501(c)(5) of the Internal Revenue Code of 1986 and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana.

**Statements of  
Cash Flows**

For purposes of the statements of cash flows, the Fair considers all cash in bank accounts and highly liquid debt instruments, not associated with the Reserve Fund, with an original or remaining maturity of three months or less, to be cash equivalents. Highly liquid debt instruments with remaining lives in excess of three months are classified as short-term investments.

# State Fair of Louisiana

## Summary of Accounting Policies

(Continued)

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### **Advertising**

The Fair expenses advertising as it is incurred. The Fair expended approximately \$220,206 and \$213,000 in the years ended December 31, 2008 and 2007, respectively, for advertising.

### **Recently Issued Accounting Pronouncement**

In September 2006, the Financial Accounting Standards Board issued SFAS No.158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB No. 87, 88, 106 and 132(R)*, which requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, Benefit Plans) to recognize the funded status of their Benefit Plans in the balance sheet, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. On December 31, 2007, the Fair adopted the recognition and disclosure provisions of SFAS No. 158. The effect of adopting SFAS No. 158 at March 31, 2007, has been included in the accompanying statement of financial position. SFAS No. 158's provisions regarding the change in the measurement date of Benefit Plans are not applicable as the Fair currently uses a measurement date of December 31 for its pension plan. See Note 3 for further discussion of the effect of adopting SFAS No. 158 of the Fair's financial statement.

# State Fair of Louisiana

## Notes to Financial Statements

**1. Cash** Included in cash at December 31, 2008 and 2007 are interest bearing deposits totaling \$1,161,184 and \$1,321,566, respectively.

**2. Property and Equipment** Depreciation for financial reporting purposes is provided on the straight-line method based upon the estimated useful lives of the assets as follows: buildings - 15 to 60 years; land improvements - 10 to 75 years; equipment - 5 to 20 years.

The major classifications of property and equipment for the years ended December 31, 2008 and 2007 were as follows:

	<b>2008</b>	2007
Buildings	<b>\$5,904,054</b>	\$5,722,796
Equipment	<b>2,573,968</b>	2,534,049
Land improvements	<b>1,416,840</b>	1,390,992
Land	<b>14,500</b>	14,500
	<b>9,909,362</b>	9,662,337
Less accumulated depreciation and amortization	<b>7,916,432</b>	7,716,502
<b>Net property and equipment</b>	<b>\$1,992,930</b>	\$1,945,835

**3. Pension Plan** The Fair sponsors a defined benefit pension plan that covers all employees who have reached the age of 21 and completed 1,000 hours of employment during their initial 12 months of employment. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with the Fair and compensation rates near retirement. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of mutual funds and money market accounts.

# State Fair of Louisiana

## Notes to Financial Statements

(Continued)

### 3. Pension Plan (continued)

Effective December 31, 2007, the Fair adopted SFAS No. 158, which requires that the funded status of defined benefit pension plans be fully reflected on the balance sheet. The following provides a summary of the plan's funded status and amounts recognized in the Fair's financial statements at December 31, 2008 and 2007:

	2008	2007
<b>Changes in benefit obligation:</b>		
Benefit obligation at beginning of year	<b>\$546,000</b>	\$533,000
Service cost	<b>28,000</b>	22,000
Interest cost	<b>36,000</b>	33,000
Actuarial loss (gain)	<b>18,000</b>	(17,000)
Benefits paid	<b>(22,000)</b>	(25,000)
<b>Benefit obligation at end of year</b>	<b>606,000</b>	546,000
<b>Changes in plan assets:</b>		
Fair value of plan assets at beginning of year	<b>436,000</b>	369,000
Actual return on plan assets	<b>(109,000)</b>	28,000
Employer contributions	<b>41,000</b>	64,000
Benefits paid	<b>(22,000)</b>	(25,000)
<b>Fair value of plan assets at end of year</b>	<b>346,000</b>	436,000
<b>Funded status</b>	<b>\$(260,000)</b>	\$(110,000)

# State Fair of Louisiana

## Notes to Financial Statements

(Continued)

### 3. Pension Plan – (continued)

Items not yet recognized as a component of net periodic benefits cost which are reported as an effect of adoption of recognition provisions of SFAS No. 158 in 2007 are as follows:

	2008	2007
Net actuarial loss	<b>\$245,000</b>	\$88,000
Transition asset	<b>(1,000)</b>	(5,000)
Prior service cost	-	2,000
Total cumulative effect of accounting change	<b>\$244,000</b>	\$85,000

The accumulated benefit obligation for the pension plan was \$575,000 and \$522,000 as of December 31, 2008 and 2007 respectively.

Weighted-average assumptions used to determine benefit obligations at December 31:

	2008	2007
Discount rate	<b>6.50%</b>	6.50%
Expected long-term return on plan assets	<b>7.50%</b>	7.50%
Rate of compensation increase	<b>3.00%</b>	3.00%

# State Fair of Louisiana

## Notes to Financial Statements

(Continued)

### 3. Pension Plan – (continued)

#### Plan Assets

Pension Plan weighted-average asset allocations at December 31, 2008 and 2007, by asset category area as follows:

	<b>2008</b>	2007
Equity securities	<b>44.29%</b>	41.26%
Debt securities	<b>48.99%</b>	42.44%
Cash & other	<b>6.72%</b>	16.30%
<b>Total</b>	<b>100.00%</b>	100.00%

Over time, the Plan's investment policy is to allocate 40% to stocks and 60% to bonds. This strategy is expected to produce a reasonable rate of investment return over the long-term commensurate with an acceptable risk level.

#### Cash Flows

*Contributions.* State Fair of Louisiana expects to contribute \$51,000 to its pension plan in 2009.

*Estimated Future Benefit Payments.* The following benefit payments, which reflect future service, as appropriate, are expected to be paid:

<u>Year</u>	<u>Pension Benefits</u>
2009	\$ 56,000
2010	22,000
2011	22,000
2012	22,000
2013	85,000
2014-2018	332,000
<b>Total</b>	<b>\$539,000</b>

# State Fair of Louisiana

## Notes to Financial Statements

(Continued)

### 4. Reserve Fund

An agreement between State Fair of Louisiana and the City of Shreveport dated May 15, 1986, provides for the establishment of a Reserve Fund or Contingency Fund to provide for possible future losses and to maintain permanently, a sound financial condition of the State Fair of Louisiana. Any expenditure which reduces the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering incurred losses or for other emergency purposes.

### 5. Investments

Investments are as follows at December 31, 2008 and 2007:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<u>December 31, 2008</u>				
Long-term investments:				
Certificate of deposit	\$100,000	\$ 575	\$ -	\$100,575
United States Treasury note maturing March 15, 2009	300,000	3,883	-	303,883
	<u>\$400,000</u>	<u>\$4,458</u>	<u>\$ -</u>	<u>\$404,458</u>
Reserve fund investments:				
Certificates of deposit	\$300,000	\$ -	\$ -	\$300,000
U.S. Treasury note maturing March 15, 2009	400,000	-	-	400,000
	<u>\$700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$700,000</u>

# State Fair of Louisiana

## Notes to Financial Statements

(Continued)

### 5. Investments - (continued)

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<u>December 31, 2007</u>				
Long-term investments:				
Certificate of deposit	\$ 50,000	\$ -	\$ -	\$50,000
United States Treasury note maturing March 15, 2009	296,721	-	2,412	294,309
	\$346,721	\$ -	\$2,412	\$344,309
Reserve fund investments:				
Certificates of deposit	\$300,000	\$ -	\$ -	\$300,000
U.S. Treasury note maturing March 15, 2009	403,279	-	3,279	400,000
	\$703,279	\$ -	\$3,279	\$700,000

All investments in the Reserve Fund are invested in bank certificates of deposit and U.S. Treasury notes. Total coverage of these certificates of deposit and the U.S. Treasury notes is \$700,000.

The following summarizes investment return and its classification in the financial statements:

	2008	2007
Interest and dividend income	\$45,977	\$62,218
Unrealized gain on securities	10,149	24,059
	\$56,126	\$86,277

# State Fair of Louisiana

## Notes to Financial Statements

*(Continued)*

- 6. Commitments and Contingencies** The Fair has an employment contract effective from January 1, 2006 through December 31, 2012 with its current president and general manager.
- From time to time, in the normal course of business, the Fair is involved in various matters of litigation. Management does not believe the ultimate outcome of any such matters will be material to the financial statements of the Fair.
- 7. Major Customers and Suppliers** The Fair had one supplier during the year ended December 31, 2008 that accounted for 20% of total purchases.
- 8. Supplemental Cash Flows Information** At December 31, 2008, total cash includes \$947,576 in demand deposits or short-term certificates of deposit that exceed Federal depository insurance limits.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Executive Committee  
State Fair of Louisiana  
Shreveport, Louisiana

We have audited the financial statements of the State Fair of Louisiana (the "Fair") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 14, 2009. 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 the Organization'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 the Fair's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fair's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fair's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization, awarding agencies, and the Louisiana State Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

**RBM LLP**

Certified Public Accountants

Shreveport, Louisiana  
April 14, 2009