

**CADDO WARD II INDUSTRIAL
DEVELOPMENT CORPORATION**
(a non-profit corporation)

VIVIAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2006

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 6-20-07

**CADDO WARD II
INDUSTRIAL DEVELOPMENT CORPORATION**

Vivian, Louisiana

December 31, 2006

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WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

ACCOUNTANT'S REPORT

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

I have compiled the accompanying statement of financial position of the Caddo Ward II Industrial Development Corporation (a non-profit corporation) as of December 31, 2006, 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. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Shreveport, Louisiana
June 2, 2007

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FINANCIAL STATEMENTS

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

**Statement of Financial Position
December 31, 2006**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 148,196
Certificates of deposit	425,994
Accounts receivable	24,803
Prepaid insurance	<u>4,050</u>
Total current assets	603,043

Property and equipment- net	<u>1,437,569</u>
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Total Assets	<u><u>\$2,040,612</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	<u>\$ 799</u>
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Net Assets:

Unrestricted net assets:

Undesignated	602,244
Fixed assets	<u>1,437,569</u>
Total net assets	<u><u>2,039,813</u></u>

Total Liabilities and Net Assets	<u><u>\$2,040,612</u></u>
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See accompanying notes and accountant's report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

**Statement of Activities – Budget and Actual – GAAP Basis
For the Year Ended December 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Casino boarding fees	\$ 150,500	\$ 149,435	\$ (1,065)
Interest	2,000	16,393	14,393
Other	500	500	-
Total revenue	<u>153,000</u>	<u>166,328</u>	<u>13,328</u>
Expenses:			
Program services	103,985	102,706	1,279
Support services	10,170	10,362	(192)
Total expenses	<u>114,155</u>	<u>113,068</u>	<u>1,087</u>
Change in net assets	38,845	53,260	14,415
Net assets, beginning of year	<u>1,986,553</u>	<u>1,986,553</u>	-
Net assets, end of year	<u>\$2,025,398</u>	<u>\$2,039,813</u>	<u>\$ 14,415</u>

See accompanying notes and accountant's report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Statement of Functional Expenses
For the Year Ended December 31, 2006

	<u>Program Services</u>	<u>Support Services</u>	
	Industrial Development	Management and General	Total Expenses
Advertising and promotion	\$ 30,530	\$ -	\$ 30,530
Professional fees	13,501	9,119	22,620
Civic associations	16,360	-	16,360
Dues and publications	14,852	-	14,852
Insurance	13,567	-	13,567
Repairs and maintenance	8,976	-	8,976
Utilities	2,032	-	2,032
Depreciation	1,995	-	1,995
Legal publications	819	-	819
Office supplies and expense	-	628	628
Travel	-	415	415
Miscellaneous	-	200	200
Recruiting and training	74	-	74
Total	\$ 102,706	\$ 10,362	\$ 113,068

See accompanying notes and accountant's report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Statement of Cash Flows
For the Year Ended December 31, 2006

Cash Flows From Operating Activities:

Change in net assets	\$ 53,260
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,995
Decrease in accounts payable	(1,990)
Increase in prepaid insurance	(980)
Increase in accounts receivable	(260)
Net Cash Provided by Operating Activities	<u>52,025</u>

Cash Flows From Investing Activities:

Purchase of certificates of deposit	<u>(114,377)</u>
Net Cash Used by Investing Activities	<u>(114,377)</u>

Net Increase in Cash and Cash Equivalents (62,352)

Cash and Cash Equivalents - Beginning of Year 210,548

Cash and Cash Equivalents - End of Year \$ 148,196

Supplemental Disclosure:

Interest Paid None

See accompanying notes and accountant's report.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2006

Introduction:

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. On July 27, 1995, the Caddo Ward II Industrial Development Corporation (a nonprofit corporation) domiciled at Vivian, Louisiana, was formed under the provisions of Louisiana Revised Statute 1950, Title 12, Chapter 2, as amended, as the entity responsible for attracting business to the aforementioned industrial district.

The primary function of the Corporation is to provide or assist in providing the means and facilities by which the economic development of Caddo Parish and its surroundings may be advanced.

The Corporation is governed by a Board of Directors consisting of not less than seven or more than twenty persons elected every two years at a general meeting of the members held on the first Thursday of the month of July. All members of the Board must be residents of and qualified voters within the Caddo Parish Ward II District.

The Corporation's support comes primarily through LSA-R.S. 27:93 which allocates a percentage of boarding fees from riverboats located in Caddo Parish to the Corporation.

1. Summary of Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

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 Corporation 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.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2006

1. Summary of Significant Accounting Policies (continued):

Financial Statement Presentation (continued)

The Corporation has not received any revenues or contributions with restrictions that would result in permanently restricted net assets.

SFAS No. 117 also requires a not-for profit organization to provide information about expenses by functional classifications. The Statement of Activities presents the expenses charged directly to program or supporting services based on specific identification.

Estimates

Preparing the Corporation's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect 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.

Cash Equivalents

The Corporation considers deposits that can be redeemed on demand and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Financial Instruments

The Corporation's financial instruments are cash and cash equivalents, accounts receivable and accounts payable. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Accounts Receivable

Accounts receivable consists of casino boarding fees collected by various governmental entities due to the Corporation and interest accrued on its deposits with financial institutions. The Corporation believes that no allowance for doubtful accounts is necessary as of December 31, 2006.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid expenses.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2006

1. Summary of Significant Accounting Policies (continued):

Property and Equipment and Depreciation Methods

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Land improvements are being depreciated over estimated useful lives of seven years using the straight-line method for financial statement purposes. Assets that have not been placed into service are not depreciated.

The net fixed asset balance has been recorded as a separate component in unrestricted net assets. Depreciation expense for the year ended December 31, 2006 is \$1,995.

Advertising

Advertising and promotion costs are expensed as incurred. Advertising expense totaled \$30,530 during 2006.

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.

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 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.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2006

3. *Cash and Investments:*

At December 31, 2006, the Corporation has cash and investments (book balances) totaling \$574,190 as follows:

Demand deposits	\$ 83,056
Interest bearing demand deposits	65,140
Time deposits	425,994
	<u>\$ 574,190</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 Corporation in a holding or custodial bank that is mutually acceptable to both parties.

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 Corporation that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Corporation's name.

The cash equivalents and certificates of deposit of the Corporation are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Corporation will not be able to recover its deposits. At December 31, 2006, the Corporation has \$574,448 in deposits (collected bank balances). These deposits are secured from risk by \$183,314 of federal deposit insurance and \$538,296 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Interest Rate Risk: The Corporation's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Corporation's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Corporation may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Corporation may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Notes to Financial Statements
December 31, 2006

4. Changes in Property and Equipment

A summary of changes in property and equipment follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land and improvements not being depreciated	\$ 1,428,256	\$ -	\$ -	\$ 1,428,256
Improvements being depreciated	13,968	-	-	13,968
Total land and improvements	1,442,224	-	-	1,442,224
Less accumulated depreciation	(2,660)	(1,995)	-	(4,655)
Land and improvements - net	<u>\$ 1,439,564</u>	<u>\$ (1,995)</u>	<u>\$ -</u>	<u>\$ 1,437,569</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 a nonprofit corporation and is exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code. No provision for income taxes has been made in these financial statements.

7. Judgments, Claims, and Contingencies:

There is no litigation pending against the Corporation at December 31, 2006.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Summary of Prior Year Findings
December 31, 2006

Item: 05-1

Criteria or specific requirement:

R.S. 24:513A5 (a) requires financial reports to be completed and filed with the Louisiana Legislative Auditor 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.

Status:

Resolved.

Item: 05-2

Criteria or specific requirement:

The Corporation's operating budget should be used as a method of management control. Good management techniques require the operating budget to be amended whenever actual financial activities vary significantly from the original budget.

Condition:

Actual revenues were significantly less than the amount originally budgeted by management; however, management did not properly amend the budget.

Status:

Resolved.

Item: 05-3

Criteria or specific requirement:

Good internal control requires expenditures to be approved by authorized individuals prior to disbursement. This approval should be by individuals independent of purchasing or preparation of disbursement checks.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Summary of Prior Year Findings
December 31, 2006

Condition:

The documentation supporting expenditures does not indicate that the disbursements were reviewed and approved by persons independent of the purchasing and check preparation duties of the Corporation prior to payment.

Status:

Resolved.

CADDO WARD II INDUSTRIAL DEVELOPMENT CORPORATION

Schedule of Findings
December 31, 2006

Internal Control:

None.

Compliance:

None.