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LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY

Baton Rouge, Louisiana

Financial Report
For the Years Ended June 30, 2008 and 2007

CONTENTS

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Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Louisiana Economic Development Corporation
Baton Rouge, Louisiana

I have audited the accompanying financial statements of Louisiana Economic Development Corporation and subsidiary, a component unit of the State of Louisiana, as of June 30, 2008, and for the year then ended as listed in the foregoing table of contents. These financial statements are the responsibility of the management of Louisiana Economic Development Corporation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Louisiana Economic Development Corporation and subsidiary as of and for the year ended June 30, 2007, were audited by other auditors whose report dated August 29, 2007, expressed an unqualified opinion on these statements.

Except as discussed in the following paragraph, I conducted my audit 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 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.

As further discussed in Note 15, management was unable test one of its equity investments for impairment as it was unable to obtain current financial information from the investee. The investment had a carrying value of $2,641,581 as of June 30, 2008. I was unable to satisfy myself about the valuation of this investment by means of other auditing procedures.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself about the valuation of the investment discussed in Note 15, the basic financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Economic Development Corporation as of June 30, 2008, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* I have also issued a report dated August 29, 2008, on my consideration of the Louisiana Economic Development Corporation's internal control over financial reporting and my 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 my 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 *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information schedule and the Annual Fiscal Report required by the Louisiana Division of Administration as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Louisiana Economic Development Corporation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J. Aaron Cooper, CPA, LLC

DeRidder, Louisiana
August 29, 2008

The Management's Discussion and Analysis of the Louisiana Economic Development Corporation's financial performance presents a narrative overview and analysis of Louisiana Economic Development Corporation and its subsidiaries' financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Louisiana Economic Development Corporation's financial statements.

FINANCIAL HIGHLIGHTS

For the fiscal year ending June 30, 2008, Louisiana Economic Development Corporation started with a budget of $37,392,643 (including appropriation for Capital Outlay). After the Capital Outlay Priority 2 and 5 were not funded, this brought the original budget to $33,742,643. We had rollover adjustments in the amount of $35,142,236 with two additional adjustments totaling ($3,404,933) leaving the final authorization at $65,479,946. The first adjustment was in response to House Bill 1287 (Act 511) of the 2008 Regular Legislative Session for $10,000,000 to be deposited into the fund for the Economic Development Awards Program for 2009. The second adjustment was in response to House Bill 926 (Act 513) of the 2008 Regular Legislative Session to remove $10,404,933 from the Fund for the Small Business Bonding Program and the Governor's Rapid Response Fund. The final budget of $65,479,946 is an increase of $6,061,796, or 10.20%, over last year's budget of $59,418,150. This increase was due to the additional appropriation for the UNO Foundation for National Aeronautics and Space Administration in the amount of $20,000,000 and Northrop Grumman Ship Systems, Union Tank Car, and CG Railway, Inc. in the amount of $8,329,848, which were deposited into the Fund during 2007.

The 2008 investments (both short-term and long-term) at fair market value are $24,043,381 compared to $25,775,881 in 2007. The Louisiana Economic Development Corporation has hired an independent banking firm, Chaffe & Associates, to determine the valuation of investments. Upon their findings, an adjustment was made to decrease the fair value by $3,970,058.

The total liabilities increased from $2,374,452 to $3,014,324, or 26.95%, for the fiscal year due mainly to the increase in payables for the Economic Development Award Program, Workforce Development and Training Program, and Grants Match Program, which are all administered by Louisiana Economic Development Corporation. These awards are extended over multiple years and are funded as reimbursements of expenses.

The total net assets increased by $4,020,585 from $122,694,305 for 2007 to $126,714,890 in 2008. This is a result of a combination of the increase in appropriations for the Economic Development Awards Program, increase in certificates of deposits, increase in loans which will be reimbursed by job credits, and decrease in cash and cash equivalents.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Louisiana Economic Development Corporation and its subsidiaries as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Economic Development Corporation is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how Louisiana Economic Development Corporation's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how Louisiana Economic Development Corporation's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

The following is a condensed statement of the Balance Sheet for Louisiana Economic Development Corporation at June 30, 2008 and 2007:

Balance Sheet
as of June 30, 2008 and 2007

	Total	
	2008	2007
Current and other assets, unrestricted	$64,706,478	$50,454,704
Current and other assets, restricted	14,395,102	28,667,460
Other assets	50,627,634	45,946,593
Total assets	$129,729,214	$125,068,757
Current liabilities	$1,378,862	$505,495
Long-term debt outstanding	1,635,462	1,868,957
Total liabilities	3,014,324	$2,374,452
Net assets:		
Restricted	14,395,102	$28,667,460
Unrestricted	112,319,788	94,026,845
Total net assets	126,714,890	$122,694,305
Total net assets and liabilities	$129,729,214	$125,068,757

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

The following is a condensed statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2008 and 2007 :

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2008 and 2007

	Total	
	2008	2007
Operating revenues	$868,480	$6,956,787
Operating expenses	22,374,823	11,970,419
Operating income(loss)	($21,506,343)	($5,013,632)
Non-operating revenues(expenses)	25,526,928	42,467,686
Changes in net assets	$4,020,585	$37,454,054

Although Louisiana Economic Development has incurred an increase in activity, operating revenues have decreased from $6,956,787 in 2007 to $868,480 in 2008. Interest income from bank deposits and program loans fell by 32.18% due to a fall in interest rates. During 2008, $67,140 in dividends was received compared to $56,347 for 2007. Guarantee fees increased from $36,500 in 2007 to $46,860 for 2008, or 28.38% due mostly to the increase in activity. It is important to remember that a realized gain of $5,789,638 was r ecorded in 2007 due to the sale of stock for USAgencies, Inc.

Total operating expenses increased from $11,970,419 in 2007 to $22,374,823 in 2008, or 86.92%. Legislative initiatives expenses increased from $821,546 in 2007 to $14,270,480 for 2008, or $13,448,934. Workforce Development and Training grants decreased $1,410,868 due to decrease in activity. Capital Outlay grants have also decreased due to a change in the program. The Economic Development Awards Program is now allowing awards to be grants only if certain job and salary requirements are met. Therefore, the majority of awards will now be considered loans payable with job credits.

Income from Vendor's Compensation increased from $11,610,611 in 2007 to $13,003,841 in 2008, or 12.00%. Interest from the funds held in the Treasurer's Office rose from $1,797,227 in 2007 to $2,398,696 in 2008, or 33.47%. Interagency transfers made into the fund were $29,059,848 in 2007 and $20,395,000 in 2008. Interagency transfers made out of the fund were $0 in 2007, but $10,404,933 in 2008. This leaves a net interagency transfer of $29,059,848 in 2007 and $9,990,067 in 2008. In total, the non-operating revenues decreased from $42,467,686 in 2007 to $25,526,928 in 2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Louisiana Economic Development Corporation does not have any capital assets or debt.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The appropriation for Louisiana Economic Development Corporation is dedicated each year from the dedicated Louisiana Economic Development Fund, although it receives operating and non-operating income during the year. The revenue for 2008 was $36,800,341, which was $20,706,636 over the expected budget of $16,093,705. This increase is due to the transfer of $20,395,000 from the general fund at year end. Administrative expenditures were slightly below budget. A reduction in appropriation of $10,404,933 occurred due to House Bill 926 (Act 513) of the 2008 Regular Legislative Session.

ECONOMIC FACTORS AFFECTING THIS YEARS FINANCIAL CONDITION AND NEXT YEAR'S BUDGET

The primary factors affecting Fiscal Year 2007-2008 financial condition of Louisiana Economic Development Corporation were outside factors to the change in the economic market due to the continuing recovery of Hurricane Katrina and Hurricane Rita in 2005. The economy was beginning to recover from the events of September 11, 2001, when the massive destruction caused by the hurricanes in the southern region of the United States occurred. A vast majority of the demand is still being handled by recovery funds established to assist those most affected by the devastations. Decrease in the recovery funds, increase in new businesses, and increase in marketing trips should increase demand for all programs.

The Economic Development Awards program was allocated $10,395,000 to increase the total amount available to $15,969,885 for 2008. Management continues to monitor the health of the guarantee portfolio for losses due to the economy. The investment portfolio is directly tied to the health of the market; however, there are some investments that are being held that may be liquidated this year with others to be liquidated within the next five years. The fact that the Economic Development Fund is a dedicated revolving fund allows Louisiana Economic Development Corporation to request additional funds as needed, but due to increased activity and legislative requests the fund amount has decreased enormously.

As in the past, the legislature has looked to Louisiana Economic Development Corporation to assist in other economic development projects other than through Louisiana Economic Development Corporation programs. In 2007, the UNO Foundation for National Aeronautics and Space Administration was appropriated $20,000,000 with another $8,329,848 appropriated for Northrop Grumman Ship Systems, Union Tank Car, and CG Railway, Inc. These funds were deposited into the Louisiana Economic Development Fund from the general fund for administration by the Department of Economic Development. Of these appropriations $14,269,480 was expended with the remaining amount to be expended possibly this year. In response to House Bill 926 (Act 513) of the 2008 Regular Legislative Session $10,404,933 was removed from the Fund for the Small Business Bonding Program and the Governor's Rapid Response Fund for 2009.

CONTACTING THE LOUISIANA ECONOMIC DEVELOPMENT CORPORATION'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Louisiana Economic Development Corporation and its subsidiaries' finances and to show the Louisiana Economic Development Corporation and its subsidiaries' accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fran Gladden, Business Incentives Services Coordinator, at (225) 342-3000.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
Current assets		
Cash and cash equivalents	$ 47,234,777	$ 43,109,551
Restricted cash and cash equivalents	14,395,102	28,667,460
Total cash and cash equivalents	61,629,879	71,777,011
Accrued interest receivable	1,360,483	1,295,651
Due from State of Louisiana - Capital Outlay Fund	13,159,535	3,033,226
Accrued vendor compensation receivable	2,544,451	2,461,397
Loans, net	293,369	230,971
Deferred awards expense	113,863	323,908
Total current assets	79,101,580	79,122,164
Noncurrent assets		
Certificates of deposit	9,488,313	7,723,647
Loans, net	10,502,102	10,440,851
Investments, at cost net of impairments	24,043,381	25,775,881
Deferred awards expense	5,777,120	1,216,769
Other receivables	816,718	789,445
Total noncurrent assets	50,627,634	45,946,593
Total Assets	$ 129,729,214	$ 125,068,757

LIABILITIES AND NET ASSETS

	2008	2007
Current liabilities		
Accounts payable and accrued expenses	$ 1,378,862	$ 505,495
Total current liabilities	1,378,862	505,495
Noncurrent liabilities		
Accrual for losses on loan guarantees	1,635,462	1,868,957
Total liabilities	3,014,324	2,374,452
Net assets		
Restricted	14,395,102	28,667,460
Unrestricted	112,319,788	94,026,845
Total net assets	126,714,890	122,694,305
Total Liabilities and Net Assets	$ 129,729,214	$ 125,068,757

The accompanying notes are an integral part of these statements.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Operating revenues		
Interest income:		
Interest on loans	$ 248,076	$ 458,269
Interest on deposits	449,293	611,602
Dividend income	67,140	56,347
Realized gain on investments	-	5,789,638
Other	103,971	40,931
Total operating revenues	868,480	6,956,787
Operating expenses		
Provision (credit) for losses:		
Direct and participation loans	(874,359)	691,808
Guaranteed loans	(317,908)	1,157,000
Unrealized loss on investments	3,970,058	3,410,915
Salaries and employee benefits	342,045	293,254
Management and professional fees	153,405	1,561,291
Business Incentives Services grants	15,302,989	3,352,117
Capital Outlay grants	2,932,605	693,722
Administrative fees	10,883	43,247
Travel	16,031	18,910
Interagency transfer - Department of Economic Development	518,670	492,613
Interagency transfer - Small and Emerging Business Development	320,404	255,542
Total operating expenses	22,374,823	11,970,419
Operating loss	(21,506,343)	(5,013,632)
Nonoperating revenues (expenses)		
Intergovernmental:		
Vendors' compensation	13,003,841	11,610,611
Interagency transfers in - State General Fund	10,000,000	28,329,848
Interagency transfers in - State Capital Outlay Fund	10,395,000	730,000
Interagency transfers out - State General Fund	(10,404,933)	-
Interest on funds held by State Treasurer	2,533,020	1,797,227
Total nonoperating revenues (expenses)	25,526,928	42,467,686
Change in net assets	4,020,585	37,454,054
Net assets - beginning of year	122,694,305	85,240,251
Net assets - end of year	$ 126,714,890	$ 122,694,305

The accompanying notes are an integral part of these statements.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
Interest and dividends received	$ 672,404	$ 679,345
Received from customers	103,971	372,864
Payments to suppliers	(1,000,150)	(2,213,327)
Payments of program awards	(21,734,377)	(5,984,256)
Payments to or on-behalf of employees	(339,445)	(293,973)
Net cash used in operating activities	(22,297,597)	(7,439,347)
Cash flows from noncapital and related financing activities		
Appropriations received/(relinquished), net	(136,242)	28,676,622
Vendors' compensation	12,920,787	11,668,698
Interest on funds held at State Treasury	2,533,020	1,706,313
Net cash provided by noncapital and related financing activities	15,317,565	42,051,633
Cash flows from investing activities		
(Increase) decrease in certificates of deposit	(1,764,666)	1,284,914
Purchases of investments	(4,202,802)	(3,125,584)
Proceeds from sales and maturities of investments	1,965,245	8,200,242
(Increase) decrease in loans receivable, net	835,123	(1,041,900)
Net cash provided by (used in) investing activities	(3,167,100)	5,317,672
Change in cash and cash equivalents	(10,147,132)	39,929,958
Cash and cash equivalents - beginning of year	71,777,011	31,847,053
Cash and cash equivalents - end of year	$ 61,629,879	$ 71,777,011
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (21,506,343)	$ (5,013,632)
Credit for losses on loans and guarantees	(1,192,267)	1,848,808
Unrealized loss on investments	3,970,058	3,410,915
Realized gain on investments	-	(5,789,638)
Change in accrued interest and dividends receivable	(92,105)	(452,067)
Change in deferred awards expense	(4,350,307)	(350,618)
Change in accounts payable and accrued expenses	873,367	(1,093,115)
Net cash used in operating activities activities	$ (22,297,597)	$ (7,439,347)

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Scope of Reporting Entity

Organization

The Louisiana Economic Development Corporation is a public authority whose purpose is to stimulate the flow of private capital in the form of long-term loans and other financial assistance for the sound financing of the development, expansion, and retention of small business concerns in the State of Louisiana as a means of providing high levels of employment, income growth, and expanded social and economic opportunities, especially to disadvantaged persons and within distressed areas. It is a component unit of the State of Louisiana and was authorized by Louisiana Revised Statutes 51:2311.

Effective July 1, 2001 pursuant to Act No. 9 dealing with House Bill No. 1666, the authority for the administration of the Workforce Development and Training Program (Workforce) and the Economic Development Award Program (EDAP) was transferred from the Department of Economic Development to the LEDC. Therefore, the financial activities of these two programs are also included in these financial statements.

Reporting Entity

Governmental Accounting Standards Board Statement No.14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and

    a. The ability of the state to impose its will on that organization and/or
    b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state.

2. Organizations for which the state does not appoint a voting majority but are fiscally dependent on the state.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Louisiana Economic Development Corporation is considered to be a component unit of the State of Louisiana due to the fact that the state appoints its Board of Directors and has the ability to impose its will on the organization. The accompanying basic financial statements present only transactions of the Louisiana Economic Development Corporation and its consolidated subsidiaries.

Annually the State of Louisiana through the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy issues both comprehensive and basic financial statements which include the activity contained in the accompanying basic financial statements. The basic financial statements of the state are audited by the Louisiana Legislative Auditor.

Basis of Consolidation

The financial statements contained in this report include the consolidated financial position and results of operations and cash flows of Louisiana Economic Development Corporation and its wholly-owned subsidiary Louisiana Growth Fund, LLC (collectively "LEDC"). All significant intercompany accounts have been eliminated in consolidation.

B. Measurement Focus and Basis of Accounting

Measurement Focus

On July 1, 2001, the LEDC adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements -and Management's Discussion and Analysis -for State and Local Government."* Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, a statement of activities and changes in net assets and a statement of cash flows.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

The LEDC uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used. Under the provisions of GASB Statement 20, "Accounting and Financial Reporting for Proprietary Fund Accounting," LEDC follows pronouncements of the GASB and has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

Interest income on loans and debt instruments is generally accrued on the principal balance outstanding. The accrual of interest income on loans and debt instruments is discontinued when the receipt of principal and interest on a timely basis becomes doubtful. Any accrued interest is reversed when a loan is placed on nonaccrual.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Assets, Liabilities, and Net Assets

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments (including LEDC's share of pooled investments held in the state treasury) with a maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The majority of receivables are in the form of loans and the related interest, and amounts due for vendor compensation. The allowance for loan losses is discussed in the next section.

Allowance for Losses on Loans and Guarantees

Valuation allowances have been established and are available for absorbing losses incurred on loans and guarantees. All losses are charged to either the reserve for loan losses or the accrual for losses on guarantees when the loss actually occurs or when a determination is made that a loss is likely to occur. Recoveries are credited to the allowance or accrual at the time of recovery.

Management's judgment as to the level of future losses on existing loans and guarantees involves the consideration of current and anticipated economic conditions and their potential effects on specific borrowers; an evaluation of the existing relationships among loans, potential losses, and the present level of the allowance and the accrual; and management's internal review of the loan and loan guarantee portfolio. In determining the collectibility of certain loans and the possibility of losses on loan guarantees, management also considers the fair value of any underlying collateral.

Foreclosed Real Estate

Real estate properties acquired through, or in lieu of, loan foreclosures are initially recorded at the lower of the carrying amount, or fair value less costs to sell, which becomes the property's new cost basis. After foreclosure, foreclosed assets are carried at the lower of (a) fair value minus estimated costs to sell or (b) their new cost basis. Costs relating to development and improvement of property are capitalized, whereas costs relating to the holding of property are expensed. There were no foreclosed real estate as of June 30, 2008 and 2007.

Investments

The corporation records its investments at estimated fair value or at cost if fair value is not readily determinable (e.g., publicly-traded). Fair value generally is considered to be the amount which the corporation might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuation as of any particular date, however, is not necessarily indicative of the amount which the corporation ultimately may realize as a result of a future sale or other disposition of the investments. At June 30, 2008 and 2007, LEDC owned no publicly-traded securities.

In preparing the financial statements, the corporation's management is required to make significant judgments that affect the reported amounts of investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the value that would have been used had a ready market for the investments existed and these differences could be material.

The process of valuing investments requires significant judgments that are particularly susceptible to change. The corporation's management believes that investment values are appropriate. While the corporation's management uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee companies.

The valuation policies of the corporation's management in determining the fair value of the corporation's investments include the following:

- Marketable securities listed on a national securities exchange are valued at their closing sales price on the valuation date;

- Marketable securities traded over-the-counter are valued at their closing bid price on the valuation date, as reported in the National Association of Securities Dealers' Automated Quotation System (NASDAQ) or if not reported in NASDAQ, as reported by the National Quotation Bureau (or any successor to such organization) ;

- Restricted securities (securities not freely marketable, but part of a class of securities listed on a national securities exchange or traded over-the-counter) are valued at a discount from the security's value determined under the above subsections, reflecting their limited marketability; and

- All other securities are valued initially at cost with subsequent adjustments to values which reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, their marketability, the business and prospects of the issuer of such securities and other relevant factors.

During the year ended June 30, 2008 and 2007, the Corporation engaged an independent third party investment banker to perform valuations of certain investments. As of June 30, 2008 and 2007, the Corporation's investments have been written down to their estimated impaired values, as determined by the independent appraisal, as applicable. See Note 3 for further details.

Fixed Assets

Effective July 1, 2001, all of LEDC's fixed assets were transferred to the Department of Economic Development (DED) due to the restructuring by the State of Louisiana to include LEDC within DED. Consequently, fixed assets are not reflected in the accompanying balance sheet at June 30, 2008 and 2007. Due to the immateriality of the items acquired, the cost is generally expensed as incurred. Inventory records are maintained by the purchasing department of the Department of Economic Development which conducts an annual physical inventory of each sub-department including LEDC.

Deferred awards expense

Under a new program which began in 2007, LEDC has entered into agreements to finance public infrastructure related to new or expanded commercial facilities. As part of the agreement, these awards do not have to be repaid to LEDC if the new facilities create and sustain a certain number of new jobs as approved by LEDC's board of directors. Payments under this program are recorded as deferred awards expense and are amortized as the job creation thresholds are met.

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. State law allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment of annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2008 and 2007 is $22,163, and $22,696, respectively. The leave payable is recorded in the accompanying consolidated financial statements.

Other Post-Employment Benefits

In June 2004, the Government Accounting Standards Board issued GASB Statement No. 45 "Accounting and Financial Reporting by Employees for Postretirement Benefits and Other than Pensions." This statement's objective is to establish uniform standards of financial reporting by state and local government entities for other postemployment benefits (OPEB) including post-employment healthcare benefits. This Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information. This statement will require an actuarial valuation of the OPEB liability on at least a biennial basis. Management asserts that all OPEB related to retired LEDC employees will be paid by DED and the related OPEB liability will be reflected in DED's financial statements.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted."

D. Revenues and Expenses

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the LEDC. Operating revenues consist primarily of interest and dividend income from loans and investments, increases and (decreases) in the fair value of investments, as well as other income and guarantee fees. Non-operating revenues consist of intergovernmental revenues and the interest earned thereon and result from nonexchange transactions.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the LEDC's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

E. Reclassifications

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

NOTE 2 – DEPOSITS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law LEDC may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

Deposits at June 30, 2008 were secured as follows:

	Short-term Deposits at Banks	Nonnegotiable Certificates of Deposit	Held by State Treasury	Total
Balance per agency books	$ 2,719,567	$ 9,488,313	$ 58,910,312	$ 71,118,192
Deposits in bank accounts per bank	$ 2,719,567	$ 9,488,313	$ -	$ 12,207,880
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	$ -	$ -	$ -	$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	-	-	-	-
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or ageny but not in the entity's name.	2,619,567	8,588,313	-	$ 11,207,880
Total Category 3 bank balances	$ 2,619,567	$ 8,588,313	$ -	11,207,880

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, LEDC's deposits may not be returned to it. As of June 30, 2008, $11,207,880 of the LEDC's bank balance of $71,118,192 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

NOTE 3 – INVESTMENTS

The cost and estimated fair value, including gross unrealized gains and losses of LEDC's investments at June 30, 2008 and 2007 were as follows:

2008

Investment Type	Cost	Write-downs for Impairment	Carrying Value	Gross Unrealized Gains	Fair Value
Debt investments	$ 1,491,629	$ (512,500)	$ 979,129	$ -	$ 979,129
Equity investments	42,688,346	(19,624,094)	23,064,252	3,370,557	26,434,809
Total investments	$ 44,179,975	$ (20,136,594)	$ 24,043,381	$ 3,370,557	$ 27,413,938

2007

Investment Type	Cost	Write-downs for Impairment	Carrying Value	Gross Unrealized Gains	Fair Value
Debt investments	$ 838,707	$ -	$ 838,707	$ -	$ 838,707
Equity investments	41,471,893	(16,534,719)	24,937,174	1,391,624	26,328,798
Total investments	$ 42,310,600	$ (16,534,719)	$ 25,775,881	$ 1,391,624	$ 27,167,505

Investments consist of securities for which market quotations are not readily available and, as such, are reflected at original cost less any return of capital. Such securities are restricted as to salability or transferability. Realized gains and losses are calculated independently of net change in fair value of investments. Realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year have been included as a net change in the fair value of investments reported in prior years and the current year.

As of June 30, 2008, the Authority had the following debt investments and maturities:

Investment Type	Cost less Principal Reductions	Fair Value	Less Than One	1-5	6-10
Debt investments	$ 1,491,629	$ 979,129	$ 26,948	$ 471,309	$ 480,872

Proceeds from maturities of debt investments for the year ended June 30, 2008 and 2007 were $69,827 and $17,967, respectively.

Interest Rate Risk

Due to nature of the operations of LEDC in that debt investments are made to start-up type companies and bear high interest rates, the risk of these companies refinancing elsewhere is low since these companies may not be able to obtain traditional financing.

Credit Risk

The LEDC sometimes invests during the year in commercial paper that is rated in the top two ratings issued by nationally recognized statistical rating organizations (NSROs). At June 30, 2008 and 2007, there were no investments in commercial paper. Currently, all debt investments are issued by start-up type companies. As such, these debt securities are unrated.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, none of the debt investments owned by LEDC were subject to custodial credit risk since these were held by LEDC.

Concentration of Credit Risk

In an effort to diversify the risk in the investment portfolio, the management of LEDC or its subsidiaries follow established policies. In addition, management attempts to avoid concentrations in any one industry or customer group. Management believes that at original cost, the investment portfolio had no significant industry or customer concentrations in the fiscal year ended June 30, 2008 and 2007.

LEDC places no limits on the amount it may invest in any one issuer. At June 30, 2008, more than five percent of total investments are invested in the following issuers:

Issuer	Carrying Amount	Fair Value	% of Total Investments
Aurora Ventures IV, LLC	$ 3,035,849	$ 3,035,849	12.53
Business Resource Capital Specialty BIDCO	$ 2,000,000	$ 2,000,000	8.25
Endgame Entertainment Fund, LLC	$ 2,865,733	$ 2,865,733	11.83
Louisiana Fund I, LP	$ 1,713,700	$ 1,713,700	7.07
Louisiana Venture Fund	$ 2,836,510	$ 2,836,510	11.71
Louisiana Squared, Inc.	$ 2,641,581	$ 2,641,581	10.90
Murphee Venture Partners VI, LP	$ 3,566,706	$ 3,566,706	16.00

Gross realized gains from the sale of securities for the years ended June 30, 2008 and 2007 were $-0- and $5,789,638, respectively. There were no gross realized losses for the years ended June 30, 2008 and 2007.

The gross realized gain recorded in the year ended June 30, 2007 resulted from the sale of LEDC's 615,924 shares of common stock in U.S. Agencies, Inc. At the time of closing, 90% of the proceeds (net of the management fee described below) was disbursed to LEDC. The remaining 10% was placed into an escrow account for future disbursement for various estimated fees with the remainder of these funds due to the sellers. At June 30, 2008, LEDC has recorded a receivable in the amount of $928,758 for the estimated portion that LEDC will receive when the final escrow is released. This receivable has been recorded net of an estimated allowance of 15% or $139,313. The allowance has been estimated by management and provides for various estimated fees that will be disbursed from the escrow funds before final disbursement is made to the sellers.

For the years ended June 30, 2008 and 2007, the following impairments of the carrying value of investments have been recorded:

	Impairment Write-downs	
Issuer	2008	2007
Air2Lan of Louisiana, Inc.	$ -	$ (500,000)
Aurora Ventures IV, L.L.C.	(542,254)	(816,301)
Axxon, L.L.C.	(90,684)	-
Birchmere Venture II, L.P.	-	(782,567)
Endgame Entertainment Fund, L.L.C.	(2,038,063)	-
Gulf Coast Analytical Laboratories, Inc.	(82,500)	-
Louisiana Fund I, L.P.	-	(147,871)
Louisiana Squared, Inc.	-	(500,000)
Louisiana Venture Fund	(335,682)	-
M.D. Technologies	-	(299,999)
Murphree Venture Partners VI, L.P.	(311,560)	(161,941)
Presonus Audio Electronics, Inc.	(334,312)	(122,228)
Sterifx, Inc.	(235,003)	-
The Football Network	-	(15,000)
V.C. Experts Fund (Louisiana Venture Fund)	-	(65,008)
	$ (3,970,058)	$ (3,410,915)

In its normal course of business, LEDC and its subsidiaries become party to various financial transactions that involve various risks, including market and credit risk. The management of LEDC or its subsidiaries minimizes exposure to loss from investing activities by evaluating the business prospects of potential investee companies.

In an effort to diversify the risk in the investment portfolio, the management of LEDC or its subsidiaries follow established policies which require them to avoid concentrations in anyone industry or customer group. Management believes that at original cost, the investment portfolio had no significant industry or customer concentrations in the fiscal year ended June 30, 2008 and 2007.

Louisiana Growth Fund, LLC (the Fund) was formed under the laws of the State of Louisiana on November I, 1997 to provide venture capital financing through loans or stock purchases in small business enterprises maintaining headquarters and production facilities in Louisiana. The Fund is comprised of one member, Louisiana Economic Development Corporation (LEDC). Pursuant to an Investment and Management Services Agreement (the Agreement), the Fund is managed by Stonehenge Financial Holdings, Inc. (Stonehenge), formerly known as Banc One Capital Markets, Inc. Stonehenge provides the Fund with administrative services and is responsible for identifying, investigating, evaluating and making investments in small business enterprises. Under the Agreement, Stonehenge will receive an annual fee of 1.25% of the initial $5,000,000 capital contribution less any funds returned to the Fund from the sale or liquidation of investments, adjusted quarterly. In addition to the annual fee, Stonehenge is entitled to receive 20% of net investment income and net realized gains from dispositions of investments by the Fund after the initial $5,000,000 capital contribution is recovered by the Fund in cash or publicly marketable securities. The Fund incurred management fee expense of $62,500 to Stonehenge for the years ended June 30, 2008 and 2007. The Fund will continue until November 1, 2009, unless terminated prior to that date due to complete liquidation of investments. The Fund had total assets of $3,832,808 and $3,829,874 at June 30, 2008 and 2007, respectively.

Under state law, LEDC may invest in, among other things, obligations of the US Treasury or any other federally insured investment as well as common or preferred stock of certain closely held businesses. As of June 30, 2008, LEDC had the following unfunded investment commitments:

- LEDC had $1,250,000 (which does not include the $343,750 return of capital received to date) invested in Audubon Capital Fund and certificates of deposit at Washington State Bank totaling $1,250,000 which is the remaining balance of the $2,500,000 LEDC had committed to invest in Audubon Capital. The bank has issued a letter of credit for the $1,250,000 which is secured by the certificates of deposit.

- LEDC had $4,727,145 invested in Birchmere Venture II, L.P. with an unfunded commitment of $272,855 (total commitment of $5,000,000). Funds securing this unfunded commitment in the amount of $272,855 are on deposit with the State Treasury.

- LEDC had $3,350,000 invested in Louisiana Squared, Inc., with an unfunded commitment of $150,000 (total commitment of $3,500,000). The remaining amount will be funded by future appropriations.

- LEDC had $2,953,750 invested in LSU Research and Technology Foundation and the Louisiana Fund I with an unfunded commitment of $3,602,500 (total commitment of $5,750,000). Funds in the amount of $1,000,000 are on deposit with the State Treasury. The remaining amount will be funded by future appropriations.

- LEDC had $3,500,000 invested in Louisiana Venture Fund with an unfunded commitment of $1,500,000 (total commitment of $5,000,000). Funds in the amount of $1,500,000 securing this commitment are on deposit with the State Treasury.

- LEDC had $4,040,207 invested in Murphree Venture Partners VI, L.P. with an unfunded commitment of $959,793 (total commitment of $5,000,000). Funds in the amount of $959,793 securing this commitment are on deposit with the State Treasury.

NOTE 4 – LOANS

The balance in the LEDC's loan portfolio consisted of the following at June 30, 2008 and 2007:

	2008	2007
Direct loans	$ 8,341,282	$ 8,680,240
Participation loans	719,792	1,360,817
Economic development loans	2,146,056	2,758,773
Total loans	11,207,130	12,799,830
Allowance for loan losses	(411,659)	(2,128,008)
Loans, net	$ 10,795,471	$ 10,671,822

Activity in the allowance for loan losses was as follows for the years ended June 30, 2008 and 2007:

	2008	2007
Beginning balance	$ 2,128,008	$ 2,768,814
Provision (credit) for loan losses	(874,359)	691,808
Charge-offs	(842,900)	(1,445,952)
Recoveries	910	113,338
Ending balance	$ 411,659	$ 2,128,008

The Louisiana Legislature passed Act Number 585 of the 2004 Regular Session which ordered LEDC to execute a loan from monies in the Louisiana Economic Development Fund in fiscal year 2004-2005 to the Louisiana Stadium and Exposition District in an amount sufficient for the district to pay contractual obligations of the district relative to professional sports franchises, not to exceed $7,500,000, for a repayment period not to exceed eight years payable on an annual basis beginning after the end of the 2005-2006 fiscal year. After the payment in full of all contractual, necessary, statutory, and usual charges, including any indebtedness heretofore or hereafter issued by the district, the loan shall be repaid from the revenues received by the district in any fiscal year which exceeds the amount of revenues received by the district in fiscal year 2004 -2005 together with a growth factor equal to the increase in the consumer price index. In accordance with the provisions of this Act, this $7,500,000 loan was made in July 2004. This amount remains outstanding at June 30, 2008 and 2007 as no principal or interest payments were made on this loan.

Since this loan was made to another State Agency and was mandated by an act of the Louisiana Legislature, LEDC excluded this amount from its allowance for loan loss calculation as of June 30, 2008 and 2007. Management expects for this loan to be repaid in accordance with the terms of the loan.

There were no loan guarantees, direct loans or participation loans approved but unfunded at June 30, 2008 and 2007.

Scheduled maturities of loans as of June 30, 2008, are as follows:

		Maturities			
Loan Type	Principal Balance	Less Than One	1-5	6-10	11-15
Direct loans	$ 8,341,282	$ 88,105	$ 596,170	$ 7,657,007	$ -
Participation loans	719,792	60,795	285,029	325,203	48,765
Economic development loans	2,146,056	144,469	655,049	922,714	423,824
	$ 11,207,130	$ 293,369	$ 1,536,248	$ 8,904,924	$ 472,589

Concentration of Credit Risk

In an effort to diversify the risk in the loan portfolio, the management of LEDC or its subsidiaries follow established policies. In addition, management attempts to avoid concentrations in any one industry or customer group. Management believes that the only concentration in the loan portfolio at June 30, 2008 is the loan to Louisiana Stadium and Exposition District which represents approximately 67% of the total loan balance.

LEDC places no limits on the amount it may lend in any one borrower. At June 30, 2008, more than five percent of total loans are due from the following borrowers:

Borrower	Carrying Amount	% of Total Loans
Louisiana Stadium and Exposition District	$ 7,500,000	66.92
Town of Colfax, Louisiana	$ 1,029,148	9.18
North Webster Parish Industrial District	$ 1,116,908	9.97
Aviation Exteriors Louisiana, Inc.	$ 647,532	5.78

NOTE 5 – ACCRUAL FOR LOSSES ON LOAN GUARANTEES

To meet the financing needs of its customers, LEDC is a party to various financial instruments with off-balance sheet risk in the normal course of business. These financial instruments consist primarily of financial guarantees. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the combined balance sheet. The contract or notional amounts of those instruments reflect the extent of the involvement LEDC has in particular classes of financial instruments. LEDC's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for financial guarantees is represented by the contractual notional amount of those instruments. LEDC uses the same credit policies in making these commitments and conditional obligations as it does for on-balance sheet instruments.

LEDC evaluates customers' creditworthiness on a "case-by-case" basis. The amount of collateral obtained, if considered necessary by LEDC upon extension of credit, is based on management's credit evaluation of the customer.

Financial guarantees are conditional commitments issued by LEDC to guarantee the performance of a customer to a third party. The credit risk involved in issuing financial guarantees is essentially the same as that involved in extending loan facilities to its customers.

At June 30, 2008, LEDC had guaranteed approximately $5,084,000 of $7,573,739 of loans to customers made by various banks.

Changes in the accrual for losses on loan guarantees are summarized as follows:

	2008	2007
Beginning balance	$ 1,868,957	$ 1,818,571
Provision (credit) for losses on guarantees	(317,908)	1,157,000
Guarantee payment made	(318,919)	(1,219,952)
Recoveries	403,332	113,338
Ending balance	$ 1,635,462	$ 1,868,957

NOTE 6 – RETIREMENT PLAN

Substantially all of the employees of LEDC are members of the Louisiana State Employees' Retirement System (LASERS), a cost sharing multiple employer defined benefit pension plan. The LASERS System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana Economic Development Corporation employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and LEDC is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2008, was 20.4% of annual covered payroll and 19.1% in fiscal years ended June 30, 2007 and 2006, respectively. LEDC's contributions to the System for the years ending June 30, 2008, 2007 and 2006, were $52,513, $42,816 and $47,699, respectively, equal to the required contributions for each year.

NOTE 7 – BOARD COMPENSATION AND PER DIEM

Members of the Board of Directors of LEDC do not receive compensation or per diems; however, they are reimbursed for travel expenses incurred on behalf of the corporation. The following schedule sets forth the names and amounts paid to board members for travel expenses for the years ended:

	2008	2007
Linda Sell	$ 436	$ 2,454
Sibal Holt	175	543
Octave Francis III	449	582
A.J. Roy, III	49	903
Peggy Savant	67	528
Michael Saucier	114	581
Walter L. Martin	317	762
Samuel C. Tolbert	297	-
Shelly Ferro	123	-
Ted Jones	122	-
Ending balance	$ 2,149	$ 6,353

NOTE 8 – RELATED PARTY TRANSACTIONS

Effective July 1, 2001, LEDC was reorganized and was transferred under the Department of Economic Development. Certain expenses such as personnel services, rent, and other various administrative type expenses are now being shared between the two entities. For fiscal year ended June 30, 2008 and 2007, LEDC's share of these expenses was $518,670 and $492,613, respectively, and is included in these financial statements as interagency transfers to the Department of Economic Development.

NOTE 9 – RESTRICTED ASSETS

Restricted net assets at June 30, 2008 and 2007 consist of the following projects approved by the State Legislature:

	2008	2007
$3,400,000 for University of New Orleans Research and Technology Foundation	$ 33,027	$ 33,027
$7,000,000 for National Center for Advanced Manufacturing equipment acquisition	48,138	304,585
$20,000,000 for University of New Orleans Foundation for National Aeronautics and Space Administration acquisitions and facility improvements	14,244,862	20,000,000
$3,298,500 for Union Tank Car	500	3,298,500
$3,265,735 for Northrup Grumman Ship Systems - Avondale Operation	-	3,265,735
$1,765,613 for CG Railway, Inc.	68,575	1,765,613
Ending balance	$ 14,395,102	$ 28,667,460

NOTE 10 – DEFERRED AWARDS EXPENSE

Deferred awards expense results from awards funded as of the end of the year that have not yet been expensed as the conditions of recognition have not yet been met. This primarily results from EDAP capital outlay awards where the award is conditioned on meeting certain job creation thresholds as approved by LEDC board of directors. The awards are expensed as these thresholds are met. A portion of the deferred awards relates to two zero percent interest loans made under the Economic Development Loan Program. Management has imputed interest on these loans at market rates at the origination of the loan and an offset to the unamortized discount is carried on the books as deferred awards.

NOTE 11 – UNFUNDED GRANT COMMITMENTS

The following amounts were approved contracts under the EDAP and workforce programs but unfunded as of June 30, 2008:

Economic Development Awards Program (EDAP)	$ 596,840
Economic Development Capital Outlay Program	$ 6,939,078
Workforce Development Training Program (Workforce)	$ 2,280,113

NOTE 12 –DISAGREGATION OF PAYABLES BALANCES

Accounts Payables and Accrued Expenses at June 30, 2008 and 2007, were as follows:

	2008	2007
Management fee	$ 157,889	$ 157,889
Vendors	22,061	2,818
Salaries and benefits	35,997	33,397
EDAP, Workforce, and Matching grants	1,162,915	311,391
Ending balance	$ 1,378,862	$ 505,495

NOTE 13 – STATE OF LOUISIANA CAPITAL OUTLAY FUND

The Louisiana State Legislature periodically appropriates funds from bond issues to be used by the Louisiana Economic Development Corporation for capital projects awards. These appropriations are recorded as a receivable from the State Capital Outlay Fund and are drawn down as these projects are funded. As of June 30, 2007, a total of $4,661,000 had been appropriated to date. Of this amount, $1,627,774 had been spent, leaving $3,033,226 receivable from the State Capital Outlay Fund at June 30, 2007. During the year ended June 30, 2008, an additional $10,395,000 was appropriated and $268,691 was disbursed, leaving $13,159,535 receivable at June 30, 2008.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to year end, the Louisiana State Legislature approved approximately $20,000,000 in projects that fall outside the traditional programs of LEDC that are to be paid out of LEDC's unrestricted net assets.

NOTE 15 – SCOPE LIMITATION

As of June 30, 2008, LEDC had invested $3,141,581 in Louisiana Squared, Inc., with a carrying value of $2,641,581. Management annually hires an outside consultant to prepare valuations on substantially all of its investments. The management of Louisiana Squared did not cooperate in providing the current financial and other information necessary to perform the valuation on this company. As a result, the auditor was unable to opine that this investment was fairly stated in accordance with generally accepted accounting principles. As such, the auditor's opinion was qualified for this scope limitation.

SUPPLEMENTAL INFORMATION

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY
SUPPLEMENTAL SCHEDULE OF INVESTMENTS
JUNE 30, 2008

	Cost	Carrying Value	Fair Value
Debt Investments			
Genesis Offshore, L.L.C. - 18% senior subordinated note due May 2011	$ 356,900	$ 356,900	$ 356,900
Genesis Offshore, L.L.C. - 9.5% promissory note due November 2016	149,730	149,730	149,730
Genesis Offshore, L.L.C. - promissory note at prime plus 0.625% due November 2016	74,865	74,865	74,865
Greentech Panels, L.L.C. - 12% promissory note due November 2007	500,000	-	-
Gulf Coast Analytical Laboratories, Inc. - 14% senior subordinated note due January 2012	50,000	37,500	37,500
Gulf Coast Analytical Laboratories, Inc. - 10.5% promissory note due January 2012	130,000	130,000	130,000
Louisiana Crane Company, L.L.C. - 11.75% junior secured note due August 2012	230,134	230,134	230,134
	1,491,629	979,129	979,129
Equity Investments			
AIR2LAN of Louisiana, Inc. - 5,681,818 shares of Series A preferred stock	500,000	-	-
Audubon Capital Fund - 14.09% limited partnership interest	906,250	681,561	681,561
Aurora Ventures IV, L.L.C. - Five Class A units (6.63% ownership)	5,018,031	3,035,849	3,035,849
Axxon, L.L.C. - 6,250,000 shares of Class E convertible preferred units	500,000	329,522	329,522
Birchmere Venture II, L.P. - 6.471% ownership	3,412,991	615,457	1,809,946
Business Resource Capital Specialty BIDCO - 2,000,000 shares of Class B nonvoting common stock	2,000,000	2,000,000	2,000,000

	Cost	Carrying Value	Fair Value
Certia, Inc.	500,000	-	-
Endgame Entertainment Fund, L.L.C. - 4.8% ownership	5,000,000	2,865,733	2,865,733
Genesis Offshore, L.L.C. - 123,100 shares of preferred securities	123,100	123,100	123,100
GoAntiques, Inc. - 454,548 shares common stock	500,000	-	-
Golfballs.com, Inc. - 300,000 shares of Series A convertible preferred stock	300,000	-	-
Gulf Coast Analytical Laboratories, Inc. - 1077 shares of Series A preferred stock	70,000	-	-
Gulf Coast Business and Industrial Development Corporation - 113,636 shares of Class C common stock	2,500,000	383,499	736,040
iMinorities.com, Inc. - 475,003 shares of Series A convertible preferred stock	400,000	-	-
Jefferson Capital I, L.P. - 9.0% limited partnership interest	790,918	531,134	1,377,248
Louisiana Fund I, L.P. - 20.69% limited partnership interest	2,578,750	1,713,700	1,713,700
Louisiana Venture Fund - 20.93 limited partnership interest	3,500,000	2,836,510	2,836,510
Louisiana Squared, Inc. - 1,400,000 Class B membership units	3,141,581	2,641,581	2,641,581
LSU System Research and Technology Fund - equity interest	375,000	375,000	375,000
MD Technologies, Inc. - 208,333 shares of common stock	500,000	106,250	147,731
Murphree Venture Partners VI, L.P. - 11.68% limited partnership interest	4,040,207	3,878,267	3,878,267

	Cost	Carrying Value	Fair Value
Presonus Audio Electronics, Inc. - 101,828 shares common stock and 20,400 shares of Series A preferred stock	276,828	276,828	362,181
Qcorps Residential, Inc. - 674,797 shares common stock	95,000	30,425	30,425
Selltis - 110,743 shares common units	500,000	-	-
Source Capital, L.L.C. - 18,000 shares common stock	2,500,000	626,400	741,344
Sterifx, Inc. - 260,000 shares of Class A preferred stock and 2,954,513 shares of Class B preferred stock	690,000	324,997	324,997
The Football Network, Inc. - 500,000 shares of common stock	1,250,000	-	-
TravelByUs, Inc. - 82,153 shares of common stock	369,690	-	-
United Agents Holdings, Inc. - 35,000 shares of Series A convertible preferred stock	350,000	-	-
	42,688,346	23,375,813	26,010,735
	$ 44,179,975	$ 24,354,942	$ 26,989,864

J. Aaron Cooper , CPA, LLC

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

The Board of Directors
Louisiana Economic Development Corporation
Baton Rouge, Louisiana

I have audited the financial statements of the Louisiana Economic Development Corporation, a component unit of the State of Louisiana, as of and for the years ended June 30, 2008, and have issued my report thereon dated August 29, 2008. I conducted my audit 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Corporation's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

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 entity'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. I consider the deficiencies described as Findings 2008-1, 2008-2, and 2008-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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 entity's internal control.

My 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. However, I believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Economic Development Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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.

The Corporation's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Corporation's response and, accordingly I express no opinion on it.

This report is intended for the information and use of the Board of Directors, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Aaron Cooper, CPA, LLC

DeRidder, Louisiana
August 29, 2008

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Summary of Auditors' Results

As required by the Office of Louisiana Legislative Auditor, the following is a summary of the results of my audit:

- Type of report issued on financial statements – qualified (scope limitation).
- There were no material weaknesses in internal controls over financial reporting.
- There was a finding to be reported under Government Auditing Standards.
- The results of my audit procedures disclosed no material noncompliance.

Current Year Findings

Finding 2008-1 (Internal Control)

Controls over Loan Payoffs. During the course of my audit, I noted that a loan was paid off by the borrower, however, the amount received did not agree with the balance of the loan recorded in the accounting records. Based on my review of the related file and discussion with management, it appears that the borrower was quoted an incorrect payoff amount that credited the entire amount of payments received against the original amount of the loan without taking into account interest that had been earned on the loan.

Recommendation. I recommend that all payoff quotes be approved by accounting to ensure correctness.

Management's Response. Procedures have been put into place that all requests for loan payoffs are prepared by the accountant or fiscal.

Finding 2008-2 (Internal Control)

Contract Monitoring. During the course of my audit, I noted several instances of missing and/or outdated documentation in the contract files. This finding has been noted in the past. Current documentation is necessary to monitor compliance with the terms of the contracts.

Recommendation. I recommend that management follow up on missing or outdated documentation with the grantee. I also recommend that the internal audit program extend its procedures to focus on this area.

Management's Response. A database has been created to assist with monitoring all contracts. The internal audit program will be expanded to assist with monitoring and procedures are being established to update the database.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Finding 2008-3 (Internal Control)

Impairment Testing of Investments. Management was unable to obtain current financial information on one of its investees, and therefore unable to test the carrying value of the related investment for impairment, causing a qualified opinion due to a scope limitation.

Recommendation. I recommend that the Legal Department contact management of the investee to remind it of its responsibility to provide timely financial information to LEDC and come up with a plan for next year's audit. The Legal Department should also review the contract language for possible additional provisions regarding providing timely financial information to be used on future contracts.

Management's Response. The Legal Department did contact management of the investee requesting the information. The investee is in the process of preparing their December 31, 2007 financial statements and did not have statements as of June 30, 2008. Any future capital calls from this investee will not be funded until current financials are available. However, the Legal Department will continue to be in contact with the investee to set specific dates for next year's audit. Also, the Legal Department will review the contract language to ensure that future contracts have specify due dates for financial information.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

Finding 2007-1 (Internal Control)

Loan Underwriting. During the course of last year's audit, it was noted that a company that LEDC had made a direct loan to ceased operations, leaving an unpaid balance of the loan in the amount of $450,000. This amount has been written off LEDC's books in 2007. The collateral securing this loan was various pieces of machinery and equipment. The predecessor auditor was informed by management that this machinery and equipment has been removed from the company's former location and cannot be located as of the date of our report. Due to an oversight, a UCC agreement securing this equipment to the LEDC loan was not filed at the time the loan was made. Legal counsel for LEDC is currently evaluating their options in recovering the unpaid loan balance and missing collateral.

Recommendation. The predecessor auditor recommended more care be exercised by LEDC when making these types of loans so that all proper legal filings are executed for the collateral securing their loans. A check list should be established for the various loan types, which would indicate what legal documents would need to be obtained depending on the type of loan. This check list will ensure the Corporation that all the necessary legal documents have been obtained.

Corrective Action Taken. LEDC Management has implemented stronger controls for the filing of necessary legal documentation on all loans. The responsibilities of the loan staff has been expanded to include follow-up and coordination with LED legal staff to insure compliance.

Finding 2007-2 (Internal Control)

Internal Audit over Grants. In the prior year the internal auditor for DED resigned and as of the date of our report a replacement had not yet been hired. As a result there were no internal audit procedures performed on the various programs of LEDC during the year ended June 30, 2007. However it was noted that in some cases there are other procedures in place to monitor these programs. For example, the Workforce program hired an outside third party in the current year to conduct various monitoring procedures over that program.

In the prior years, it was noted by the internal auditor for DED that findings on the workforce and EDAP grants selected for testing were in the area of contract monitoring as the required quarterly ES-4 forms were not always submitted timely as required by the applicable grant document (within 15 days of the end of a quarter). This finding also applies to a few of the grants we selected for testing in the current year. These quarterly forms are used to track payroll levels which are performance measures of these various grants.

Recommendation. The predecessor auditor recommended management follow up with any grantee not submitting the quarterly ES4 forms on a timely basis. We also recommend that once a new internal auditor is hired, the Corporation and the internal auditor establish a written internal audit plan on an annual basis which includes specific grants and awards to be tested. All efforts should be made to complete these audits and report to management in a timely manner.

Finding 2007-2 (Internal Control) – Continued

Corrective Action Taken. LED has hired an internal auditor. Management has requested that internal audits on the LEDC programs be made a priority. Additional staff has been added to the EDAP grant program and a new database has been established to assist with monitoring all contracts and submission of required documentation.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2008

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A Instructions for the Simplified Statement of Activities
B Information for Note C – Deposits with Financial Institutions & Investments
C Information for Note BB – Net Assets Restricted by Enabling Legislation
D Information for Note CC – Impairment of Capital Assets
E Information for Schedule 16 – Cooperative Endeavors
F Information for Note I – Other Postemployment Benefits
G Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2008

Louisiana Economic Development Corporation
1051 North Third Street
Baton Rouge, Louisiana 70801

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Legislative Auditor
P. O. Box 94397
Baton Rouge. Louisiana 70804-9397

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Fran Gladden, Secretary/Treasurer of the Louisiana Economic Development Corporation, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Economic Development Corporation at June 30, 2008, and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 11th day of September 2008.

Fran Gladden
Fran Gladden
Signature of Agency Official

Robert Cangelosi
Robert Cangelosi
NOTARY PUBLIC
La State ID# 8878

Prepared by: Linda Staggs

Title: Staff Accountant

Telephone No.: (225) 342-5400

Date: September 11, 2008

State of Louisiana
Louisiana Economic Development Corporation
Management's Discussion and Analysis
As of June 30, 2008

Please refer to Management's Discussion and Analysis of the Louisiana Economic Development Corporation as it appears in the Introductory Section of this report.

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
AS OF JUNE 30, 2008

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	47,234,777
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		17,064,469
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		113,863
Notes receivable		293,369
Cash and cash equivalents - restricted		14,395,102
Total current assets		79,101,580
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		24,043,381
Notes receivable		10,502,102
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Certificates of deposit		9,488,313
Prepayments		5,777,120
Other noncurrent assets		816,718
Total noncurrent assets		50,627,634
Total assets	$	129,729,214
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	1,378,862
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
Other long-term liabilities		
Total current liabilities		1,378,862
NONCURRENT LIABILITIES: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
OPEB payable		
Other long-term liabilities (accrual for losses on loan guarantees)		1,635,462
Total noncurrent liabilities		1,635,462
Total liabilities		3,014,324
NET ASSETS		
Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		14,395,102
Unrestricted		112,319,788
Total net assets		126,714,890
Total liabilities and net assets	$	129,729,214

The accompanying notes are an integral part of this financial statement.

Statement A

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES	
Sales of commodities and services	$
Assessments	
Use of money and property	764,509
Licenses, permits, and fees	
Other	103,971
Total operating revenues	868,480
OPERATING EXPENSES	
Cost of sales and services	21,013,385
Administrative	1,361,438
Depreciation	
Amortization	
Total operating expenses	22,374,823
Operating income(loss)	(21,506,343)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	9,990,067
Intergovernmental revenues(expenses)	13,003,841
Taxes	
Use of money and property	2,533,020
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues(expenses)	25,526,928
Income(loss) before contributions, extraordinary items, & transfers	4,020,585
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	4,020,585
Total net assets – beginning	122,694,305
Total net assets – ending	$ 126,714,890

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Entity	$ 22,374,823	$ 868,480	$	$	$ (21,506,343)
General revenues:					
Taxes					13,003,841
State appropriations					9,990,067
Grants and contributions not restricted to specific programs					
Interest					2,533,020
Miscellaneous					
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					25,526,928
Change in net assets					4,020,585
Net assets - beginning as restated					122,694,305
Net assets - ending					$ 126,714,890

The accompanying notes are an integral part of this statement.

Statement C

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities		
Cash received from customers	$ 103,971	
Cash payments to suppliers for goods and services	(22,734,527)	
Cash payments to employees for services	(339,445)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	672,404	
Net cash provided(used) by operating activities		(22,297,597)
Cash flows from non-capital financing activities		
State appropriations	(136,242)	
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (vendors compensation and interest)	15,453,807	
Net cash provided(used) by non-capital financing activities		15,317,565
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		-
Cash flows from investing activities		
Purchases of investment securities	(4,111,902)	
Proceeds from sale of investment securities	1,874,345	
Increase in certificates of deposit	(1,764,666)	
Decrease in loans receivable, net	835,123	
Net cash provided(used) by investing activities		(3,167,100)
Net increase(decrease) in cash and cash equivalents		(10,147,132)
Cash and cash equivalents at beginning of year		71,777,011.00
Cash and cash equivalents at end of year		$ 61,629,879

Statement D
(Continued)

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ (21,506,343)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization		
Credit for loan losses	(1,192,267)	
Unrealized loss on investments	3,970,058	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(92,105)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets (deferred awards expense)	(4,350,307)	
Increase(decrease) in accounts payable and accruals	873,367	
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable		
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (22,297,597)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	$
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ -

The accompanying notes are an integral part of this statement.

Statement D (concluded)

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
Notes to the Financial Statement
As of and for the year ended June 30, 2008

INTRODUCTION

The Louisiana Economic Development Corporation was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 51.2311 The following is a brief description of the operations of Louisiana Economic Development Corporation which includes the parish/parishes in which the Louisiana Economic Development Corporation is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Economic Development Corporation present information only as to the transactions of the programs of the Louisiana Economic Development Corporation as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Economic Development Corporation are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Economic Development Corporation are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.

4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

		APPROPRIATIONS
Original approved budget	$	33,742,643
Amendments:		
Rollover		11,947,430
BA-7		23,194,806
Legislative Appropriations (Acts 511 and 513)		(3,404,933)
Final approved budget	$	65,479,946

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS *(If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.*

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Economic Development Corporation may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana Economic Development Corporation may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2008, consisted of the following:

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
Notes to the Financial Statement
As of and for the year ended June 30, 2008

	Cash	Nonnegotiable Certificates of Deposit	Other	Total
Balance per agency books	$ 2,719,567	$ 9,488,313	$ -	$ 12,207,880
Deposits in bank accounts per bank	$ 2,719,567	$ 9,488,313	$ -	$ 12,207,880
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	$ -	$ -	$ -	$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	$ -	$ -	$ -	$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or ageny but not in the entity's name.	$ 2,619,567	$ 8,588,313	$ -	$ 11,207,880

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

Banking Institution	Program	Amount
1. American Gateway Bank	Small Business	$ 1,425,375
2. Central Progressive Bank	Small Business	1,180,881
3. Delta Bank	Small Business	1,500,000
4. Home Bank	Small Business	703,500
5. Iberville Bank	Small Business	758,369
6. JP Morgan Chase Bank	Small Business	2,719,567
7. Jeff Davis Bank & Trust	Small Business	1,500,000
8. State Bank & Trust Company	Small Business	375,188
9. Teche Bank	Small Business	420,000
10 Washington State Bank	Small Business	1,625,000
Total		$ 12,207,880

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	$ 58,910,312
Petty cash	$

2. INVESTMENTS

The Louisiana Economic Development Corporation does maintain investment accounts as authorized by Louisiana Revised Statute 51:2312.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the table on this page, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	$	$	$	$
Repurchase agreements				
U.S. Government Obligations **				
U.S. Agency Obligations				
Common & preferred stock			23,064,252	26,434,809
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
Other: (identify)				
Debt investments			979,129	979,129
Total investments	$ -	$ -	$ 24,043,381	$ 27,413,938

* Unregistered - not registered in the name of the government or entity

3. DERIVATIVES (N/A)

The institution does not invest in derivatives as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:
credit risk________
market risk________
legal risk________

Technical Bulletin 2003-1 requires certain note disclosures for derivatives that are not reported at fair value on the Statement of Net Assets. See Appendix B for more details and disclose any of these required note disclosures below, if applicable. ________

4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Rating Agency	Rating		Fair Value
N/A	Unrated	$	979,129
	Total	$	979,129

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

		Investment Maturities (in Years)			
Type of Debt Investment	Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	$	$	$	$	$
U.S. Agency obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual bond funds					
Other (Debt investments)	979,129	26,948	471,309	480,872	
Total debt investments	$ 979,129	$ 26,948	$ 471,309	$ 480,872	$ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendix B for examples of debt investments that are highly sensitive to changes in interest rates.

Debt Investment	Fair Value	Terms
NONE	$	
Total	$ -	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

Issuer	Amount	% of Total Investments
Aurora Ventures IV, LLC	$ 3,035,849	12.63
Business Resource Capital Specialty BIDCO	2,000,000	8.32
Endgame Entertainment Fund, LLC	2,865,733	11.92
Louisiana Fund I, LP	1,713,700	7.13
Louisiana Venture Fund	2,836,510	11.80
Louisiana Squared, Inc.	2,641,581	10.99
Murphee Venture Partners VI, LP	3,566,706	14.83
Total	$ 18,660,079	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
Notes to the Financial Statement
As of and for the year ended June 30, 2008

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
NONE	$	$
Total	$ -	$ -

5. POLICIES

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.
Investments are uninsured due to the nature of LEDC's operations. It is LEDC's policy to comply with state law regarding pledged collateral on cash and cash equivalents.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

a. Investments in pools managed by other governments or mutual funds N/A

b. Securities underlying reverse repurchase agreements N/A

c. Unrealized investment losses Net decrease in fair value of investments is $3,658,497

d. Commitments as of ________ (fiscal close), to resell securities under yield maintenance repurchase agreements:
   1. Carrying amount and market value at June 30 of securities to be resold N/A
   2. Description of the terms of the agreement N/A

e. Losses during the year due to default by counterparties to deposit or investment transactions N/A

f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet N/A

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements N/A

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year N/A

Reverse Repurchase Agreements as of Year-End

i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest ____________ N/A ____________

j. Commitments on ____________ (fiscal close) to repurchase securities under yield maintenance agreements ____________ N/A ____________

k. Market value on ____________ (fiscal close) of the securities to be repurchased ____________ N/A ____________

l. Description of the terms of the agreements to repurchase ____________ N/A ____________

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements ____________ N/A ____________

n. *Amounts recovered from prior-period losses which are not separately shown on the operating* statement ____________ N/A ____________

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices

The corporation records its investments at estimated fair value or at cost if fair value is not readily determinable (e.g., publicly-traded). Fair value generally is considered to be the amount which the corporation might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuation as of any particular date, however, is not necessarily indicative of the amount which the corporation ultimately may realize as a result of a future sale or other disposition of the investments.

In preparing the financial statements, the corporation's management is required to make significant judgments that affect the reported amounts of investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the value that would have been used had a ready market for the investments existed and these differences could be material.

The process of valuing investments requires significant judgments that are particularly susceptible to change. The corporation's management believes that investment values are appropriate. While the corporation's management uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee companies.

The valuation policies of the corporation's management in determining the fair value of the corporation's investments include the following:

- Marketable securities listed on a national securities exchange are valued at their closing sales price on the valuation date;

- Marketable securities traded over-the-counter are valued at their closing bid price on the valuation date, as reported in the National Association of Securities Dealers' Automated Quotation System (NASDAQ) or if not reported in NASDAQ, as reported by the National Quotation Bureau (or any successor to such organization) ;

- Restricted securities (securities not freely marketable, but part of a class of securities listed on a national securities exchange or traded over-the-counter) are valued at a discount from the security's value determined under the above subsections, reflecting their limited marketability; and

- All other securities are valued initially at cost with subsequent adjustments to values which reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, their marketability, the business and prospects of the issuer of such securities and other relevant factors.

During the year ended June 30, 2008 and 2007, the Corporation engaged an independent third party investment banker to perform valuations of most of its investments. As of June 30, 2008 and 2007, the Corporation's investments have been written down to their estimated impaired values, as determined by the independent appraisal, as applicable.

p. Basis for determining which investments, if any, are reported at amortized cost ________
NONE

q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool ________
N/A

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ________
N/A

s. Any involuntary participation in an external investment pool ________
N/A

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate ________
N/A

u. Any income from investments associated with one fund that is assigned to another fund ________
N/A

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS – N/A

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

	Year ended June 30, 2008						
	Balance 6/30/2007	Prior Period Adjustment	Adjusted Balance 6/30/2007	Additions	Transfers*	Retirements	Balance 6/30/2008
Capital assets not being depreciated							
Land	$	$	$ --	$	$	$	$ --
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress			--				--
Total capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets							
Machinery and equipment			--				--
Less accumulated depreciation			--				--
Total Machinery and equipment	--	--	--	--	--	--	--
Buildings and improvements			--				--
Less accumulated depreciation			--				--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	--	--	--	--	--	--	--
Capital Asset Summary:							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	--	--	--	--	--	--	--
Total cost of capital assets	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Capital assets, net	$ --	$ --	$ --	$ --	$ --	$ --	$ --

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet

E. INVENTORIES – N/A

The BTA's inventories are valued using _______________ (method of valuation – **FIFO, LIFO, weighted average, moving average, specific identification, etc**). These are perpetual inventories and are expensed when used.

F. *RESTRICTED ASSETS*

Restricted assets in the Louisiana Economic Development Corporation at June 30, 2008, reflected at 14,395,102 in the current assets section on Statement A, consisting of cash with fiscal agent. These funds have been restricted for specific projects by the State Legislature as identified in Note BB.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Economic Development Corporation has the following policy on annual and sick leave:

An example disclosure follows:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2008 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $22,315 The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana Economic Development Corporation are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana Economic Development Corporation employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:
http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_07.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Louisiana Economic Development Corporation is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2008 increased to 20.4% of annual covered payroll from the 19.1% required in fiscal years ended June 30, 2007 and 2006. The Louisiana Economic Development Corporation contributions to the System for the years ending June 30, 2008, 2007, and 2006, were $52,513, $42,816, and $47,699, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS-N/A (*Liability recorded at department level*)

GASB Statement 45 requires Other Postemployment Benefit disclosures. If your only subsidized healthcare and life insurance provider for retirees is OGB, your entity will have no additional note disclosures for OSRAP; however, if your entity issues separately issued financial statements, then you should include the GASB Statement No. 45 note disclosures in your separately issued financial statements. Also, please provide OSRAP with the applicable GASB 45 note disclosures if your entity's healthcare or life insurance provider for retirees is administered by an entity other than OGB.

I. Plan Description

a) Name of Plan
b) Identify entity that administers the plan
c) Type of plan: (FYI – OGB is considered an agent multiple employer plan)
d) Brief description of the types of benefits
e) Authority under which benefit provisions are established and may be amended
f) Whether the OPEB plan issues a stand alone financial report or is included in the report of a PERS or another entity, and, if so how to obtain the report.

II. Funding Policy

a) Authority under which the obligations of the plan members, employers, and other contributing entities (e.g., state contributions to local government plans) to contribute to the plan are established or may be amended.
b) Required contribution rates of plan members (amount per member or percentage of covered payroll).
c) Required contribution rates of the employer in accordance with the funding policy (in dollars or as percentage of current-year covered payroll) and, if applicable, legal or contractual maximum contribution rates: If the plan is a single-employer or agent plan and the rate differs significantly from the ARC, disclose how the rate is determined (e.g., by statute or contract) or that the plan is financed on a pay-as-you-go basis. If the plan is a cost-sharing plan, disclose the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years, and how the required contribution rate is determined (e.g., by statue or by contract, or on an actuarially determined basis) or that the plan is financed on a pay-as-you-go basis.

III. Additional disclosures for sole and agent employers for each plan:

a) For current year (CY), annual OPEB cost and the dollar amount of contributions made. If the employer has a net OPEB obligation, also disclose the components of annual OPEB cost (ARC, interest on the net OPEB obligation, and the adjustment to the ARC), the increase or decrease in the net OPEB obligation, and the net OPEB obligation at the end of the year.
b) For the current year and each of the two preceding years, disclose annual OPEB cost, percentage of annual OPEB cost contributed that year, and net OPEB obligation at the end of the year. (For the first two years, the required information should be presented for the transition year, and for the current and transition years, respectively.)
c) Information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (t funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll. The information should be calculated in accordance with the parameters. However, employers that meet the criteria in GASB Statement 45, paragraph 11 may elect to use the alternative measurement method discussed in GASB Statement 45, paragraphs 33 through 35. Employers that use the aggregate actuarial cost method should prepare this information using the entry age actuarial cost method for that purpose only.
d) Information about the actuarial methods and assumptions used in valuations on which reported information about the ARC, annual OPEB cost, and the funded status and funding progress of OPEB plans is based, including the following:
1) Disclosure that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
2) Disclosure that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.
3) Disclosure that calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, if applicable, the employer should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations (as discussed in the disclosure of funding policy in paragraph II(c) above) on the pattern of cost sharing between the employer and plan members in the future.

4) Disclosure that actuarial calculations reflect a long-term perspective. In addition, if applicable, disclosure that, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.
5) Identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the information required by paragraph III(c) above. The disclosures should include:
(a) The actuarial cost method.
(b) The method(s) used to determine the actuarial value of assets.
(c) The assumptions with respect to the inflation rate, investment return (including the method used to determine a blended rate for a partially funded plan, if applicable), postretirement benefit increases if applicable, projected salary increases if relevant to determination of the level of benefits, and, for postemployment healthcare plans, the healthcare cost trend rate. If the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates.
(d) The amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open. Employers that use the aggregate actuarial cost method should disclose that because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

IV. Required Supplementary Information -

Sole and agent employers should present the following information for the most recent actuarial valuation and the two preceding valuations:

a. Information about the funding progress of the plan, including, for each valuation, each of the elements of information listed in paragraph III(c) above.
b. Factors that significantly affect the identification of trends in the amounts reported, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used. (The amounts reported for prior years should not be restated.)

The information should be calculated in accordance with the parameters and should be presented as RSI. Employers that use the aggregate actuarial cost method should prepare the information using the entry age actuarial cost method and should disclose that fact and that the purpose of this disclosure is to provide information that approximates the funding progress of the plan.

If the cost-sharing plan in which an employer participates does not issue and make publicly available a stand-alone plan financial report prepared in accordance with the requirements of Statement 43, and the plan is not included in the financial report of a PERS or another entity, the cost-sharing employer should present as RSI in its own financial report schedules of funding progress and employer contributions for the plan (and notes to these schedules), prepared in accordance with the requirements of Statement 43. The employer should disclose that the information presented relates to the cost-sharing plan as a whole, of which the employer is one participating employer, and should provide information helpful for understanding the scale of the information presented relative to the employer.

The following is an illustration of notes to the financial statements and schedule of funding progress for an employer contributing to an agent multiple-employer defined benefit healthcare plan:

City of XYZ

Notes to the Financial Statements
for the Year Ended June 30, 20X2

Note X. Postemployment Healthcare Plan

Plan Description. The city's defined benefit postemployment healthcare plan, XYZ Postemployment Healthcare Plan (XPHP), provides medical benefits to eligible retired city employees and their beneficiaries. XPHP is affiliated with the Municipal Retired Employees Health Plan (MREHP), an agent multiple-employer postemployment healthcare plan administered by the ABC Retirement System. Article 39 of the Statutes of the State of ABC assigns the authority to establish and amend the benefit provisions of the plans that participate in MREHP to the respective employer entities; for XPHP, that authority rests with the city of XYZ. The ABC Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for MREHP. That report may be obtained by writing to ABC Retirement System, 399 Grocer Aisle, Caffe, RO 02000, or by calling 1-877-555-PLAN.

Funding Policy. The contribution requirements of plan members and the city are established and may be amended by the MREHP board of trustees. XPHP members receiving benefits contribute $75 per month for retiree-only coverage and $150 per month for retiree and spouse coverage to age 65, and $40 and $80 per month, respectively, thereafter.

The city of XYZ is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 13.75 percent of annual covered payroll.

Annual OPEB Cost. For 20X2, the city's annual OPEB cost (expense) of $870,517 for XPHP was equal to the ARC. The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 20X2 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/X0	$929,401	100%	$0
6/30/X1	910,042	100	0
6/30/X2	870,517	100	0

Funded Status and Funding Progress. The funded status of the plan as of December31, 20X1, was as follows:

Actuarial accrued liability (AAL)	$19,490,482
Actuarial value of plan assets	15,107,180
Unfunded actuarial accrued liability (UAAL)	4,383,302
Funded ratio (actuarial value of plan assets/AAL)	77.5%
Covered payroll (active plan members)	$6,331,031
UAAL as a percentage of covered payroll	69.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 20X1, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of XPHP assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. XPHP's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 20X1, was twenty-two years.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for XPHP

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/W9	$10,138,007	$16,867,561	$6,729,554	60.10%	5,984,554	112.40%
12/31/X0	12,093,839	17,572,474	5,478,635	68.8	6,182,351	88.6
12/31/X1	15,107,180	19,490,482	4,383,302	77.5	6,331,031	69.2

J. LEASES – N/A

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, *not the annual amount for each of the five years.)*

1. OPERATING LEASES

The total payments for operating leases during fiscal year ________amounted to $________. **(Note: If lease payments extend past FY 2023, create additional columns and report these future minimum lease payments in five year increments.)** A schedule of payments for operating leases follows:

Nature of lease	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014-2018	FY 2019-2023
Office Space	$	$	$	$	$	$	$
Equipment							
Land							
Other							
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2. CAPITAL LEASES

Capital leases (are/are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/08. In Schedule B, report only those new leases entered into during fiscal year 2007-2008.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30 :	Total
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE C – LEAF CAPITAL LEASES

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement and complete the chart below:

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	______	$ ______	$ ______	$ ______
b. Equipment	______	______	______	______
c. Land	______	______	______	______
Less amounts representing executory costs		______		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		______		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		______		
Less unearned income		______		
Net investment in direct financing lease		$ -		

Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2008 were $__________ for office space, $________ for equipment, and $________ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of __________ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending ______________:	
2009	$ ______
2010	______
2011	______
2012	______
2013	______
2014-2018	______
2019-2023	______
2024-2028	______
Total	$ -

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of __________ 20___:

	Cost	Accumulated depreciation	Carrying amount
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of __________ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2009	$	$	$	$	$ -
2010					-
2011					-
2012					-
2013					-
2014-2018					-
2019-2023					
2024-2028					-
Total	$ -	$ -	$ -	$ -	$ -

Current year lease revenues received in fiscal year ______ totaled $________________.

Contingent rentals received from operating leases received for your fiscal year was $________________ for office space, $_____________for equipment, and $______________for land.

K. LONG-TERM LIABILITIES-N/A

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20__:
(Balances at June 30th should include current and non-current portion of long-term liabilities.)

	Balance June 30, 2007	Year ended June 30, 2008 Additions	Reductions	Balance June 30, 2008	Amounts due within one year
Notes and bonds payable:					
Notes payable	$	$	$	$ -	$
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable				-	
Compensated absences payable				-	
Capital lease obligations				-	
Claims and litigation				-	
OPEB payable				-	
Other long-term liabilities				-	
Total other liabilities	-	-	-	-	-
Total long-term liabilities	$ -	$ -	$ -	$ -	$ -

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES-N/A

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. **Do not report impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC**. Losses or ending litigation that is probable should be reflected on the balance sheet.

The ___________ Louisiana Economic Development Corporation is a defendant in litigation seeking damages as follows: *(Only list litigation not being handled by the Office of Risk Management or the Attorney General.)*

Date of Action	Description of Litigation and Probable outcome (Reasonably possible or probable)	Estimated Settlement Amt for Claims & Litigation (Opinion of legal counsel)	Insurance Coverage
		$	$
Totals		$ -	$ -

*Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

Those agencies collecting federal funds, who have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance on a separate line in the chart.

Program	Date of Disallowance	Amount	*Probability of Payment	Estimated Settlement Amount
1.______	______	$______	______	$______
2.______	______	______	______	______
3.______	______	______	______	______
4.______	______	______	______	______

* Reasonably possible, probable, or unknown

(Only answer the following questions for those claims and litigation not being handled by the Office of Risk Management.)

Indicate the way in which risks of loss are handled (circle one).
purchase of commercial insurance,
participation in a public entity risk pool (e.g., Office of Risk Management claims)
risk retention (e.g., Use of an internal service fund is considered risk retention because the entity as a whole has retained the risk of loss.)
Other (explain) ____________________

For entities participating in a risk pool (other than the Office of Risk Management), describe the nature of the participation, including the rights and the responsibilities of both the entity and the pool. ____________________

Describe any significant reductions in insurance coverage from coverage in the prior year by major categories of risk. Also, indicate whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years. ____________________

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. ____________________

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. ____________________

M. RELATED PARTY TRANSACTIONS

Effective July 1, 2001, LEDC was reorganized and was transferred under the Department of Economic Development. Certain expenses such as personnel services, rent, and various other administrative type expenses are now being shared between the two entities. For fiscal year ended June 30, 2008, LEDC's share of these expenses was $518,670 and are included in these financial statements.

N. ACCOUNTING CHANGES-N/A

Accounting changes made during the year involved a change in accounting ______________ (principle, estimate or entity). The effect of the change is being shown in ______________.

O. IN-KIND CONTRIBUTIONS-N/A

List all in-kind contributions that are not included in the accompanying financial statements.

In-Kind Contributions	Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor
______________	$ ______________
______________	______________
______________	______________
______________	______________
______________	______________
Total	$ -

P. DEFEASED ISSUES-N/A

In ______________, 20____, the ______________ Louisiana Economic Development Corporation, issued $______________ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of ______________ bonds. In order to refund the bonds, portions of the proceeds of the new issue $______________, plus an additional $______________of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated ______________,_____ between the Louisiana Economic Development Corporation and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost $ ______________ and gave the Louisiana Economic Development Corporation an economic gain (difference between the present values of the debt service payments on the old and new debt) of $______________.

Q. REVENUES – PLEDGED OR SOLD (GASB 48) -N/A

1. PLEDGED REVENUES

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

Provide the following information about the specific revenue pledged:

a. Identify the specific pledged revenue:

- **Pledged revenue is ______________**
- **Debt secured by the pledge revenue (amount)______________**
- **Approximate amount of pledge______________**

(equal to the remaining principal and interest requirements)

b. Term of the commitment:____________________
[number of years (beginning and ending dates by month and year) that the revenue will not be available for other purposes]

c. General purpose for the debt secured by the pledge:____________________

d. Relationship of the pledged amount to the specific revenue:____________________
(the proportion of the specific revenue that has been pledged)

e. Comparison of the pledged revenues (current year information):
- Principal requirements:____________________
- Interest requirements:____________________
- Pledge revenues recognized during the period ____________________
(gross pledged revenue minus specified operating expenses)

NOTE: For the first year of this note, please send a copy of the following sections of the official bond statement
- Cover page
- Introductory statement
- Plan of financing
- Security for the bond (pledged revenue information)

2. FUTURE REVENUES REPORTED AS A SALE

Future revenues reported as a sale are proceeds that an agency/entity received in exchange for the rights to future cash flows from specific future revenues and for which the agency/entity's continuing involvement with those revenues or receivables is effectively terminated. (see Appendix G)

Provide the following information in the year of the sale ONLY:

a. Identify the specific revenue sold:
- the revenue sold is ____________________
- the approximate amount ____________________
- significant assumptions used in determining the approximate amount __________

b. Period of the sale: ____________________

c. Relationship of the sold amount to the total for that specific revenue:__________

d. Comparison of the sale:
- *proceeds of the sale*____________________
- present value of the future revenues sold ____________________
- significant assumptions in determining the present value____________________

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) -N/A

The following government-mandated nonexchange transactions (grants) were received during fiscal year

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			$
Total government-mandated nonexchange transactions (grants)			$ -

2007-2008:

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS -N/A

At June 30, 20__, the __________________ Louisiana Economic Development Corporation was not in compliance with the provisions of ____ Bond Reserve Covenant that requires ____. The ____________________ Louisiana Economic Development Corporation did ____ to correct this deficiency.

T. SHORT-TERM DEBT-N/A

The ____________________ Louisiana Economic Development Corporation issues short-term notes for the following purpose(s) ____.

Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of Short-term debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
	$	$	$	$ -

The ____________________ Louisiana Economic Development Corporation uses the following revolving line of credit for to finance ____ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	$	$	$	$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2008, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Vendors Compensation	Interest Receivable	Due from State	Total Receivables
LEDC	$ 11,612,189	$ 2,544,451	$ 1,360,483	$ 13,159,535	$ 28,676,658
					-
Gross receivables	$ 11,612,189	$ 2,544,451	$ 1,360,483	$ 13,159,535	$ 28,676,658
Less allowance for uncollectible accounts	(411,659)	-	-	-	(411,659)
Receivables, net	$ 11,200,530	$ 2,544,451	$ 1,360,483	$ 13,159,535	$ 28,264,999
Amounts not scheduled for collection during the subsequent year	$ 10,913,761	$	$	$	$ 10,913,761

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20__, were as follows:

Fund		Vendors		Salaries and Benefits		Management Fee		Grants Payable		Total Payables
LEDC	$	22,061	$	35,997	$	157,889	$	1,162,915	$	1,378,862
										-
Total payables	$	22,061	$	35,997	$	157,889	$	1,162,915	$	1,378,862

W. SUBSEQUENT EVENTS

Subsequent to year end the state legislature appropriated approximately $20,000,000 from Louisiana Economic Development Corporation for legislative initiatives that do not fall under the company's core programs.

X. SEGMENT INFORMATION-N/A

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment______________________________________.

A. Condensed balance sheet:

(1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTAs should be reported separately.
(2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTAs should be reported separately.
(3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	$	$
Due from other funds		
Capital assets		
Other assets		
Current liabilities		
Due to other funds		
Long-term liabilities		
Restricted net assets		
Unrestricted net assets		
Invested in capital assets, net of related debt		

B. Condensed statement of revenues, expenses, and changes in net assets:

(1) Operating revenues (by major source).
(2) Operating expenses. Depreciation (including any amortization) should be identified separately.
(3) Operating income (loss).
(4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
(5) Capital contributions and additions to permanent and term endowments.
(6) Special and extraordinary items.
(7) Transfers
(8) Change in net assets.
(9) Beginning net assets.
(10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	Segment #1	Segment #2
Operating revenues	$	$
Operating expenses		
Depreciation and amortization		
Operating income (loss)	-	-
Nonoperating revenues (expenses)		
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	-	-
Beginning net assets		
Ending net assets	-	-

C. Condensed statement of cash flows:

(1) Net cash provided (used) by:
   (a) Operating activities
   (b) Noncapital financing activities
   (c) Capital and related financing activities
   (d) Investing activities
(2) Beginning cash and cash equivalent balances
(3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	Segment #1	Segment #2
Net cash provided (used) by operating activities	$	$
Net cash provided (used) by noncapital financing activities		
Net cash provided (used) by capital and related financing activities		
Net cash provided (used) by investing activities		
Beginning cash and cash equivalent balances		
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS-N/A

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
		$
Total due from other funds		$

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
		$
Total due to other funds		$

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$

Total transfers from other funds		$

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
		$
Total transfers to other funds		$

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS-N/A

Liabilities payable from restricted assets in the ____________ Louisiana Economic Development Corporation at__________ (fiscal year end), reflected at $____________in the liabilities section on Statement A, consist of $__________ in accounts payable, $__________ in notes payable, and $____________ in _________________.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS-N/A

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets 6/30/07 as reported to OSRAP on PY AFR	*Adjustments to end net assets 6/30/07 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/07) + or (-)	Beg net assets @ 7/1/07 as restated
$	$	$ --	$ --
		--	--
		--	--
		--	--
		--	--

Each adjustment must be explained in detail on a separate sheet.
*Include all audit adjustments accepted by the agency or entity.

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A at June 30, 2008, $14,395,102 are restricted by enabling legislation. **Enabling legislation authorizes a government to assess, levy, charge, or otherwise *mandate payment of resources (from external resource providers) and includes a legally enforceable* requirement that the resources be used only for the specific purposes stipulated in the legislation.** Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46. List below the net assets restricted by enabling legislation, the purpose of the restriction, **and the Louisiana Revised Statute (LRS) that authorized the revenue**:

Purpose of Restriction	LA Revised Statute Authorizing Revenue		Amount
National Center for Advanced Manufacturing	2003 HB 2	$	48,138
UNO Research and Technology Foundation	2003		33,027
UNO/NASA	2007 HB774		14,244,862
CG Railway	2007 HB615		68,575
Union Tank Car	2007 HB615		500
Total		$	14,395,102

CC. IMPAIRMENT OF CAPITAL ASSETS-N/A

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets **and for insurance recoveries.** Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.**

The following capital assets became **permanently** impaired in FY 07-08: **(Insurance recoveries related to impairment losses should be used to offset those impairment losses if received in the same year as the impairment. Include these insurance recoveries in the third column in the table below. Calculate the net impairment loss after insurance recoveries received in the current fiscal year in the fourth column. Include in the Financial Statement Classification column the account line in which the net impairment loss is reported in the financial statements.** There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

Type of asset	Amount of Impairment Loss	Insurance Recovery in the same FY	Net Impairment Loss per Financial Stmts	Financial Statement Classification	Appendix D Indicator of Impairment	Reason for Impairment (e.g. hurricane)
Buildings						
Movable Property						
Infrastructure						

Insurance recoveries received in FY 07-08 related to impairment losses occurring in previous years, and insurance recoveries received in FY 07-08 other than those related to impairment of capital assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following table the amount and financial statement classification (account line in which the insurance recovery is reported in the financial statements) of insurance recoveries not included in the table above:

Type of asset	Amount of Insurance Recovery	Financial Statement Classification	Reason for insurance recovery (e.g. fire)
Buildings			
Movable Property			
Infrastructure			

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year: (Include **any permanently impaired** capital assets listed above that are still idle at the end of the fiscal year, **any temporarily impaired capital assets**, and any assets **impaired in prior years** that are still idle at the end of the **current** fiscal year.)

Type of asset	Carrying Value of Idle Impaired Assets	Reason for Impairment
Buildings - permanently impaired		
Buildings - temporarily impaired		
Movable Property - permanently impaired		
Movable Property - temporarily impaired		
Infrastructure - permanently impaired		
Infrastructure - temporarily impaired		

DD. EMPLOYEE TERMINATION BENEFITS-N/A

Termination benefits are benefits, other than salaries and wages, that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Healthcare coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits:

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit

8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2008, the cost of providing those benefits for _____ (number of) voluntary terminations totaled $_________. For 2008, the cost of providing those benefits for _____ (number of) involuntary terminations totaled $_________.
[The termination benefits (voluntary and involuntary) paid in FY 2008 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is $_________. This liability consists of _________ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, ______ is $_________. This liability consists of _________ (number of) involuntary terminations.
[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

____
____
____

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT COPORATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2008

Name	Amount
A.J. Roy, III	$ 49
Shelly Ferro	123
Sibal Holt	175
Octave Francis III	449
Linda Sell	436
Ted Jones	122
Samuel C. Tolbert	297
Peggy Savant	67
Michael Saucier	114
Walter Martin	317
	$ 2,149

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT COPORATION
SCHEDULE OF NOTES PAYABLE-N/A
_______________, 20__
(Fiscal close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
________	______	$______	$________	$________	$__________	______	$________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
________	______	______	________	________	__________	______	________
Total		$______	$________	$________	$__________		$________

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT COPORATION
SCHEDULE OF BONDS PAYABLE-N/A
____________, 20__
(Fiscal close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
______	______	$______	$______	$______	$______	______	$______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
Total		$______	$______	$______	$______		$______

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT COPORATION
SCHEDULE OF CAPITAL LEASE AMORTIZATION-N/A
For The Year Ended June 30, 20__

Ending:	Payment	Interest	Principal	Balance
2009	$	$	$	$ --
2010				--
2011				--
2012				--
2013				--
2014-2018				--
2019-2023				--
2024-2028				--
2029-2033				--
Total	$ --	$ --	$ --	$ --

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT COPORATION
SCHEDULE OF NOTES PAYABLE AMORTIZATION-N/A
For the Year Ended June 30, 20__

Fiscal Year Ending:	Principal	Interest
2009	$	$
2010		
2011		
2012		
2013		
2014-2018		
2019-2023		
2024-2028		
2029-2033		
Total	$ --	$ --

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT COPORATION
SCHEDULE OF BONDS PAYABLE AMORTIZATION-N/A
For The Year Ended June 30, 20__

Fiscal Year Ending:	Principal	Interest
2009	$	$
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
Total	$ --	$ --

SCHEDULE 4-C

STATE OF LOUISIANA

LOUISIANA ECONOMIC DEVELOPMENT COPORATION

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than $1 million, explain the reason for the change.

		2008		2007		Difference	Percentage Change
1) Revenues	$	36,800,341	$	49,424,473	$	(12,624,132)	(25.5%)
Expenses		32,468,195		11,970,419		20,497,786	171.2%
2) Capital assets						-	
Long-term debt						-	
Net Assets		127,026,451		122,694,305		4,332,146	3.5%

Explanation for change:

The change in revenues and expenses was primarily due to $28 million in one-time Legislative Initiatives that were funded in 2007.LEDC expensed $14,000,000 of this appropriation in 2008.

SCHEDULE 16 – COOPERATIVE ENDEAVORS
FOR THE YEAR ENDED JUNE 30, 2008

AGENCY NUMBER___252______
AGENCY NAME Louisiana Economic Development Corporation

Contract Financial Management System #	Parties to the Coop	Brief Description of the Coop	Multi-year, One-Time, or Other Appropriation	Original Amount of Coop, Plus Amendments, if any	Date of Original Coop was Effective	End Date of Coop, as Amended, if Applicable	Funding Source per Coop Agreement based on Net Liability as of June 30, 2008: 100% State	100% SGR	100% Stat. Ded.	100% G.O. Bonds	100% Federal	100% IAT	100% Combination	Paid - Inception to Date as of 6/30/2008	Net Liability as of 6/30/2008
599975	Louisiana State University/Transgenres	Infrastructure Grant	One-Time	2,500,000.00	4/11/2003	12/31/2011			357,794.03					2,142,205.97	357,794.03
608638	Lake Providence Port Commission/Bionol	Infrastructure Grant	One-Time	250,000.00	10/3/2003	12/31/2009			239,045.50					10,954.50	239,045.50
609479	Barrister Global Services Network, Inc.	Develop Comprehensive Training Pro	One-Time	300,000.00	2/6/2004	10/31/2008			7,038.28					292,961.72	7,038.28
630836	Computer Science Corporation	Develop Comprehensive Training Pro	One-Time	1,000,000.00	6/20/2006	12/31/2009			971,682.71					28,317.29	971,682.71
644700	Louisiana Media Services	Workforce Training program	One-Time	350,000.00	11/2/2006	12/31/2009			195,335.66					154,664.34	195,335.66
644858	NuComm International	Workforce Training program	One-Time	500,000.00	8/2/2006	12/31/2008			265,082.31					234,917.69	265,082.31
652547	University of New Orleans Research and Technology	Marketing assistance	One-Time	20,000,000.00	7/15/2007	7/15/2017			16,132,701.80					3,867,298.20	16,132,701.80
655949	Staples, Inc	Workforce Training program	One-Time	250,000.00	8/1/2007	12/31/2009			192,567.52					57,432.48	192,567.52
659338	City of Donaldsonville/John Folse	Infrastructure Grant	Multi-Year	335,000.00	9/21/2007	12/31/2012				335,000.00				0.00	335,000.00
659581	City of Bunkie/Miller Wood Products	Infrastructure Grant	Multi-Year	300,000.00	8/17/2007	12/31/2012				300,000.00				0.00	300,000.00
659585	Caddo-Bossier Par Port Comm/Pratt Paper	Infrastructure Grant	Multi-Year	2,500,000.00	11/9/2007	12/31/2010	2,500,000.00							0.00	2,500,000.00
660048	Ascension Economic Dev Corp/Pearce Pump Supply	Infrastructure Grant	Multi-Year	30,000.00	9/21/2007	12/31/2012				3,615.56				26,384.44	3,615.56
660385	St. Helena Police Jury/Southland Steel Fabricators	Infrastructure Grant	Multi-Year	353,403.00	11/9/2007	12/31/2012				322,382.04				31,020.96	322,382.04
660685	Town of Independence/DoRan Sea-Pak	Infrastructure Grant	Multi-Year	124,000.00	8/17/2007	12/31/2011	81,053.00							42,947.00	81,053.00
660976	Terrebonne Economic Development Authority/Eagle	Infrastructure Grant	Multi-Year	281,200.00	07/20/07	12/31/2012	281,200.00							0.00	281,200.00
661206	St. Tammany Parish Govt./Rooms to Go	Infrastructure Grant	Multi-Year	500,000.00	9/21/2007	12/31/2011				500,000.00				0.00	500,000.00
661219	City of Ponchatoula/Ragan and Massey	Infrastructure Grant	Multi-Year	340,000.00	12/7/2007	12/31/2012	134,911.74							205,088.26	134,911.74
661526	Terrebonne Eco Dev Authority/Weatherford	Infrastructure Grant	Multi-Year	900,000.00	7/20/2007	12/31/2012	374,468.77							525,531.23	374,468.77
661956	Tangipahoa Parish Govt/Scariano Brothers	Infrastructure Grant	Multi-Year	800,000.00	9/21/2007	12/31/2011	170,310.82							629,689.18	170,310.82
665357	Sandia Drilling Company, LLC	Provide assistance with Workforce De	One-Time	249,300.00	2/15/2008	12/31/2010			249,300.00					0.00	249,300.00
666201	Haynes International, Inc	Workforce Training program	Multi-Year	539,460.00	4/18/2008	12/31/2010			539,460.00					0.00	539,460.00
666444	Accent Marketing Services, LLC	Provide assistance with Workforce De	Multi-Year	68,360.00	4/18/2008	12/31/2010			68,360.00					0.00	68,360.00
667219	Pratt Paper, LLC	Workforce Training program	Multi-Year	800,000.00	5/19/2008	12/31/2010	800,000.00							0.00	800,000.00
667412	E. Feliciana Par. Eco. Dev.District/Superior Homes of LA	Infrastructure Grant	Multi-Year	1,000,000.00	4/18/2008	12/31/2012	1,000,000.00							0.00	1,000,000.00
															0.00
		TOTAL		34,270,723.00			5,341,944.33	0.00	19,218,387.81	1,460,997.60	0.00	0.00	0.00	8,249,413.26	28,021,309.74