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LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

JUNE 30, 2002

BATON ROUGE, LOUISIANA

CONTENTS

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August 23, 2002

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of Louisiana Economic Development Corporation, a component unit of the State of Louisiana, as of June 30, 2002, and for the year then ended as listed in the foregoing table of contents. These basic financial statements are the responsibility of the management of Louisiana Economic Development Corporation. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 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, 2002, and the result of its operations and its cash flows of its enterprise fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Louisiana Economic Development Corporation adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; and Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2002, on our consideration of the Louisiana Economic Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our 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 the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our 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 "Annual Financial Report" as required by the Louisiana Division of Administration 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 our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Hannis T. Bourgeois, LLP

State of Louisiana
Louisiana Economic Development Corporation
Management's Discussion and Analysis
As of June 30, 2002

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, 2002. 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, 2002, there was a net increase in assets of 37.1% due for the most part as a result of the capture of the Department of Economic Development's Workforce Training Program and Economic Development Awards Program's cash assets of $16,806,869.

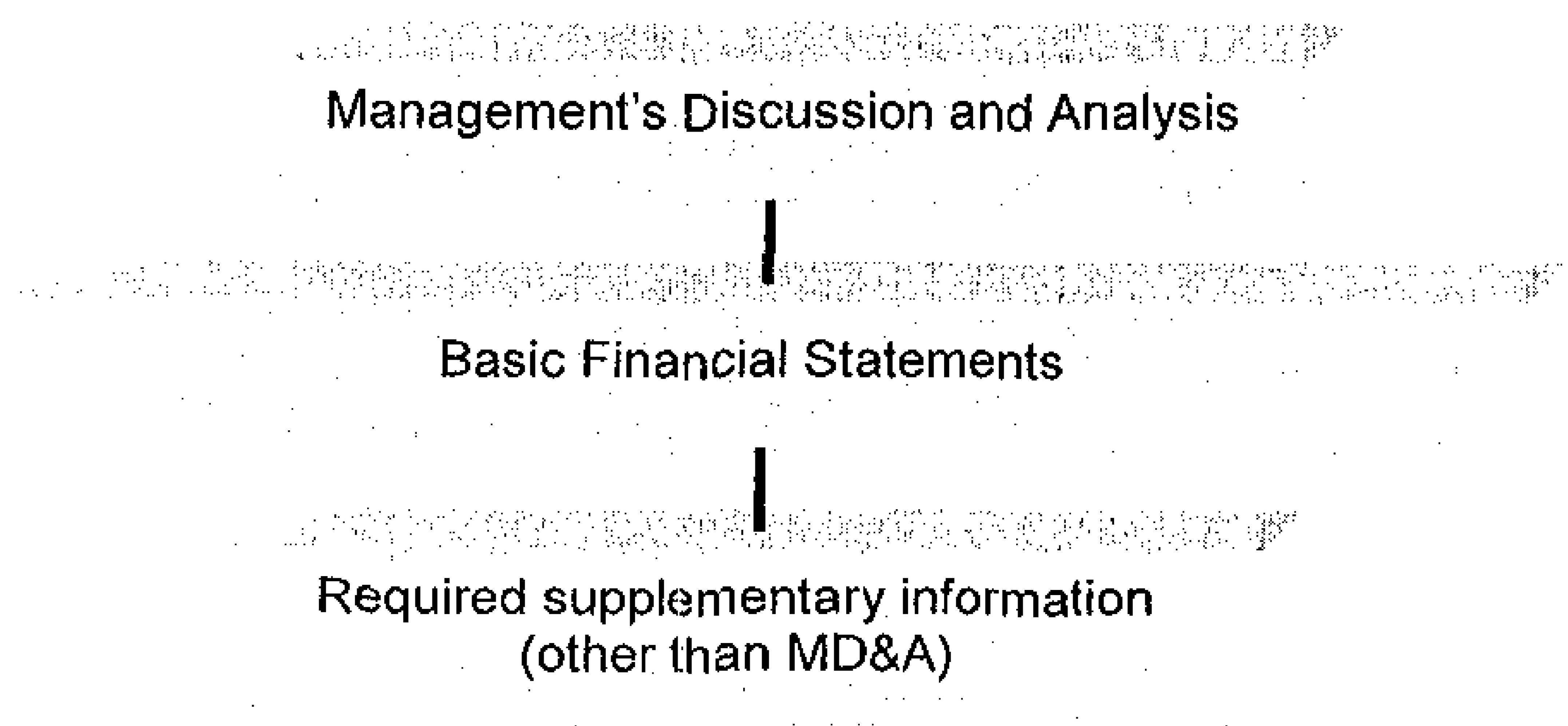
The 2001 investments, at cost, were $15,179,227 plus additional 2002 investments, at a cost, of $2,022,532 totaled $17,201,759. The 2002 investments at fair market value are $14,289,687. A write down of 16.5% is due mostly to losses sustained by the portfolio's early stage technology companies' losses resulting from the aftermath of September 11, 2001 and stock market devaluations.

The total liabilities increased from $2,345,083 to $2,784,952, or 18.75%, for the fiscal year due mainly to the capture of the above mentioned programs.

The total net assets increased by $37.76% from $66,382,739 for 2001 to $91,449,366 as a result of the capture of the new programs and a $10,059,757 profit for the year.

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.



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 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, 2002:

Balance Sheet
as of June 30, 2002

		2002
Current assets	$	57,380,012
Noncurrent assets		36,854,306
Total assets	$	94,234,318
Current liabilities	$	487,314
Noncurrent liablities		2,297,638
Total liabilities		2,784,952
Net assets:		
Restricted		9,600,000
Unrestricted		81,849,366
Total net assets		91,449,366
Total net assets & liabilities	$	94,234,318

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Net assets of Louisiana Economic Development Corporation increased by $25,066,627 from June 30, 2001 to June 30, 2002, due mainly to the addition of $15,006,870 from the transfer of the Workforce Training Program and the Economic Development Awards Program along with a $10,059,757 income in net assets.

The following is a condensed statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2002:

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2002

	2002
Operating revenues	$17,095,392
Operating expenses	5,765,797
Operating income(loss)	$11,329,595
Non-operating revenues(expenses)	(1,269,838)
Changes in Net Assets	10,059,757
Transfers in-EDAP and Workforce Programs	15,006,870
Transfers out	-
Net increase in net assets	25,066,627

Income from Vendor's Compensation and deposits from the General Fund decreased a total of 15.87%. Also, interest income from bank deposits fell by 40.4% due to a decline in national bank interest rates. However, interest income from the State Treasurer's Fund and program loans increased by $375,424, or 30.2%, due to the capture of the new programs and additional loans added to the portfolio. This resulted in a decreased of total revenues to $17,095,392 in 2002 from $20,289,186 in 2001, or 15.74%

Total expenses decreased by 31.9% due to a consolidation of the LEDC operations with the Department of Economic Development and the utilization of general fund dollars for operations. Overall, Louisiana Economic Development Corporation had an increase of $10,059,757, or 41.5%, for the fiscal year ending June 30, 2002.

Transfers in consisted of the assets from Workforce Training Program, Economic Development Awards Program, and transfers from the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of July 1, 2001, all capital assets became the property of Department of Economic Development as a whole.

Louisiana Economic Development Corporation does not have any debt.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately $4 million over budget and expenditures were less than budget due in part to additional funds in the State Treasurer's Fund and the sharing of office space and costs with the *Department of Economic Development.*

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

The primary factors affecting FY01/02 financial condition of Louisiana Economic Development Corporation were the consolidation of operations of Louisiana Economic Development Corporation with the Department of Economic Development and the subsequent assumption of all assets and liabilities of the Economic *Development Awards Program and the Workforce Training Program.* Other factors contributing to this year's financial condition were external market conditions brought on by a weakening economy. The events of September 11, 2001 and the unsettled stock market effected the decisions by many businesses not to borrow despite the drop in interest rates and not to hire new workers.

It is anticipated that because of the new Cluster based economic development initiative that the Department is pursuing, that there will be a growth in our programs both in a traditional manner and in ways we have to design to fit the new initiative. The new rules outlining the Economic Development Awards Program/Opportunity Fund will enable Louisiana Economic Development Corporation to attract high quality, high job content businesses to Louisiana. This new program has a starting budget of $8.7 million and makes Louisiana more competitive with our sister states. Management continues to monitor the health of the guarantee portfolio for losses due to the slow 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 able to be liquidated as soon as the market shows a comeback. The Department now bears the majority of operational expenses so the fund can be used more for earning assets. The slowing economy has also slowed the retail tax collections and consequently directly affects the Vendors Compensation income we receive. The budget for FY02/03 is predicated on a standstill budget based on historical experience. The fact that the Economic Development Fund is a dedicated revolving fund allows Louisiana Economic Development Corporation to request additional funds as needed.

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 Michael O. Williams, Resource Services Director at (225) 342-5675.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET

JUNE 30, 2002

ASSETS

Current Assets:	
Cash Held in State Treasury	$ 51,898,028
Short-Term Interest-Bearing Deposits with Banks and Other Cash Equivalents	133,702
Total Cash and Cash Equivalents	52,031,730
Accrued Interest Receivable	282,563
Accrued Vendor Compensation Receivable	1,629,849
Loans, Net	198,273
Investments, at Fair Value	3,114,549
Miscellaneous Receivables	23,048
Note Receivable - Current Portion	100,000
Total Current Assets	57,380,012
Noncurrent Assets:	
Longer-Term Interest-Bearing Deposits with Banks and Other Cash Equivalents	21,660,088
Investments, at Fair Value	11,175,138
Loans, Net	2,019,080
Note Receivable - Long-Term Portion	2,000,000
Total Noncurrent Assets	36,854,306
Total Assets	$ 94,234,318

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable and Accrued Expenses	$ 410,623
Accrual for Losses on Loan Guarantees	76,691
Total Current Liabilities	487,314
Noncurrent Liabilities:	
Accrual for Losses on Loan Guarantees	2,297,638
Total Noncurrent Liabilities	2,297,638
Total Liabilities	2,784,952
Net Assets:	
Restricted for:	
National Finance Center at Southern University	3,400,000
St. Martin Parish	200,000
Resource Services Program	6,000,000
Unrestricted	81,849,366
Total Net Assets	91,449,366
Total Liabilities and Net Assets	$ 94,234,318

The accompanying notes are an integral part of this statement.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2002

Operating Revenues:	
Interest Income:	
Interest on Loans	$ 167,000
Interest on Funds Held by State Treasurer	1,451,797
Interest on Deposits with Banks and Others	1,005,895
Intergovernmental:	
Vendor Compensation	10,333,918
Interagency Transfer - State General Fund	4,000,000
Guarantee Fees	136,782
Total Operating Revenues	17,095,392
Operating Expenses:	
Provisions for Losses:	
Direct and Participation Loans	1,052,477
Guaranteed Loans	364,064
Salaries and Employee Benefits	549,796
Management and Professional Fees	159,000
Resource Service Awards	1,653,326
Capital Outlay Awards	1,353,274
Administrative Fees	25,408
Travel	17,785
Interagency Transfer - Department of Economic Development	358,029
Interagency Transfer - Small and Emerging Business Development	148,638
Interagency Transfer - Town of Jonesville	84,000
Total Operating Expenses	5,765,797
Operating Income	11,329,595
Non-Operating Revenues (Expenses):	
Net Decrease in Fair Value of Investments	(1,269,838)
Total Non-Operating Expenses	(1,269,838)
Change in Net Assets	10,059,757
Total Net Assets - Beginning of Year	66,382,739
Transfer In - EDAP and Workforce Programs	15,006,870
Total Net Assets - End of Year	$ 91,449,366

The accompanying notes are an integral part of this statement.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2002

Cash Flows From Operating Activities:	
Cash Received - Interest on Loans, Investments and Deposits with Banks	$ 1,183,373
Cash Received From State Treasurer - Vendor's Compensation, Appropriations and Interest	16,482,119
Cash Received from Customers	233,129
Cash Payments to Suppliers for Goods and Services	(3,475,172)
Cash Payments to Employees for Services	(527,253)
Net Cash Provided by Operating Activities	13,896,196
Cash Flows From Capital and Related Financing Activities:	
Transfer In From Department of Economic Development	12,806,869
Net Cash Provided by Capital and Related Financing Activities	12,806,869
Cash Flows From Investing Activities:	
Decrease in Longer-Term Interest-Bearing Deposits with Banks	560,181
Purchase of Investments, Net of Pay Downs on Debt Investments	(1,920,255)
Loan Originations Net of Repayments, Recoveries, and Charge Offs	(1,377,471)
Net Cash Used in Investing Activities	(2,737,545)
Net Increase in Cash and Cash Equivalents	23,965,520
Cash and Cash Equivalents - Beginning of Year	28,066,210
Cash and Cash Equivalents - End of Year	$ 52,031,730
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 11,329,595
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Provisions for Losses on Loans and Guarantees	1,416,541
(Increase) Decrease in Accrued Vendor Compensation	696,404
(Increase) Decrease in Accrued Interest Receivable	18,413
(Increase) Decrease in Note Receivable	100,000
(Increase) Decrease in Other Assets	(3,653)
Increase (Decrease) in Accounts Payable and Accrued Expenses	338,896
Net Cash Provided by Operating Activities	$ 13,896,196
Schedule of Non-Cash Investing, Capital and Financing Activities:	
Change in Unrealized (Gain) Loss on Investments	$ 1,269,838

The accompanying notes are an integral part of this statement.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

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. This criteria includes:

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 subsidiaries; Louisiana Economic Development Corporation Louisiana Venture Fund, and Louisiana Growth Fund, LLC (collectively "LEDC"). All significant intercompany accounts have been eliminated in consolidation.

B. Measurement of 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.

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.

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.

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, 2002.

Investments

The corporation records its investments at estimated fair value or at book value if fair value is not readily determinable as determined by the corporation's management. 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.

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.

State Appropriation and Pooled Investments

The Louisiana Legislature has authorized LEDC to withdraw approximately $18,444,930 from the state treasury in the year ending June 30, 2003. If that amount proves insufficient to fund LEDC's operating requirements, LEDC can, with the approval of the Louisiana Legislative Budget Committee, withdraw additional funds from the state treasury. These additional withdrawals are limited to LEDC's share of pooled investments held in the state treasury.

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, 2002 is $45,608. The leave payable is recorded in the accompanying consolidated 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 - The components of net asset consist of net assets that do not meet the definition of "restricted".

The adoption of Statement No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement.

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 vendor compensation, interest earnings, and state general fund transfers. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities 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.

Note 2 - Deposits with Banks -

For reporting purposes, deposits with financial institutions include certificates of deposit and money market funds. Under state law Louisiana Economic Development Corporation may invest in time certificates of deposit of state banks organized under the Laws of Louisiana, national banks having their principal 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. The deposits at June 30, 2002 were secured as follows:

	Deposits in Bank Accounts			
	Cash In State Treasury	Certificates of Deposit	Other (Money Market Accounts)	Total
Deposits in Bank Accounts per Balance Sheet	$ 51,898,028	$ 21,660,088	$ 133,702	$ 73,691,818
Bank Balances:				
a. Insured or Collateralized With Securities Held by the Entity or its Agent in the Entity's Name	$ 51,898,028	$ 12,454,808	$ 133,702	$ 64,486,538
b. Collateralized with Securities Held by Pledging Financial Institution's Trust Department or Agent in the Entity's Name	-	-	-	-
c. Uncollateralized, Including any Securities Held for the Entity But Not in the Entity's Name	-	9,205,280	-	9,205,280
Total Bank Balances	$ 51,898,028	$ 21,660,088	$ 133,702	$ 73,691,818

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statue 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - Investments -

The cost and estimated fair value, including gross unrealized gains and losses of LEDC's investments at June 30, 2002 were as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt Investments	$ 871,709	$ -	$ 594,012	$ 277,697
Equity Investments	13,253,057	3,215,044	5,533,104	10,934,997
Commercial Paper	3,076,993	-	-	3,076,993
Total Investments	$ 17,201,759	$ 3,215,044	$ 6,127,116	$ 14,289,687

Investments as of June 30, 2002, consist of securities for which market quotations are not readily available and, consistent with LEDC's policy, are reflected at fair value estimated by the corporation's or the respective subsidiary's management. Such securities are restricted as to salability or transferability. Proceeds from maturities of debt investments for the year ended June 30, 2002 were $61,366. 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.

There were no sales of investments for the year ended June 30, 2002.

As of June 30, 2002, the following increases (decreases) in the carrying value of investments have been recorded:

	Unrealized Gains	Unrealized Losses	Total
Equity Instruments:			
Personus Audio Electronics	$ 122,230	$ -	$ 122,230
Audubon Capital Fund, L.P.	-	(116,295)	(116,295)
Jefferson Capital Fund, L.P.	-	(33,169)	(33,169)
Travelbyus, Inc.	-	(9,448)	(9,448)
Sterifx, Inc.	-	(130,000)	(130,000)
Selltis	-	(200,784)	(200,784)
GoAntiques, Inc.	-	(310,549)	(310,549)
Birchmere Venture II, L.P.	-	(131,915)	(131,915)
iMinorities	-	(211,760)	(211,760)
Debt Instruments:			
Glass Masters, LLC	-	(248,148)	(248,148)
	$ 122,230	$ (1,392,068)	$ (1,269,838)

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 and 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, 2002.

LEDC entered into agreements with investment managers to manage the operations of its subsidiaries through approximately fiscal 2007 or earlier if certain conditions are met, as specified in the agreements. These subsidiaries had total assets of $4,949,240 at June 30, 2002.

Under the agreement entered into for Louisiana Venture Fund, the investment manager will receive annual fees of 2.5% of the initial $5,000,000 capital contributed by LEDC. This initial base amount is reduced by any funds that are returned to LEDC in the form of a dividend or from the sale or liquidation of these investments, excluding any gain or loss realized, adjusted quarterly. In addition to this annual fee, the investment manager is entitled to receive 20% of net investment income and net realized gains from dispositions of investments by the subsidiaries after the initial $5,000,000 of capital contributions are returned to LEDC as dividends. LEDC paid no management fees to the investment manager in the year ended June 30, 2002. As of June 30, 2002, the investment agreement with the Louisiana Venture Fund expired and the remaining investments were in the process of being transferred to LEDC. Management plans to dissolve the Corporation in 2003.

As noted in the prior year report, the investments held in another subsidiary, the Louisiana Fund Corporation, were fully paid in fiscal year ended June 30, 2001. This Corporation was dissolved in fiscal year ended June 30, 2002.

Louisiana Growth Fund, LLC (the Fund) was formed under the laws of the *State of Louisiana* on November 1, 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 2.5% 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 $125,000 to Stonehenge for the year ended June 30, 2002. The Fund will continue until November 1, 2007, unless terminated prior to that date due to complete liquidation of investments. The Fund may be extended for up to two years to allow for liquidation of assets.

Under state law, LEDC may invest in, among other things, obligations of the U.S. Treasury or any other federally insured investment as well as common or preferred stock of certain closely held businesses.

As of June 30, 2002, all of the investments of LEDC consist of debt or equity securities, the instruments of which are held by LEDC or its agent in LEDC's name and are therefore classified as Category 1.

As of June 30, 2002, LEDC had the following unfunded investment commitments:

- LEDC had $523,442 invested in Audubon Capital Fund and certificates of deposit at Washington State Bank totaling $1,976,558 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 $1,976,558 which is secured by the certificates of deposit.
- LEDC had $227,272 invested in Jefferson Capital I, L.P. and certificates of deposits at Hibernia Bank totaling $772,728 which is the remaining balance of the $1,000,000 LEDC had committed to invest in this limited partnership. The Bank has issued a letter of credit for the $772,728 which is secured by the certificates of deposit.
- LEDC had $588,235 invested in Bichmere Venture II, L.P. with an unfunded commitment of $4,411,765 (total commitment of $5,000,000). The funds securing this unfunded 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, 2002:

Direct Loans	$ 959,507
Participation Loans	2,691,496
Total Loans	3,651,003
Allowance for Loan Losses	(1,433,650)
Net Loans	$ 2,217,353

Activity in the allowance for loan losses was as follows for the year ended June 30, 2002:

Balance, July 1, 2001	$ 380,373
Provision Charged to Expense	1,052,477
Amounts Charged Off	-
Recoveries	800
Balance, June 30, 2002	$ 1,433,650

Loan guarantees approved but unfunded at June 30, 2002 amounted to $577,500. LEDC has placed a certificate of deposit in the amount of $750,000 in a financial institution as collateral for a $1,000,000 stand-by letter of credit in favor of Iberia Parish to be called on only in case of an unresolvable financial default by Pride Aviation Group, Inc. on rent payments to Acadiana Regional Airport Authority. The term of the stand-by letter of credit is to be 3 years. LEDC will receive warrants on 15,000 shares of Aviation Group, Inc.'s common stock to be exercised in 3 years upon termination of the letter of credit.

In addition, direct loans approved but unfunded at June 30, 2002 amounted to $625,000.

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, 2002, LEDC had guaranteed approximately $13,189,656 of $19,134,883 of loans to customers made by various banks. Included in the loans guaranteed at June 30, 2002 were several lines of credit totaling $5,100,000 of which LEDC guaranteed 57%. The amount drawn down on the lines of credit at June 30,2002 was $3,005,892 of which LEDC guaranteed $1,643,744.

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

Balance, July 1, 2001	$ 2,273,356
Provision Charged to Expense	364,064
Amounts Charged Off	(402,110)
Recoveries	139,019
Balance, June 30, 2002	$ 2,374,329

Note 6 - Capital Assets -

Fixed assets which consist solely of furniture, fixtures, and equipment are not reflected in the accompanying balance sheet at June 30, 2002. 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. The additions and deletions shown in the schedule of property includes transfers of furniture, fixtures and equipment between the various sub-departments of the Department of Economic Development including LEDC, at historical cost.

LEDC does not capitalize and has not incurred any interest costs on fixed assets.

LEDC has no infrastructure assets.

As of and for the year ended June 30, 2002, LEDC had the following activity in its fixed assets:

Balance July 1, 2001	Additions	Deletions	Relocations	Balance June 30, 2002
$ 45,440	$ -	$ -	$ (45,440)*	$ -

* 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.

Note 7 - Retirement Plan -

Substantially all of the employees of LEDC are members of the Louisiana State Employee's 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, 2002, increased to 13% of annual covered payroll from the 12.4% and 13.0% required in fiscal years ended June 30, 2001 and 2000, respectively. LEDC's contributions to the System for the years ending June 30, 2002, 2001, and 2000, were $33,851, $43,475, and $43,765, respectively, equal to the required contributions for each year.

Note 8 - Board Compensation and Per Diem -

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 year ended June 30, 2002:

Tommy Vassel	$ 1,855
Leon Kahn	751
Charles Weed	1,029
Marsha Goff	181
A.J. Roy, III	279
Philip Montelepre	101
	$ 4,196

Note 9 - Related Party Transactions - Department of Economic Development -

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, 2002, LEDC's share of these expenses were $411,735 and are included in these financial statements.

Note 10 - Restricted Net Assets -

Restricted net assets at June 30, 2002 consist of the following projects approved by the State Legislature:

- $3,400,000 for construction of the National Finance Center at Southern University.
- $6,000,000 for obligations associated with the location of two service zone facilities through the Resource Services Program.
- $200,000 for St. Martin Parish for obligations associated with marketing, retention, and recruitment efforts.

Note 11 - Transfer of Economic Development Award Program (EDAP) and the Workforce Development and Training Program (WORKFORCE) -

As mentioned in Note 1, effective July 1, 2001 the authority for the administration of the Workforce program and the EDAP program was transferred from the Department of Economic Development to LEDC. The amount of cash transferred to LEDC was $12,806,870 which represented $8,694,517 from the Workforce program and $4,112,353 from the EDAP program. The net assets of these two programs transferred to LEDC was equal to the cash amounts transferred, however a prior period adjustment was necessary on the EDAP program to record a note receivable made in a prior year that had not been previously recorded as such. The note receivable is further discussed in Note 12. A recap of the restated net assets transferred is as follows:

	EDAP	Workforce	Total
Net Assets at Beginning of Year, as Previously Reported	$ 8,694,517	$ 4,112,353	$ 12,806,870
Prior Period Adjustment - Note Receivable Adjustment	2,200,000	-	2,200,000
Net Assets, Beginning of Year, as Restated (Transferred to LEDC)	$ 10,894,517	$ 4,112,353	$ 15,006,870

Note 12 - Note Receivable - EDAP Program -

In June 1999, Department of Economic Development (DED) loaned to the Town of Colfax, Louisiana (through the EDAP Program) $2,300,000 in the form of a non-interest bearing note receivable due in 23 annual payments of $100,000 with the final payment due in July 2022. The purpose of this loan was to enable the Town of Colfax to purchase a newly constructed warehouse/distribution facility located in the Town of Colfax's Industrial Park who then would lease/purchase the property to Ditto Apparel. The rent paid by Ditto Apparel would then be used to meet the debt service requirements for the note receivable. Also, Ditto Apparel agreed to certain performance objectives such as generating minimum annual payrolls at the facility as additional consideration.

This note receivable was then transferred to LEDC effective July 1, 2001, upon the transfer of the entire EDAP program from DED to LEDC as further discussed in Note 11.

The fair value of this note receivable is estimated using discounted cash flow analysis, with an interest rate similar to the rate LEDC was charging to other Governmental entities at that time which was approximately 5%. The terms of the note were used in calculating the discounted cash flows. The carrying value and fair value are as follows:

	Carrying Value	Unamortized Discount	Fair Value
Note Receivable - Town of Colfax	$ 2,100,000	$ 818,248	$ 1,281,752

The total amount of discount amortized and netted with interest income for the year ended June 30, 2002 was $65,797.

Note 13 - Unfunded Commitments - EDAP and Workforce -

The following amounts were approved contracts but unfunded as of June 30, 2002 for:

Economic Development Awards Program (EDAP)	$ 4,317,911
Workforce Development and Training Program (Workforce)	$ 2,475,878

These contracts will be funded with carryover funds from these two programs.

SUPPLEMENTAL INFORMATION

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SUPPLEMENTAL SCHEDULE OF INVESTMENTS

JUNE 30, 2002

	Cost	Valuation By Management
Debt Investments:		
Petrochemical Services, Inc. $300,000 secured promissory note, dated August 21, 1998, interest payable quarterly at 10%, annual principal installments of $10,000 beginning on August 21, 2001. A royalty held on revenue is payable quarterly through August 21, 2001	$ 71,709	$ 30,798
Glass Masters, LLC - 14% promissory note, due October 31, 2005	500,000	-
Moran Printing (Westco) - 9.75% promissory note, due November 28, 2006	100,000	96,968
P. J.'s Coffee and Tea Company, Inc. - 12% promissory note, due 8/3/2003	200,000	149,931
Total Debt Investments	871,709	277,697
Equity Investments:		
Gulf Coast Business and Industrial Development Corporation -113,636 shares of Class C common stock	2,500,000	808,164
Business Resource Capital Specialty BIDCO (formerly New Orleans SBIDCO, Inc.) - 2,000,000 shares of Class B, nonvoting common stock	2,000,000	2,000,000
United Agents Holdings, Inc. - 35,000 shares of Series A convertible preferred stock (8% cumulative)	350,000	-
Travelbyus, Inc. - 82,153 shares $.01 par common stock	369,690	-
Source Capital L.L.C. (formerly First Louisiana BIDCO) - 98,000 shares convertible Series B preferred stock, par $25.51	2,500,000	2,500,000
U.S. Agencies, Inc. - 370,000 shares, Class B nonvoting common stock	370,924	1,850,000

(CONTINUED)

	Cost	Valuation By Management
Equity Investments (Continued):		
Certia, Inc.	500,000	-
Presonus Audio Electronics, Inc. - 101,828 shares of common stock	101,828	712,796
U.S. Agencies, Inc. - 250,000 shares of common stock	250,000	1,375,000
Presonus Audio Electronics, Inc. - 20,400 shares of Series A preferred stock	175,000	142,800
Professional Employer Services, Inc. - 60 shares of Series D convertible preferred stock	666,666	-
73.2 shares of Series E convertible preferred stock	50,000	-
iMinorities.com, Inc. - 475,003 shares of Series A convertible preferred stock	400,000	-
Golfball.com, Inc. - 300,000 shares of Series A convertible preferred stock	300,000	-
United Agents Holding, Inc. - 23,810 shares of 8% convertible Series C preferred stock (with warrants)	250,000	-
Sterifx, Inc. - 260,000 shares of class A preferred stock	130,000	-
Selltis - 7.78% partnership interest	500,000	299,216
GoAntiques, Inc. - 151,516 shares of Series B preferred stock	500,000	189,451
Birchmere Venture II, LP - 6.471% ownership	588,235	456,320
Jefferson Capital I, LP - 9.0% limited partnership interest	227,272	194,103
Audubon Capital Fund - 10.99% limited partnership interest	523,442	407,147
Total Equity Investments	13,253,057	10,934,997
Commercial Paper	3,076,993	3,076,993
Total Investments	$ 17,201,759	$ 14,289,687

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

Hannis T. Bourgeois, LLP
Certified Public Accountants

Randy J. Bonnecaze, CPA*
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1175 Del Este Avenue, Suite B
Denham Springs, LA 70726

August 23, 2002

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

We have audited the basic financial statements of the Louisiana Economic Development Corporation, a component unit of the State of Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 23, 2002. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Economic Development Corporation's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Economic Development Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2002

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

- Type of report issued on financial statements - unqualified.
- There were no material weaknesses in internal controls noted.
- There were no findings to be reported under Government Auditing Standards.
- The results of our audit procedures disclosed no material noncompliance.

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2002

2001-1 - Inadequate Security for Deposits

Finding:

In the prior year, approximately $10,597 of the $22,642,216 of deposits with financial institutions was unsecured at June 30, 2001.

LA. Rev. Statue 39:1225, requires that balances on deposit with financial institutions are to be secured by a pledge of securities in amounts which at all times are to be equal to 100% of the amount of collected funds on deposit to the credit of the depositing authority in excess of federally insured limited. Unsecured deposits are subject to loss in the event of failure of the financial institution.

Recommendation:

It was recommended management take the necessary steps to obtain adequate security for deposits in excess of FDIC insurance.

Corrective Action Taken:

Subsequent to the issuance of the audit report last year, management corrected this collateral shortfall. Also, management implemented new monitoring procedures in an effort to prevent this shortfall from reoccurring. At June 30, 2002, all deposits were adequately secured.

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2002

Louisiana Economic Development Corporation

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Michael O. Williams, Resource Services Director of Louisiana Economic Development Corporation who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Economic Development Corporation at June 30, 2002 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 30th day of August, 2002.

Michael O. Williams
Resource Services Director

Thomas A. Austin
Notary Public

Prepared by: Susan B. Saucier

Title: Staff Accountant

Telephone No.: (225) 342-5400

Date: August 30, 2002

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2002

Please refer to the Management's Discussion and Analysis of the Louisiana Economic Development Corporation as it appears on pages 3 through 7 in the Introductory Section of this report as of June 30, 2002.

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2002

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note C1)	$	52,031,730
Investments (Note C2)		3,114,549
Receivables (net of allowance for doubtful accounts)(Note U)		2,133,733
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		100,000
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Other current assets		
Total current assets		57,380,012
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		2,000,000
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Cash and cash equivalents (Note C1)		21,660,088
Other noncurrent assets (Investments and Loans) (Note C2)		13,194,218
Total noncurrent assets		36,854,306
Total assets	$	94,234,318
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	410,623
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Other current liabilities		
Current portion of long-term liabilities:		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Accrual for Loan Loss Guarantees		76,691
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities - Accrual for Loan Loss Guarantees		2,297,638
Total current liabilities		2,784,952
NON-CURRENT LIABILITIES:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		0
Total liabilities		2,784,952
NET ASSETS		
Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		9,600,000
Unrestricted		81,849,366
Total net assets		91,449,366
Total liabilities and net assets	$	94,234,318

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

Statement A

Statement A

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002

OPERATING REVENUES	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	136,782
Other	
Total operating revenues	136,782
OPERATING EXPENSES	
Cost of sales and services	4,655,779
Administrative	1,110,018
Depreciation	
Amortization	
Total operating expenses	5,765,797
Operating income(loss)	(5,629,015)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	4,000,000
Intergovernmental revenues (expenses)	10,333,918
Taxes	
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest revenues	2,624,692
Decrease in fair value of investments	(1,269,838)
Total non-operating revenues(expenses)	15,688,772
Income(loss) before contributions and transfers	10,059,757
Capital contributions	
Transfers in	
Transfers out	
Change in net assets	10,059,757
Total net assets – beginning	66,382,739
Transfer In - EDAP and Workforce Program	15,006,870
Total net assets – ending	$ 91,449,366

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

Statement B

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

Component Unit:					
LEDC	$ 5,765,797	$ 136,782	$	$	$ (5,629,015)

General revenues:	
Vendors Compensation	10,333,918
State appropriations	4,000,000
Grants and contributions not restricted to specific programs	
Interest and Investment Earnings including fair value adjustment	1,354,854
Miscellaneous	
Special items	
Transfers	
Total general revenues, special items, and transfers	15,688,772
Change in net assets	10,059,757
Net assets - beginning	66,382,739
Transfer In - EDAP and Workforce Program	15,006,870
Net assets - ending	$ 91,449,366

Statement C

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

Cash flows from operating activities		
Cash received from customers	$ 233,129	
Cash payments to suppliers for goods and services	(3,483,107)	
Cash payments to employees for services	(527,253)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		(3,777,231)
Cash flows from non-capital financing activities		
State appropriations	4,000,000	
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		
Other - Vendor's Compensation	11,030,322	
Transfers in - EDAP and Workforce Programs	12,806,869	
Transfers out		
Net cash provided(used) by non-capital financing activities		27,837,191
Cash flows from capital and related financing		
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	0	
Net cash provided(used) by capital and related financing activities		0
Cash flows from investing activities		
Purchases of investment securities	(1,920,255)	
Loan Originations Net of Repayments, Recoveries, and Chargeoffs	(1,377,471)	
Interest and dividends earned on investment securities	2,643,105	
Net cash provided(used) by investing activities		(654,621)
Net increase(decrease) in cash and cash equivalents		23,405,339
Cash and cash equivalents at beginning of year		50,286,479
Cash and cash equivalents at end of year		$ 73,691,818

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

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

Operating income(loss)		$ (5,629,015)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization		
Provision for Loan Loss Guarantees	1,416,541	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable	100,000	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets	(3,653)	
Increase(decrease) in accounts payable	324,289	
Increase(decrease) in accrued payroll and related benefits	1,855	
Increase(decrease) in compensated absences payable	12,752	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (3,777,231)

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:	0

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D
INTRODUCTION

The Louisiana Economic Development Corporation (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 53:2311. The following is a brief description of the operations of Louisiana Economic Development Corporation (BTA) which includes the parish/parishes in which the (BTA) is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 (BTA) 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 Budget Committee, 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 include the original appropriation plus subsequent amendments as follows:

		APPROPRIATIONS
Original approved budget	$	32,334,981
Amendments:		7,827,516
Final approved budget	$	40,162,497

C. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard 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 (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal 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 (including restricted assets 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. The deposits at June 30,2002, were secured as follows:

	Deposits in bank accounts			
	Cash	Certificates of Deposit	Other Money Market	Total
Deposits in bank accounts per balance sheet	$	$ 21,660,088	$ 133,702	$ 21,793,790
Bank balances:				
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	0	12,454,808	133,702	12,588,510
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name		0		0
3. Uncollateralized, including any securities held for the entity but not in the entity's name		9,205,280		9,205,280
Total bank balances	$ 0	$ 21,660,088	$ 133,702	$ 21,793,790

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

Banking institution	Program		Amount
1. Bancorp South Bank	Small Business		159,499
2. Bank One, Louisiana	Small Business		1,421,746
3. Dryades Savings Bank, FSB	Small Business		30,015
4. First Bank & Trust	Small Business		242,152
5. First Bank	Small Business		3,486,310
6. Hancock Bank of LA	Small Business		4,424,503
7. Hibernia National Bank	Small Business		2,935,223
8. Home Savings Bank	Small Business		172,471
9. Iberia Savings Bank	Small Business		126,253
10. Iberville Bank	Small Business		272,870
11. Jeff Davis Bank & Trust	Small Business		5,342,014
12. Delta Bank	Small Business		167,244
13. MidSouth National Bank	Small Business		36,103
14. Omni Bank	Small Business		143,000
15. Ouachita Independent Bank	Small Business		318,750
16. Regions Bank	Small Business		143,250
17. Tri-Parish Bank	Small Business		395,646
18. Washington State Bank	Small Business		1,976,742
Total		$	21,793,790

Were uncollateralized securities fitting the description in (3) above during the year significantly greater than at June 30, 2002 (last day of your fiscal year? NO

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 in the balance sheet.

Cash in State Treasury	$ 51,898,028
Petty cash	$ 0

2. INVESTMENTS

Upon implementation of GASB Statement 31, reported amount and fair value will often be the same number.

The Louisiana Economic Development Corporation (BTA) does (does not) maintain investment accounts as authorized by____________________ (Note legal provisions authorizing investments by (BTA)).

Investments can be classified according to the level of risk to the entity. Using the following categories, list *each type of investment disclosing the carrying amount, market value, and applicable category of risk.*

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Certain types of investments cannot appropriately be categorized. These are to be listed separately at the end of the schedule in the space provided.

	Category of Risk				
Type of Investment	1	2	3	Reported Amount	Fair Value
Repurchase agreements	$	$	$	$ 0	$
U.S. Government securities				0	
Common & preferred stock	10,934,997			10,934,997	10,934,997
Commercial paper	3,076,993			3,076,993	3,076,993
Corporate bonds				0	0
Other: Debt Investments	277,697			277,697	277,697
				0	
				0	
				0	
Total categorized investments	$ 14,289,687	$ 0	$ 0	$ 14,289,687	$ 14,289,687
Investments not categorized: (list separately)					
Total investments				$ 14,289,687	$ 14,289,687

3. 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 *($1,269,838)*

d. Commitments as of June 30, 2002(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. Investment types owned during the year but not owned as of June 30 N/A

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

g. 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

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

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

Reverse Repurchase Agreements as of the Balance Sheet Date

j. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, 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

k. Commitments on June 30,2002 (fiscal close), to repurchase securities under yield maintenance agreements N/A

l. Market value on June 30, 2002 (fiscal close), of the securities to be repurchased N/A

m. Description of the terms of the agreements to repurchase N/A

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

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

Fair Value Disclosures

p. 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 book value if fair value is not readily determinable as determined by the corporation's management. 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.

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.

q. Basis for determining which investments, if any, are reported at amortized cost N/A

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

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

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

u. Whether 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 that fair value and the reasons for having had to make such an estimate N/A

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

D. CAPITAL ASSETS - N/A

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net assets of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are 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, 2002						
	Balance 6/30/2001	Additions	Transfers *	Retirements	Balance 6/30/2002	Prior Period Adjustment	Adjusted Balance 6/30/2002
Capital assets not being depreciated							
Land		--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
Total capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets							
Furniture, fixtures, and equipment	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total furniture, fixtures, 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 unit's inventories are valued at ______________________________ (method of valuation). These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS – N/A

Restricted assets in the ______________(BTA) at ________________(fiscal year end), reflected at $__________ in the current assets section on Statement A, consist of $__________ in cash with fiscal agent, $__________ in receivables, and $__________ investment in ____ (identify the type investments held.)

Restricted assets in the ______________(BTA) at ________________(fiscal year end), reflected at $__________ in the non-current assets section on Statement A, consist of $__________ in cash with fiscal agent, $__________ in receivables, and $__________ investment in ____ (identify the type investments held.)

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Economic Development Corporation (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

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 General 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 the general long-term obligations account group.

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, 2002 (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $45,608. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the La State Employees Retirement System (System), a cost sharing multiple-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 (BTA) 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 the (BTA) 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, 2002, increased to 13% of annual covered payroll from the 12.4% and 13% required in fiscal years ended June 30, 2001 and 2000, respectively. The (BTA) contributions to the System for the years ending June 30, 2002, 2001, and 2000, were $33,851, $43,475, and $43,765, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – N/A

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2001, the cost of providing those benefits for the _____ retirees totaled $_________.

The _________________________(BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for those benefits if they reach normal retirement age while working for the (BTA). Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the (BTA). The (BTA) recognizes the cost of providing these benefits ((BTA)'s portion of premiums) as an expenditure when paid during the year, which was $___________ for the year ended _____________, 20___. The cost of providing those benefits for ________ retirees is not separable from the cost of providing benefits for the _________ active employees. (or, The (BTA)'s cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended ______________, 20___ the costs of _______ retiree benefits totaled $_______________).

J. LEASES – N/A

1. OPERATING LEASES

The total payments for operating leases during fiscal year________amounted to $________. A schedule of payments for operating leases follows:

Nature of lease	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008-2012	FY2013-2015
	$	$	$	$	$	$	$
Total	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

2. CAPITAL LEASES – N/A

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: (I) 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.

Nature of lease	Date of lease	Last payment date	Remaining interest to end of lease	Remaining principal to end of lease	Fund that pays lease
a. Office space			$	$	
b. Equipment					
c. Land					
Total			$ 0	$ 0	

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:

Year ending June 30, :		Total
2003	$	
2004		
2005		
2006		
2007		
2008-2012		
2013-2015		
Total minimum lease payments		0
Less amounts representing executory costs		
Net minimum lease payments		0
Less amounts representing interest		
Present value of net minimum lease payments	$	0

3. LESSOR DIRECT FINANCING LEASES – N/A

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
a. Office space		$	
b. Equipment			
c. Land			
Less amounts representing executory costs			
Minimum lease payment receivable			0
Less allowance for doubtful accounts			
Net minimum lease payments receivable			0
Less unearned income			
Net investment in direct financing lease		$	0

Minimum lease payments 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 2002 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):

Year ending ______________:	
2003	$
2004	
2005	
2006	
2007	
2008-2012	
2013-2017	
Total	$ 0

4. LESSOR – OPERATING LEASE – N/A

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	$ 0	$ 0	$ 0

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of __________ (the last day of your fiscal year):

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2003	$	$	$	$	$ 0
2004					0
2005					0
2006					0
2007					0
2008-2012					0
2013-2015					0
Total	$ 0	$ 0	$ 0	$ 0	$ 0

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__:

	Year ended June 30, 2002				
	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002	Amounts due within one year
Bonds and notes payable:					
Notes payable	$	$	$	$ --	$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable				--	
Capital lease obligations				--	
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	--	--	--	--	--
Total long-term liabilities	--	--	--	--	--

A detailed summary, by issues, of all debt outstanding at June 30, 20__, including outstanding interest *of $____________ is shown on schedule 4. Schedule 5 is an amortization schedule of the* outstanding debt. (Send a copy of the amortization schedule for any new debt issued.)

L. LITIGATION – N/A

1. The __________(BTA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation	Primary Attorney	Damages Claimed	Insurance Coverage
			$	$
Totals			$ 0	$ 0

The __________(BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement):

2. Claims and litigation costs of $ __________ were incurred in the current year and are reflected in *the accompanying financial statement.*

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 other various administrative type expenses are now being shared between the two entities. For fiscal year ended June 30, 2002, LEDC's share of these expenses were $411,735 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, error 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	$ 0

P. DEFEASED ISSUES – N/A

In ________________, ______, the ________________________________(BTA), 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 (BTA) 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 (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt of $________________.

Q. COOPERATIVE ENDEAVORS – N/A

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state. The liability outstanding as of June 30, 2002, by funding source, is as follows:

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2002. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2001. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

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

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2001-2002:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			$
Total government-mandated nonexchange transactions (grants)			$ 0

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

At June 30, 20__, the ____________________ (BTA) was not in compliance with the provisions of ____ Bond Reserve Covenant that requires ________________________________ . The ________________________ (BTA) did __________________________ to correct this deficiency.

T. SHORT-TERM DEBT – N/A

The ______________________(BTA) issues short-term notes for ____.

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

	Reason for Debt	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes		$	$	$	$ 0

The ______________ (BTA) uses a revolving line of credit to finance ______________ prior to the issuance of related bonds.

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

	Reason for Debt	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit		$	$	$	$ 0

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2002, were as follows:

Activity	Customer Receivables	Accrued Vendor's Compensation	Accrued Interest Receivables	Other Receivables	Total Receivables
LEDC	$ 2,217,353	$ 1,629,849	$ 282,563	$ 23,048	$ 4,152,813
					0
Gross receivables	$ 3,651,003	$ 1,629,849	$ 282,563	$ 23,048	$ 4,152,813
Less allowance for uncollectible accounts	1,433,650	0	0	0	0
Receivables, net	$ 2,217,353	$ 1,629,849	$ 282,563	$ 23,048	$ 4,152,813
Amounts not scheduled for collection during the subsequent year	$	$	$	$	$ 0

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2002, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
LEDC	$ 356,184	$ 54,439	$	$	$ 410,623
					0
Total payables	$ 356,184	$ 54,439	$ 0	$ 0	$ 410,623

W. SUBSEQUENT EVENTS – N/A

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

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 the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other 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 statement of net assets:
   (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
   (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's 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 Statement of Net Assets:

	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)	0	0
Nonoperating revenues (expenses)		
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	0	0
Beginning net assets		
Ending net assets	0	0

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	0	0

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 your fiscal year end:

Type of Fund	Name of Fund	Amount
		$
Total due from other funds		$ 0

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		$ 0

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		$ 0

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		$ 0

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – N/A

Liabilities payable from restricted assets in the ______________(BTA) at__________(fiscal year end), reflected at $______________in the current liabilities section on Statement A, consist of $___________ in accounts payable, $____________ in notes payable, and $______________ in ______________________.

Liabilities payable from restricted assets in the ______________(BTA) at__________(fiscal year end), reflected at $______________in the non-current 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__.

Fund balance July 1, 2001, previously reported		Adjustments + or (-)		Beginning net assets, July 1, 2001, As restated
	$		$	--
				--
				--
				--
				--
				--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2002
(Fiscal Close)

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 year ended June 30, 2002:

Name		Amount
Tommy Vassel	$	1,855
Leon Kahn		751
Charles Weed		1,029
Marsha Goff		181
A.J. Roy III		279
Phillip Montelepre		101
	$	4,196

SCHEDULE 1

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (BTA)
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2002
(Fiscal Close)

	Description of Funding	Amount
1.	State Appropriations - EDAP	$ 4,000,000
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
	Total	$ 4,000,000

SCHEDULE 2

STATE OF LOUISIANA

________________________(BTA)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE

____________, 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

SCHEDULE 3-A

STATE OF LOUISIANA

_______________________________(BTA)

SCHEDULE OF NOTES PAYABLE

_____________, 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

SCHEDULE 3-B

STATE OF LOUISIANA

______________________________(BTA)

SCHEDULE OF BONDS PAYABLE

______________, 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

SCHEDULE 3-C

STATE OF LOUISIANA

______________________________(BTA)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION

For The Year Ended ____________

(Fiscal Close)

Fiscal Year Ending:	Principal	Interest
2003	$ ________	$ ________
2004	________	________
2005	________	________
2006	________	________
2007	________	________
2008-2012	________	________
2013-2017	________	________
2018-2022	________	________
2023-2027	________	________
Total	$ --	$ --

SCHEDULE 4-A

STATE OF LOUISIANA

______________________________(BTA)

SCHEDULE OF CAPITAL LEASE AMORTIZATION

For The Year Ended June 30, 20__

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2003	$	$	$	$ --
2004				--
2005				--
2006				--
2007				--
2008-2012				--
2013-2017				--
2018-2022				--
2023-2027				--
Total	$ --	$ --	--	--

SCHEDULE 4-B

STATE OF LOUISIANA
________________________________(BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For The Year Ended June 30, 20__

Fiscal Year Ending:	Principal	Interest
2003	$ ________	$ ________
2004	________	________
2005	________	________
2006	________	________
2007	________	________
2008-2012	________	________
2013-2017	________	________
2018-2022	________	________
2023-2027	________	________
Total	$ --	$ --

SCHEDULE 4-C

STATE OF LOUISIANA

______________________________(BTA)

SCHEDULE OF BONDS PAYABLE AMORTIZATION

For The Year Ended June 30, 20__

Fiscal Year Ending:	Principal	Interest
2003	$ ________	$ ________
2004	________	________
2005	________	________
2006	________	________
2007	________	________
2008-2012	________	________
2013-2017	________	________
2018-2022	________	________
2023-2027	________	________
Total	$ --	$ --

SCHEDULE 4-D