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# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Financial Report

Year Ended December 31, 1998

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

Release Date 7-14-99

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
 <b>GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)</b>	
Combined balance sheet - all fund types and account groups	4-5
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	6
Combined statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual - General Fund	7
Notes to financial statements	8-16
 <b>FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS</b>	
<b>General Fund:</b>	
Comparative balance sheets	19
Statements of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	20
Statements of revenues - budget (GAAP basis) and actual	21
Statements of expenditures - budget (GAAP basis) and actual	22
 <b>Capital Projects Fund:</b>	
Combining balance sheet	24
Combining statement of revenues, expenditures, and changes in fund balance	25
 <b>Agency Fund:</b>	
Combining balance sheet	27-28
Combining statement of changes in assets and liabilities	27-28
 <b>General Fixed Assets Account Group:</b>	
Comparative statements of general fixed assets	30
Statement of changes in general fixed assets	31
 <b>INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION</b>	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	33-34

**OTHER SUPPLEMENTARY INFORMATION**

<b>Industrial development revenue bonds issued and outstanding</b>	<b>36</b>
<b>Compensation paid to members of the board of commissioners</b>	<b>37</b>
<b>Summary of corrective action taken on prior year findings</b>	<b>38</b>
<b>Schedule of findings and questioned costs</b>	<b>39</b>



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(A Corporation of Certified Public Accountants)

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## Independent Auditor's Report

Chairman of the Board, Linda McAulay  
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Lafayette Economic Development Authority  
Parish of Lafayette, Louisiana

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We have audited the accompanying general purpose financial statements of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, (the Authority), a component unit of the Lafayette Consolidated Government, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Lafayette Economic Development Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the Year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- Any significant amount of resources committed to make computer systems and other electronic equipment year 2000 compliant;
- A general description of the Year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000 compliant; and
- The additional stages of work necessary for making the computer systems and other electronic equipment year 2000 compliant.

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American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

The Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, has omitted such disclosures. We do not provide assurance that the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, is or will be year 2000 ready, that Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafayette Economic Development Authority, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 29, 1999, on our consideration of the Lafayette Economic Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Lafayette Economic Development Authority.

*Dannall, Sikes & Frederick*  
A Corporation of Certified Public Accountants

Lafayette, Louisiana  
April 29, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**

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LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1998

	Governmental Fund Types		Fiduciary Fund Type Agency
	General	Capital Projects	
<b>ASSETS</b>			
Cash	\$ 37,525	\$ 466,512	\$ 1,887
Restricted cash	147,800	-	-
Investments, at cost	1,800,261	-	1,934,815
Receivables - taxes (net of allowance for uncollectibles)	917,283	-	-
Advance from capital projects fund	26,028	-	-
Due from other governmental units	68,761	-	-
Inventory of land held for resale	4,146,731	-	-
Land	-	-	-
Equipment	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Other	1,566	2,000	-
<b>Total assets</b>	<b>\$ 7,145,955</b>	<b>\$ 468,512</b>	<b>\$ 1,936,702</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 59,091	\$ 149,955	\$ -
Other accrued liabilities	166,117	-	-
Advance to general fund	-	26,028	-
Amounts due to bondholders and lessees	-	-	1,936,702
Long-term debt	-	-	-
Bonds Payable	-	-	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>225,208</b>	<b>175,983</b>	<b>1,936,702</b>
<b>Fund equity:</b>			
Investment in general fixed assets	-	-	-
<b>Fund balances -</b>			
Reserved for inventory of land held for resale	4,146,731	-	-
Reserved for advances	26,028	-	-
Reserved for prepaid expenditures	1,566	-	-
Unreserved -			
Undesignated	2,641,422	292,529	-
Designated	105,000	-	-
<b>Total fund balances</b>	<b>6,920,747</b>	<b>292,529</b>	<b>-</b>
<b>Total fund equity</b>	<b>6,920,747</b>	<b>292,529</b>	<b>-</b>
<b>Total liabilities and fund equity</b>	<b>\$ 7,145,955</b>	<b>\$ 468,512</b>	<b>\$ 1,936,702</b>

Account Groups		Totals	
General	General	(Memorandum Only)	
Fixed Assets	Long-Term	1998	1997
Account Group	Debt		
\$ -	\$ -	\$ 505,924	\$ 707,118
-	-	147,800	25,176
-	-	3,735,076	3,701,296
-	-	917,283	906,872
-	-	26,028	22,098
-	-	68,761	87,515
-	-	4,146,731	4,553,391
145,706	-	145,706	145,705
264,902	-	264,902	253,170
-	1,306,803	1,306,803	1,330,000
-	-	3,566	-
<u>\$ 410,608</u>	<u>\$ 1,306,803</u>	<u>\$ 11,268,580</u>	<u>\$ 11,732,341</u>
\$ -	\$ -	\$ 209,046	\$ 126,356
-	-	166,117	160,714
-	-	26,028	22,098
-	-	1,936,702	2,160,322
-	1,280,000	1,280,000	1,330,000
-	26,803	26,803	-
-	<u>1,306,803</u>	<u>3,644,696</u>	<u>3,799,490</u>
<u>410,608</u>	-	<u>410,608</u>	<u>398,875</u>
-	-	4,146,731	4,553,391
-	-	26,028	-
-	-	1,566	-
-	-	2,933,951	2,890,585
-	-	105,000	90,000
-	-	<u>7,213,276</u>	<u>7,533,976</u>
-	-	<u>7,623,884</u>	<u>7,932,851</u>
<u>\$ 410,608</u>	<u>\$ 1,306,803</u>	<u>\$ 11,268,580</u>	<u>\$ 11,732,341</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances –  
All Government Fund Types  
Year Ended December 31, 1998

	General	Capital Projects	Totals (Memorandum Only)	
			1998	1997
Revenues:				
Taxes	\$ 1,062,111	\$ -	\$ 1,062,111	\$ 969,173
Intergovernmental	102,941	-	102,941	103,142
Sale of land	309,067	-	309,067	-
Miscellaneous	<u>195,750</u>	<u>20,030</u>	<u>215,780</u>	<u>218,374</u>
Total revenues	<u>1,669,869</u>	<u>20,030</u>	<u>1,689,899</u>	<u>1,290,689</u>
Expenditures:				
Current -				
General government	898,605	546,795	1,445,400	975,574
Capital outlay	13,925	-	13,925	26,707
Cost of land sold	406,661	-	406,661	-
Debt service	<u>144,613</u>	<u>-</u>	<u>144,613</u>	<u>55,395</u>
Total expenditures	<u>1,463,804</u>	<u>546,795</u>	<u>2,010,599</u>	<u>1,057,676</u>
Excess (deficiency) of revenues over expenditures	<u>206,065</u>	<u>(526,765)</u>	<u>(320,700)</u>	<u>233,013</u>
Other financing sources (uses):				
General obligation bond proceeds	-	-	-	1,330,000
Operating transfers in	-	257,168	257,168	663,808
Operating transfers out	<u>(257,168)</u>	<u>-</u>	<u>(257,168)</u>	<u>(663,808)</u>
Total other financing sources (uses)	<u>(257,168)</u>	<u>257,168</u>	<u>-</u>	<u>1,330,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(51,103)	(269,597)	(320,700)	1,563,013
Fund balances, beginning	<u>6,971,850</u>	<u>562,126</u>	<u>7,533,976</u>	<u>5,970,963</u>
Fund balances, ending	<u>\$ 6,920,747</u>	<u>\$ 292,529</u>	<u>\$ 7,213,276</u>	<u>\$ 7,533,976</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual - General Fund  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 950,000	\$ 1,062,111	\$ 112,111
Intergovernmental	100,000	102,941	2,941
Sale of land	309,067	309,067	-
Miscellaneous	<u>84,000</u>	<u>195,750</u>	<u>111,750</u>
Total revenues	<u>1,443,067</u>	<u>1,669,869</u>	<u>226,802</u>
<b>Expenditures:</b>			
Current -			
General government	1,201,500	898,605	302,895
Capital outlay	15,000	13,925	1,075
Cost of land sold	406,661	406,661	-
Debt service	<u>146,125</u>	<u>144,613</u>	<u>1,512</u>
Total expenditures	<u>1,769,286</u>	<u>1,463,804</u>	<u>305,482</u>
Excess (deficiency) of revenues over expenditures	(326,219)	206,065	532,284
<b>Other financing sources:</b>			
Operating transfers out	<u>(100,000)</u>	<u>(257,168)</u>	<u>(157,168)</u>
Excess (deficiency) of revenues and other sources over expenditures	(426,219)	(51,103)	375,116
Fund balance, beginning	<u>6,971,850</u>	<u>6,971,850</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,545,631</u>	<u>\$ 6,920,747</u>	<u>\$ 375,116</u>

The accompanying notes are an integral part of this statement.

# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Economic Development Authority (Authority) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:291-34:302. It was originally formed under the name of Lafayette Harbor, Terminal and Industrial Development District. The Authority is governed by a board of commissioners consisting of twelve appointed members. The Authority is authorized to construct or acquire industrial parks and industrial plant buildings, including sites and other necessary property and appurtenances, and to acquire, construct, improve, operate, maintain, and provide improvement and services necessary. It is also authorized to sell, lease or otherwise dispose of, by suitable and appropriate contract, to any enterprise locating or existing within the parish, all or any part of an industrial plant site, industrial plant building or other property owned by the Authority.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, as well as any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; and the Louisiana Governmental Audit Guide.

The following is a summary of certain significant accounting policies:

#### A. Financial Reporting Entity

The Authority is a component unit of the Lafayette Consolidated Government, and is an integral part of that reporting entity.

This report includes all funds, account groups and component units which are controlled by or dependent on the Lafayette Economic Development Authority. Control by or dependence on the Authority was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, or other general oversight responsibility. At December 31, 1998, there were no entities that met the criteria to be considered a component unit of the Authority.

#### B. Fund Accounting

The Authority uses funds and account groups to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority's funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental fund types are used to account for all or most of government's general activities, including the acquisition or construction of general fixed assets (capital project funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Agency Funds are used to account for assets held by banks in a trustee capacity for the Authority. These funds are used to account for lease and related receipts from lessees as well as bond, interest and related payments made to bondholders for industrial development revenue bonds issued by the Authority.

#### C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheet.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost. Construction period interest, when significant, is capitalized. No interest costs were capitalized in the current year.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

#### D. Basis of Accounting

All of the Authority's governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized when due. Purchases of various operating supplies are recorded as expenditures at the time purchased.

Fund balance reserve accounts have been established in the governmental fund types to indicate that they do not represent "available spendable resources", even though they are a component of the net current assets.

Agency funds do not involve measurement and results of operations. They are accounted for using the modified accrual basis of accounting, recognizing assets and liabilities when they occur regardless of the timing of related cash flow.

E. Budgets and Budgetary Accounting

The budget is formally adopted by the Authority upon approval by the Lafayette Consolidated Council, prior to the beginning of the fiscal year. Notices of its completion and availability are published. After its adoption, adjustments to the budget must be approved by the Lafayette Consolidated Council. All annual appropriations lapse at year end.

F. Investments

Investments, in the form of time deposits, are stated at cost which approximates market.

G. Inventory of Land Held for Resale

The inventory of land held for resale is valued at cost. The cost is recorded as an expenditure at the time the land is sold. The inventory of land held for resale at year end is equally offset by a fund balance reserve to indicate that it does not constitute "available spendable resources," even though it is a component of net current assets.

H. Vacation, Sick Leave and Pension Plan

Vacations vary with longevity as follows:

<u>Serving Time</u>	<u>Vacation</u>
After six months up to two years	One week

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

From two years to seven years	Two weeks
After seven years	Three weeks

No more than thirty days of allowed vacation time may be accrued and be carried over into the next calendar year and paid upon termination. The liability associated with these compensated absences is reflected in the general long-term debt account group.

Sick leave accrues at the rate of ½ day per month beginning after 3 months of service with a 30 day maximum per year. Sick leave is available for carryover. Upon termination either voluntary or involuntary, all accrued sick time will be forfeited. Sick leave is not recorded in these financial statements except for \$10,595. This amount is attributable to one employee who is grand-fathered under an old policy.

All employees are members of the social security system. Social security contributions for 1998 totaled \$22,276.

The Authority established a retirement program for employees, effective February 20, 1987, through the American Chamber of Commerce Executives Association. Key program provisions follow:

- Employees are eligible after completing one year of service and becoming 21 years of age.
- The Authority's annual contribution is 8 percent of base salary. The 1998 contribution was \$28,470.
- Participants may contribute from 0 percent to 10 percent of their earnings per year. Such contributions are 100 percent vested at the time of contribution.
- Full vesting of the Authority's contribution occurs after 6 years of participation. Participants vest at the rate of 20 percent per year beginning in the second year of participation.
- Forfeitures are returned to the Authority within one year of a participant's service break.

I. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund elimination has not been made in the aggregation of this data.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Restricted Cash

Restricted cash represents amounts to be set aside annually in the sinking fund as required by the Certificates of Indebtedness, for repayment of the bond principal and interest.

M. Receivables and Payables

Advances between funds are offset by a fund balance reserve account to indicate they are not available for appropriation and are not expendable available financial resources.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the Authority has cash and interest-bearing deposits (book balances) totaling \$2,452,098 as follows:

Demand deposits	\$ 651,837
Certificates of deposit	<u>1,800,261</u>
Total	<u>\$2,452,098</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1998, are as follows:

Bank balances	<u>\$2,474,989</u>
---------------	--------------------

At December 31, 1998, the deposits are secured as follows:

Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	<u>2,885,510</u>

Total federal deposit insurance and pledged securities	<u>\$3,085,510</u>
--	--------------------

Pledged securities in Category 3 are comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the Authority's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in June and are actually billed to the taxpayers by the Assessor in October. Billed taxes are due by December 31, becoming delinquent on January 1, of the following year.

Ad valorem taxes are budgeted and recorded in the year levied and billed. The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. The taxes are remitted net of deductions for Assessor's compensation and pension fund contributions.

For the year ended December 31, 1998, taxes were levied at the rate of 2.0 mills for general corporate purposes on property with assessed valuations totaling \$783,185,323.

The allowance for uncollectible receivables at December 31, 1998, is \$111,847.

Net revenues from ad valorem taxes represent 75% of total revenues, excluding other financing sources, at December 31, 1998.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 4 FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 1/1/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/98</u>
Land	\$ 145,706	\$ -	\$ -	\$ 145,706
Equipment	<u>253,169</u>	<u>11,733</u>	<u>-</u>	<u>264,902</u>
	<u>\$ 398,875</u>	<u>\$ 11,733</u>	<u>\$ -</u>	<u>\$ 410,608</u>

NOTE 5 CAPITAL LEASES

During 1997, the Authority entered into a lease agreement as lessee for financing the acquisition of computer equipment with a down payment of \$591. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. Total equipment under capital lease at December 31, 1997 was \$8,641. The lease expired in April 1998 and all obligations were fulfilled.

NOTE 6 LONG-TERM DEBT

On April 17, 1997, the State Bond Commission approved the Lafayette Economic Development Authority to incur debt and borrow the amount of \$1,330,000 and to issue Certificates of Indebtedness for the purpose of paying a portion of the cost of acquiring sites for industrial parks, and acquiring, constructing and providing improvements necessary therefore, and to pay the costs incurred in connection with the issuance of the Certificates. The Certificates are dated May 1, 1997 and bear interest at a rate of 7.25 percent per annum, payable on May 1 and November 1 of each year, commencing November 1, 1997, and maturing on May 1 in each of the years 1998 through 2012.

Annual debt service requirements to maturity for the Certificates of Indebtedness, including interest of \$752,913, are as follows:

<u>December 31,</u>	
1999	\$ 145,806
2000	146,638
2001	147,106
2002	147,213
2003	146,956
Thereafter	<u>1,299,193</u>
Total	<u>\$ 2,032,912</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT (CONTINUED)

A summary of change in general long-term debt follows:

	<u>Balance 1/1/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/98</u>
Obligation under long-term bonds	<u>1,330,000</u>	<u>-</u>	<u>50,000</u>	<u>1,280,000</u>
Total	<u>\$ 1,330,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 1,280,000</u>

The Authority issues industrial development revenue bonds for the purpose of financing the acquisition of certain industrial facilities which it leases or sells to qualifying industrial businesses. Such facilities and the revenue derived from their sale or lease are pledged to service the bonds. These bonds do not constitute an indebtedness or pledge of the general credit of the Authority and therefore, are not included in the financial statements. A detailed summary of all industrial development revenue bonds outstanding at December 31, 1998, is shown on page 35.

NOTE 7 LITIGATION

There was no litigation pending against the Authority as of December 31, 1998.

NOTE 8 OFFICE BUILDING LEASE

The Authority entered into a lease for the period of thirty-nine months for office space on Pinhook Road commencing January 1, 1993. The operating lease provides for a three- year renewal option, which has been exercised by the Authority. Effective April 1, 1997, the lease was renewed for a twenty-four month term expiring March 30, 1999. The lease was amended to extend the agreement an additional six months beginning April 1, 1999 and expiring September 30, 1999.

Minimum future rental payments under the non-cancelable operating lease are as follows:

<u>December 31,</u> 1999	<u>\$ 48,462</u>
Total	<u>\$ 48,462</u>

Rent expense paid for the year ended December 31, 1998, totaled \$53,208.

NOTE 9 DESIGNATED FUND BALANCE

During 1992, the Board of Commissioners approved the designation of \$15,000 per year to provide for the long-term maintenance of the infrastructure of the two industrial parks owned by the Authority.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements

NOTE 10 INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 26,028	\$ -
Capital Projects Fund	<u>-</u>	<u>26,028</u>
	<u>\$ 26,028</u>	<u>\$ 26,028</u>

NOTE 11 OPERATING TRANSFERS IN, OUT

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 257,168
Capital Projects Fund	<u>257,168</u>	<u>-</u>
	<u>\$ 257,168</u>	<u>\$ 257,168</u>

NOTE 12 OPERATING LEASE

On January 1, 1999 the Authority entered into an agreement under a noncancelable operating lease. The 30 year lease provides for two renewal options at the end of the lease, each for a ten year period. The agreement calls for an irrevocable transfer of property owned by the Authority, as well as annual payments of \$22,000 per year during the primary term of the lease. Future minimum lease payments for the lease are as follows:

<u>December 31,</u>	
1999	\$ 22,000
2000	22,000
2001	22,000
2002	22,000
2003	22,000
Thereafter	<u>550,000</u>
	<u>\$ 660,000</u>

NOTE 13 COMMITMENTS

In 1999, the Authority approved the construction of a new office facility. The Authority has estimated the cost of the new facility to be \$983,000.

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS**

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## GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY  
General Fund

Comparative Balance Sheets  
December 31, 1998 and 1997

	1998	1997
<b>ASSETS</b>		
Cash	\$ 37,525	\$ 43,424
Restricted Cash	147,800	25,176
Investments, at cost	1,800,261	1,557,561
Ad valorem taxes receivable (net of allowance for uncollectible taxes)	917,283	906,872
Advance from Capital Projects Fund	26,028	22,098
Due from other governmental units	68,761	87,515
Inventory of land held for resale	4,146,731	4,553,391
Other	1,566	-
Total assets	<u>\$ 7,145,955</u>	<u>\$ 7,196,037</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 59,091	\$ 63,473
Other accrued liabilities	166,117	160,714
Total liabilities	225,208	224,187
Fund balance:		
Reserved for inventory of land held for resale	4,146,731	4,553,391
Reserved for advances	26,028	-
Reserved for prepaid expenditures	1,566	-
Unreserved -		
Undesignated	2,641,422	2,328,459
Designated	105,000	90,000
	6,920,747	6,971,850
Total liabilities and fund balance	<u>\$ 7,145,955</u>	<u>\$ 7,196,037</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY  
General Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
Year Ended December 31, 1998  
With Comparative Actual Amounts for the Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 950,000	\$ 1,062,111	\$ 112,111	\$ 969,173
Intergovernmental	100,000	102,941	2,941	103,142
Sale of land	309,067	309,067	-	-
Miscellaneous	<u>84,000</u>	<u>195,750</u>	<u>111,750</u>	<u>195,026</u>
Total revenues	<u>1,443,067</u>	<u>1,669,869</u>	<u>226,802</u>	<u>1,267,341</u>
Expenditures:				
Current -				
General government	1,201,500	898,605	302,895	848,160
Capital outlay	15,000	13,925	1,075	26,707
Cost of land sold	406,661	406,661	-	-
Debt service	<u>146,125</u>	<u>144,613</u>	<u>1,512</u>	<u>55,395</u>
Total expenditures	<u>1,769,286</u>	<u>1,463,804</u>	<u>305,482</u>	<u>930,262</u>
Excess (deficiency) of revenues over expenditures	(326,219)	206,065	532,284	337,079
Other financing sources (uses):				
Operating transfers in (out)	<u>(100,000)</u>	<u>(257,168)</u>	<u>(157,168)</u>	<u>663,808</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(426,219)	(51,103)	375,116	1,000,887
Fund balance, beginning	<u>6,971,850</u>	<u>6,971,850</u>	-	<u>5,970,963</u>
Fund balance, ending	<u>\$ 6,545,631</u>	<u>\$ 6,920,747</u>	<u>\$ 375,116</u>	<u>\$ 6,971,850</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY  
General Fund

Statements of Revenues - Budget (GAAP Basis) and Actual  
Year Ended December 31, 1998  
With Comparative Actual Amounts for the Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 950,000	\$ 1,062,111	\$ 112,111	\$ 969,173
Intergovernmental:				
State of Louisiana - State revenue sharing	100,000	102,941	2,941	103,142
Sale of land	309,067	309,067	-	-
Miscellaneous:				
Interest	40,000	116,586	76,586	111,409
Other sources	<u>44,000</u>	<u>79,164</u>	<u>35,164</u>	<u>83,617</u>
Total revenues	<u>\$ 1,443,067</u>	<u>\$ 1,669,869</u>	<u>\$ 226,802</u>	<u>\$ 1,267,341</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY  
General Fund

Statements of Expenditures - Budget (GAAP Basis) and Actual  
Year Ended December 31, 1998  
With Comparative Actual Amounts for the Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
<b>General government:</b>				
Current -				
Salaries and related benefits	\$ 410,000	\$ 401,511	\$ 8,489	\$ 328,835
Existing business retention	35,000	28,613	6,387	30,514
Professional development	17,000	12,710	4,290	15,694
Recruiting and headquarter visits	35,000	29,986	5,014	28,157
Advertising and marketing	35,000	35,070	(70)	38,910
Office operations	120,000	117,761	2,239	99,217
Industrial property maintenance	40,000	13,513	26,487	14,284
Information services	22,000	21,259	741	33,355
Trade development	25,000	20,897	4,103	15,692
Small business development	25,000	8,871	16,129	4,762
Workforce Connections Program	65,000	49,044	15,956	63,168
Legal notices and audit	10,000	7,365	2,635	6,818
General insurance	7,500	7,138	362	8,923
Louisiana Public Retirement deductions	40,000	38,072	1,928	35,536
Professional fees	30,000	22,993	7,007	22,015
Governmental affairs liaison	20,000	19,600	400	10,000
Contingencies	20,000	14,027	5,973	-
Special projects	245,000	50,175	194,825	92,280
Capital outlay:				
Equipment and furniture	15,000	13,925	1,075	26,707
Debt service:				
Principal	50,000	50,000	-	7,077
Interest	96,125	94,613	1,512	48,318
Cost of land sold	<u>406,661</u>	<u>406,661</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,769,286</u>	<u>\$ 1,463,804</u>	<u>\$ 305,482</u>	<u>\$ 930,262</u>

## CAPITAL PROJECTS FUND

To account for the construction, improvement and acquisition of industrial parks and buildings other than those projects financed by industrial development revenue bonds issued by the Authority.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY  
Capital Projects Fund

Combining Balance Sheet  
December 31, 1998

	<u>Park Acquisition</u>	<u>Building</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 209,047	\$ 257,465	\$ 466,512
Receivables	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total assets	<u>\$ 211,047</u>	<u>\$ 257,465</u>	<u>\$ 468,512</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts payable	\$ 102,255	\$ 47,700	\$ 149,955
Advance to General Fund	<u>26,028</u>	<u>-</u>	<u>26,028</u>
Total liabilities	128,283	47,700	175,983
Fund balance -			
Unreserved, undesignated	<u>82,764</u>	<u>209,765</u>	<u>292,529</u>
Total liabilities and fund balance	<u>\$ 211,047</u>	<u>\$ 257,465</u>	<u>\$ 468,512</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**  
**Capital Projects Fund**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended December 31, 1998**

	<u>Park Acquisition</u>	<u>Building</u>	<u>Total</u>
<b>Revenues:</b>			
Interest	\$ 19,733	\$ 297	\$ 20,030
<b>Expenditures:</b>			
Professional fees	61,996	47,700	109,696
Construction costs	416,206	-	416,206
Industrial property maintenance	16,963	-	16,963
Insurance	3,930	-	3,930
Administrative costs	-	-	-
Total expenditures	<u>499,095</u>	<u>47,700</u>	<u>546,795</u>
 Deficiency of revenues over expenditures	 <u>(479,362)</u>	 <u>(47,403)</u>	 <u>(526,765)</u>
 <b>Other financing sources</b>			
Operating transfers in	-	257,168	257,168
Total other financing sources	<u>-</u>	<u>257,168</u>	<u>257,168</u>
 Excess (deficiency) of revenues and other financing sources over expenditures	 <u>(479,362)</u>	 209,765	 <u>(269,597)</u>
 Fund balance, beginning	 <u>562,126</u>	 <u>-</u>	 <u>562,126</u>
 Fund balance, ending	 <u>\$ 82,764</u>	 <u>\$ 209,765</u>	 <u>\$ 292,529</u>

## AGENCY FUND

To account for assets held by banks in a trustee capacity for the Authority. These funds are used to account for leases and related receipts from lessees as well as bond, interest and related payments made to the holders of industrial development revenue bonds issued by the Authority.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**  
Agency Fund

Combining Balance Sheet  
December 31, 1998

	Metal Improvement Company	H & S Construction Company	Advanced Polymer Systems
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 1,887
Investments	-	-	1,934,815
 Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,702</u>
<b>LIABILITIES</b>			
Amounts due to bondholders and lessees	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,702</u>

Combining Statement of Changes in Assets and Liabilities  
Year Ended December 31, 1998

	Metal Improvement Company	H & S Construction Company	Advanced Polymer Systems
<b>ASSETS</b>			
Cash, January 1	\$ -	\$ -	\$ 1,758
Investments, January 1	-	39,791	2,103,944
	-	39,791	2,105,702
<b>Additions:</b>			
Lease payments received	-	-	-
Interest earned	88,274	-	30,000
Other receipts	-	-	-
	<u>88,274</u>	<u>-</u>	<u>30,000</u>
<b>Deductions:</b>			
Bonds paid and redeemed	-	-	-
Bond interest paid	88,274	-	199,000
Other payments	-	39,791	-
	<u>88,274</u>	<u>39,791</u>	<u>199,000</u>
Cash, December 31	-	-	1,887
Investments, December 31	-	-	1,934,815
 Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,702</u>
<b>LIABILITIES</b>			
Amounts due to bondholders and lessees, January 1	\$ -	\$ 39,791	\$ 2,105,702
Additions	88,274	-	30,000
Deductions	(88,274)	(39,791)	(199,000)
Amounts due to bondholders and lessees, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,702</u>

Holt Company of Louisiana	Totals
\$ -	\$ 1,887
<u>-</u>	<u>1,934,815</u>
<u>\$ -</u>	<u>\$ 1,936,702</u>
<u>\$ -</u>	<u>\$ 1,936,702</u>
\$ 14,829	\$ 16,587
<u>-</u>	<u>2,143,735</u>
<u>14,829</u>	<u>2,160,322</u>
241,010	241,010
<u>-</u>	<u>118,274</u>
<u>-</u>	<u>-</u>
<u>241,010</u>	<u>359,284</u>
105,000	105,000
150,839	438,113
<u>-</u>	<u>39,791</u>
<u>255,839</u>	<u>582,904</u>
<u>-</u>	<u>1,887</u>
<u>-</u>	<u>1,934,815</u>
<u>\$ -</u>	<u>\$ 1,936,702</u>
\$ 14,829	\$ 2,160,322
241,010	359,284
<u>(255,839)</u>	<u>(582,904)</u>
<u>\$ -</u>	<u>\$ 1,936,702</u>

**GENERAL FIXED ASSETS ACCOUNT GROUP**

To account for fixed assets of the Authority.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Comparative Statements of General Fixed Assets  
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$ 145,706	\$ 145,706
Equipment	<u>264,902</u>	<u>253,169</u>
Total general fixed assets	<u>\$ 410,608</u>	<u>\$ 398,875</u>
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	\$ 350,370	\$ 338,637
Industrial Development Board	<u>60,238</u>	<u>60,238</u>
Total investment in general fixed assets	<u>\$ 410,608</u>	<u>\$ 398,875</u>

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Statement of Changes in General Fixed Assets  
Year Ended December 31, 1998

	<u>Land</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning	\$ 145,706	\$ 253,169	\$ 398,875
Additions	-	11,733	11,733
Deletions	-	-	-
General fixed assets, ending	<u>\$ 145,706</u>	<u>\$ 264,902</u>	<u>\$ 410,608</u>

INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER GRANT INFORMATION

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# Darnall, Sikes Frederick

(A Corporation of Certified Public Accountants)

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Carla R. Fontenot, CPA  
Raegan D. Stelly, CPA  
Jason H. Watson, CPA

## Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

### Other Locations:

125 Rue Beauregard  
Lafayette, LA 70508  
318.232.3312

1231 E. Laurel Avenue  
Lunice, LA 70535  
318.457.4146

1201 Brashear Avenue  
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404 Pere Megret  
Abbeville, LA 70510  
318.893.5470

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Chairman of the Board, Linda McAulay  
and Members of the Board of Commissioners  
Lafayette Economic Development Authority  
Parish of Lafayette, Louisiana

We have audited the general purpose financial statements of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, a component unit of the Lafayette Consolidated Government, as of and for the year ended December 31, 1998, and have issued our report thereon dated April 29, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's general purpose 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

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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 general purpose 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 of the board of commissioners and management, and is not intended to be and should not be used by anyone other than those specific parties.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 29, 1999

**OTHER SUPPLEMENTARY INFORMATION**

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LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Industrial Development Revenue Bonds  
Issued and Outstanding  
December 31, 1998

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding December 31, 1998</u>
Metal Improvement Company, Inc.	05/01/81	\$ 1,300,000	\$ 1,300,000
Advanced Polymer System, Inc.	12/01/85	3,000,000	1,990,000
Holt Company of Louisiana	09/01/90	<u>4,500,000</u>	<u>3,865,000</u>
		<u>\$ 8,800,000</u>	<u>\$ 7,155,000</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Compensation Paid to Members of the Board of Commissioners**

**The commissioners of the Authority receive no compensation and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation.**

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Summary of Corrective Action Taken on Prior Year Findings

There were no prior year findings.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

Schedule of Finding and Questioned Costs  
Year Ended December 31, 1998

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

A qualified opinion has been issued on the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana's financial statements as of and for the year ended December 31, 1998. The qualification results from the omission of disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues".

Reportable Conditions – Financial Reporting

There were no reportable conditions.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance.

FEDERAL AWARDS

This section is not applicable.

PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

There were no findings.

PART 3 FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL PROGRAMS

This section is not applicable.