

**LAFAYETTE ECONOMIC  
DEVELOPMENT AUTHORITY  
LAFAYETTE, LOUISIANA**

**Financial Report**

**Year Ended December 31, 2017**

# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY



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### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of employer's share of net pension liability and employer contributions on pages 4 through 9 and 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC  
Certified Public Accountants

June 15, 2018  
Lafayette, Louisiana

# Management's Discussion and Analysis

As management of the Lafayette Economic Development Authority, we offer readers of the Lafayette Economic Development Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2017.

## Financial Highlights

- The assets and deferred outflows of resources of the Lafayette Economic Development Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended December 31, 2017 by \$16,954,447 (*net position*). Of this amount, \$14,075,497 (*unrestricted*) may be used to meet the Authority's ongoing obligations to creditors.
- The Authority's total net position increased by \$319,733. This increase is substantially attributed to Land Sales of \$1,475,000 in the Parks, Business and Community Development Fund.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$15,471,596, an increase of \$595,569 in comparison with the prior year. This increase is substantially attributed to an increase in Land Sales of \$1,475,000.
- At the end of the current fiscal year, *unassigned fund balance* for the general fund was \$6,836,570. This amount is available for future general government expenditures.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lafayette Economic Development Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** *The Government-wide Financial Statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's *net position* changed during the most recent fiscal year. All changes in *net position* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the *Government-wide Financial Statements* distinguish functions of the Lafayette Economic Development Authority that are principally supported by taxes and intergovernmental revenues

(*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through charges (*business-type activities*). The *governmental activities* of the Authority include general government expenses incurred in the Authority's mission of facilitating economic growth in Lafayette parish and the sale of land in the four industrial parks owned by the Authority. The Authority had no *business-type activities* to report.

The *Government-wide Financial Statements* can be found on pages 12 and 13 of this report. The *Governmental Fund Financial Statements* can be found on pages 15, 16, 17 and 18 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Economic Development Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: *governmental funds* and *fiduciary funds*.

*Governmental funds.* *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, *Governmental Fund Financial Statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the *Government-wide Financial Statements*, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the *Government-wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains four individual *governmental funds*. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund, the capital projects (Parks, Business or Community Development) fund, the capital projects (Building Maintenance) fund, and the special revenue (Entrepreneurship, Technology and Innovation) fund. The general fund is considered by the Authority to be its major fund.

The Lafayette Economic Development Authority adopts an annual budget for both its general fund and special revenue fund. A budgetary comparative statement has been provided for the general fund and the special revenue fund to demonstrate compliance with this budget.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the *Government-wide Financial Statement* because the resources of those funds are not available to support the Authority's own programs.

The basic *Fiduciary Fund Financial Statements* can be found on pages 19 and 20 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide* and *Fund Financial Statements*. The notes to the financial statements can be found on pages 21 through 41 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Economic Development Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,954,447 at the close of the most recent fiscal year.

In 2017, the largest portion of the Authority's net position (63 percent) was its Cash held in the bank.

### Lafayette Economic Development Authority Net Position

	Government Activities	
	2016	2017
Current and other assets	\$13,455,268	14,496,917
Noncurrent assets	3,399,460	2,878,950
Total assets	16,854,728	17,375,867
Deferred outflows of resources as restated	835,995	622,477
Current liabilities	333,774	418,793
Noncurrent liabilities as restated	628,786	540,879
Total liabilities as restated	962,560	959,672
Deferred inflow of resources	93,449	84,225
Net assets:		
Invested in capital assets	1,532,732	1,381,473
Restricted for inventory of land for resale	1,866,728	1,497,477
Unrestricted as restated	13,235,254	14,075,497
Total net position as restated	\$16,634,714	\$16,954,447

At the end of the current fiscal year, the Authority is able to report a positive balance in net position. The same is true for the prior fiscal year.

**Governmental Activities.** Governmental activities increased the Authority's net position by \$319,733. Key elements of this increase are as follows:

Lafayette Economic Development Authority  
Changes in Net Position

	<u>Government Activities</u>	
	<u>2016</u>	<u>2017</u>
Revenues:		
Program Revenues:		
General Government	\$10,853	\$14,758
Land Sales	0	1,475,000
General Revenues:		
Ad valorem taxes	3,741,481	3,749,400
Revenue sharing	104,381	110,103
Unrestricted investment earnings	72,950	139,000
Gain (loss) on sale of fixed assets	(24)	(16,272)
Miscellaneous	62,835	39,029
Non-employer pension contributions	15,956	17,030
Total revenues	4,008,432	5,528,048
Expenses:		
General Government	4,174,439	4,700,502
Cost of land sold & asset disposals	0	507,813
Total expenses	4,174,439	5,208,315
Increase (decrease) in net position	(166,007)	319,733
Net assets – beginning as restated	16,800,721	16,634,714
Net assets – ending	\$16,634,714	16,954,447

- Land Sales increased by \$1,475,000 and Cost of Land Sold and Asset Disposals increased by \$507,813 as a result of land sold in the Parks, Business and Community Development Fund.

**Financial Analysis of Government's Funds**

As noted earlier, the Lafayette Economic Development Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds.* The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements.

As of the end of the current fiscal year, the Lafayette Economic Development Authority's *Governmental Funds* reported combined ending fund balances of \$15,471,596 which is an increase of \$595,569 in comparison with the prior year.

Approximately forty-four percent of the amount, \$6,836,570, constitutes unassigned fund balance, which have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The remainder of fund balance is 1) non-spendable funds because they are either not spendable in form or legally or contractually required to be maintained intact; 2) restricted funds that are restricted by external sources or by constitutional provisions or enabling legislation; and 3) committed funds that can only be used for specific purposes.

The fund balance of the Lafayette Economic Development Authority's general fund increased by \$448,430 during the current fiscal year which is \$248,739 more than the increase in 2016. Key factors for the change are as follows:

- Ad valorem taxes as computed under GASB 65 were approximately the same as the prior year per the taxable property valuation in 2017 by the Lafayette Parish Assessor. (Changed by \$51,029).
- General government expenditures increased by \$383,814.
- Capital outlay decreased by \$45,959.
- Transfers out decreased by \$500,000.

### **General Fund Budgetary Highlights**

- The General Fund Budget was not amended during 2017.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Lafayette Economic Development Authority's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$1,381,473 (net of accumulated depreciation). This investment in capital assets includes a building, furniture, fixtures located in the building, and manufacturing equipment. The total decrease in the Authority's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$151,259.

Major capital asset events during the current fiscal year included the following:

- Acquisitions of Furniture, Fixtures and Equipment were \$41,344 during 2017.
- Depreciation expense for 2017 was \$176,331.

Additional information on the Lafayette Economic Development Authority's capital assets can be found in Note 4 on page 28 of this report.

### **Liabilities**

The Authority's total liabilities decreased by \$2,888 during the current fiscal year. The key factors in this decrease were a decrease in Net Pension Liabilities of \$102,442 and an increase in Current Liabilities of \$85,019, as well as the changes in noncurrent liabilities.

Additional information on the Authority's long-term debt can be found in Note 5 on page 29 of this report.

### **Economic Factors and Next Year's Budget**

- The unemployment rate for the Lafayette Parish in October 2017 was 4.3 percent, which is a decrease from a rate of 6.0 percent a year ago. This compares to the state's average unemployment rate for the month of October 2017 of 4.7 percent. The national average rate for October 2017 was 4.1 percent.

These factors were considered in preparing the Lafayette Economic Development Authority's budget for the 2018 fiscal year.

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These factors were considered in preparing the Lafayette Economic Development Authority's budget for the 2018 fiscal year.

## **FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

**ASSETS**

Current assets:

Cash	\$ 10,727,150
Other receivables	2,613
Prepaid expenses	75,312
Receivables - taxes (net of allowance for uncollectibles)	<u>3,691,842</u>
Total current assets	<u>14,496,917</u>

Noncurrent assets:

Inventory of land held for resale	1,497,477
Capital assets, net of accumulated depreciation	<u>1,381,473</u>
Total noncurrent assets	<u>2,878,950</u>
Total assets	<u>\$ 17,375,867</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension Related	<u>\$ 622,477</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 156,316
Other accrued liabilities	<u>262,477</u>
Total current liabilities	<u>418,793</u>

Noncurrent liabilities:

Compensated absences	66,081
Net pension liability	<u>474,798</u>
Total noncurrent liabilities	<u>540,879</u>
Total liabilities	<u>\$ 959,672</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension Related	<u>\$ 84,225</u>
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**NET POSITION**

Net investment in capital assets	\$ 1,381,473
Restricted	
Inventory of land for resale	1,497,477
Unrestricted	<u>14,075,497</u>
Total net position	<u>\$ 16,954,447</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Government Activities:</b>					
General government	\$ 4,700,502	\$ -	\$ 14,758	\$ -	\$ (4,685,744)
Cost of land sold and asset disposals	507,813	1,475,000	-	-	967,187
Total governmental activities	<u>\$ 5,208,315</u>	<u>\$ 1,475,000</u>	<u>\$ 14,758</u>	<u>\$ -</u>	<u>(3,718,557)</u>
General revenues:					
Ad valorem taxes					3,749,400
State revenue sharing					110,103
Unrestricted investment earnings					139,000
Loss on sale of fixed assets					(16,272)
Miscellaneous					39,029
Non-employer pension contribution					17,030
Total general revenues					<u>4,038,290</u>
Change in net position					319,733
Net position-beginning					<u>16,634,714</u>
Net position-ending					<u>\$ 16,954,447</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

**FUND FINANCIAL STATEMENTS**

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<u>General</u>	<u>Capital Projects (Parks, Business and Community Development)</u>	<u>Capital Projects (Building Maintenance)</u>	<u>Special Revenue (Entrepreneurship, Technology and Innovation Fund)</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 3,596,852	\$ 6,513,386	\$ 137,090	\$ 479,822	\$ 10,727,150
Other receivables	2,613	-	-	-	2,613
Prepaid expenses	53,043	22,036	-	233	75,312
Receivables - taxes (net of allowance for uncollectibles)	3,691,842	-	-	-	3,691,842
Inventory of land held for resale	-	1,497,477	-	-	1,497,477
Total assets	<u>\$ 7,344,350</u>	<u>\$ 8,032,899</u>	<u>\$ 137,090</u>	<u>\$ 480,055</u>	<u>\$ 15,994,394</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 88,255	\$ 68,061	\$ -	\$ -	\$ 156,316
Other accrued liabilities	262,477	-	-	-	262,477
Total liabilities	<u>350,732</u>	<u>68,061</u>	<u>-</u>	<u>-</u>	<u>418,793</u>
<b>Deferred inflows of Resources:</b>					
Ad Valorem Taxes	104,005	-	-	-	104,005
<b>Fund balances:</b>					
Nonspendable	53,043	1,519,513	-	233	1,572,789
Restricted	-	-	-	479,822	479,822
Committed	-	6,445,325	137,090	-	6,582,415
Unassigned	6,836,570	-	-	-	6,836,570
Total fund balances	<u>6,889,613</u>	<u>7,964,838</u>	<u>137,090</u>	<u>480,055</u>	<u>15,471,596</u>
Total liabilities, deferred inflows of Resources and Fund Balances	<u>\$ 7,344,350</u>	<u>\$ 8,032,899</u>	<u>\$ 137,090</u>	<u>\$ 480,055</u>	<u>\$ 15,994,394</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Total fund balance for the governmental funds as of December 31, 2017	\$ 15,471,596
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
The deferred outflows of contributions for the retirement system are not available resources, and therefore, are not reported in the funds.	622,477
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,381,473
The deferred inflows of contributions for the retirement system are not payable from current expendable resources, and therefore, are not reported in the funds.	(84,225)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(540,879)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.	<u>104,005</u>
<i>Total Net Position of Governmental Activities at December 31, 2017</i>	<u>\$ 16,954,447</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	General	Capital Projects (Parks, Business and Community Development)	Capital Projects (Building Maintenance)	Special Revenue (Entrepreneurship, Technology and Innovation Fund)	Total Governmental Funds
<b>Revenues:</b>					
Taxes - ad valorem	\$ 3,757,590	\$ -	\$ -	\$ -	\$ 3,757,590
Intergovernmental	124,861	-	-	-	124,861
Sale of land	-	1,475,000	-	-	1,475,000
Miscellaneous	<u>101,228</u>	<u>69,965</u>	<u>1,276</u>	<u>5,560</u>	<u>178,029</u>
<b>Total revenues</b>	<u>3,983,679</u>	<u>1,544,965</u>	<u>1,276</u>	<u>5,560</u>	<u>5,535,480</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	3,303,905	1,083,620	306	2,923	4,390,754
Capital outlay	41,344	-	-	-	41,344
Cost of land sold	<u>-</u>	<u>507,813</u>	<u>-</u>	<u>-</u>	<u>507,813</u>
<b>Total expenditures</b>	<u>3,345,249</u>	<u>1,591,433</u>	<u>306</u>	<u>2,923</u>	<u>4,939,911</u>
<b>Excess (deficiency) of         revenues over expenditures</b>	<u>638,430</u>	<u>(46,468)</u>	<u>970</u>	<u>2,637</u>	<u>595,569</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	160,000	30,000	-	190,000
Transfers out	<u>(190,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,000)</u>
<b>Total other financing         sources (uses)</b>	<u>(190,000)</u>	<u>160,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues         and other sources over         expenditures and other uses</b>	448,430	113,532	30,970	2,637	595,569
Fund balances, beginning	<u>6,441,183</u>	<u>7,851,306</u>	<u>106,120</u>	<u>477,418</u>	<u>14,876,027</u>
Fund balances, ending	<u>\$ 6,889,613</u>	<u>\$ 7,964,838</u>	<u>\$ 137,090</u>	<u>\$ 480,055</u>	<u>\$ 15,471,596</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances-total governmental funds	\$	595,569
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period as follows:		
Depreciation Expense		(176,331)
Capital Outlay Expense		41,344
 In the Statement of Activities, only the gain (loss) on sale or transfer of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the difference.		
		(16,272)
 Revenues in the Statement of Activities that do not provide available current financial resources are not reported as revenues in the governmental funds.		
		(8,190)
 Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(14,535)
 Non-employer contributions to cost-sharing pension plan.		
		17,030
 Pension expense not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure.		
		<u>(118,882)</u>
 <i>Changes in net position of governmental activities</i>		 <u>\$ 319,733</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2017

ASSETS

Cash	\$	-
Investments		-
Total assets	\$	<u>-</u>

LIABILITIES

Amounts due to bondholders and lessees	\$	<u>-</u>
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NET POSITION

Held in trust for payments to bondholders and lessees	\$	<u>-</u>
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The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017

ADDITIONS

Contributions:

Lease payments received	\$ 818,000
Total contributions	<u>818,000</u>

Investment earnings:

Interest	<u>24</u>
Total investment earnings	<u>24</u>

Total additions	<u>818,024</u>
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DEDUCTIONS

Bonds paid and redeemed	800,000
Bond interest paid	18,000
Other deductions	<u>30</u>

Total deductions	<u>818,030</u>
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Change in net position	(6)
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Net position - beginning	<u>6</u>
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Net position - ending	<u>\$ -</u>
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The Accompanying Notes are an Integral Part of the Basic Financial Statements.

# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

## Notes to Financial Statements December 31, 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Economic Development Authority (Authority/LEDA) 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 improvements 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.

**Financial Reporting Entity** - FASB ASC Section 2100 – Defining the Financial 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, 2017, there were no entities that met the criteria to be considered a component unit of the Authority.

The following is a summary of certain significant accounting policies:

**Government-Wide and Fund Financial Statements** - The statement of net position and statement of activities display information about the reporting entity of the government as a whole. The government-wide financial statements report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include proceeds received from the sale of land inventory. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

## Notes to Financial Statements December 31, 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Government-Wide and Fund Financial Statements – continued** - The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** - Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” the transactions are recorded, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are awarded.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. For this purpose, the government considers revenues to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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.

The government reports the following major governmental funds:

The *general fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for a specific purpose.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued**

The *capital projects fund* accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Additionally, the government reports the following fund types:

*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.

Amounts reported as program revenues include proceeds from the sale of land inventory. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated assets are immaterial.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvements	10
Office equipment	5-7
Computer equipment	3-5

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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 expendable resources," even though it is a component of net position.

**Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The ad valorem tax receivable is shown net of an allowance for uncollectible taxes of \$108,936 as of December 31, 2017 which is equal to approximately 2.85% of levied ad valorem taxes at December 31, 2017.

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

**Deferred Outflows of Resources and Deferred Inflows of Resources** – In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Vacation, Sick Leave, and Pension Plan** - Vacation varies with longevity as follows:

<u>Serving Time</u>	<u>Vacation</u>
After six months up to two years	Five (5) days
From two years to seven years	Ten (10) days
From seven years to fifteen years	Fifteen (15) days
After fifteen years	Twenty-five (25) days

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. Vacation pay is accrued when incurred in the government-wide financial statements.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Vacation, Sick Leave, and Pension Plan – continued** - 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 \$12,100, which is included in the balance of \$66,081. This amount is attributable to one employee who is grandfathered under an old sick leave policy.

For the years beginning January 1, 2004, LEDA employees are eligible participants of the Parochial Employees' Retirement System; a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. This retirement system provides retirement, disability, and death benefits to plan members and their beneficiaries.

**Post-Employment Benefits** - LEDA does not offer any of these types of benefits to employees.

**Equity Classifications** - In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets– Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. In the fund financial statements, the governmental fund reports the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2017, by LEDA are nonspendable in form. LEDA has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.

# LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

## Notes to Financial Statements December 31, 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### **Equity Classifications – continued**

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directives of the Commission who has the highest level of decision making authority. Commitments may be modified or rescinded only through actions of the Commission.

**Assigned** – includes amounts that LEDA intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Commission may assign amounts to this classification.

**Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. LEDA reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, LEDA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, LEDA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless LEDA has provided otherwise in its commitment or assignment actions.

**Budgets and Budgetary Accounting** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds. The budget is formally adopted by the Authority, prior to the beginning of the fiscal year. Notices of its completion and availability are published. After its adoption, any adjustments to the budget must follow the same process. All annual appropriations lapse at year-end.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Prepaid Expenses** - Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid expenses.

**Transfers** - Permanent reallocation of resources between funds of the Authority are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**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, 2017, the Authority has cash and interest-bearing deposits (book balances) totaling \$10,727,150.

*Custodial Credit Risk Relating to Deposits* - Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits might not be recovered. The Authority does not have a policy for custodial credit risk, however, 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 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, 2017 are as follows:

	<u>2017</u>
Bank Balances	<u>\$ 10,934,229</u>

At December 31, 2017 the deposits are secured as follows:

	<u>2017</u>
Federal Deposit Insurance	\$ 250,000
Pledged Securities (Category 3)	<u>10,754,313</u>
Total	<u>\$ 11,004,313</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.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**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 years ended December 31, 2017, taxes were levied at the rate of 1.82 mills for general corporate purposes on property with assessed valuations totaling \$2,665,288,645 less homestead exemptions of \$388,335,004.

The allowance for uncollectible receivables at December 31, 2017 is \$108,936.

Net revenues from ad valorem taxes represent 94% of total general fund revenues, excluding other financing sources, at December 31, 2017.

**NOTE 4 CAPITAL ASSETS**

A summary of general fixed assets follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets, being depreciated:				
Buildings	\$ 2,014,280	\$ 12,424	\$ (27,408)	\$ 1,999,296
Equipment and Furniture	1,241,237	28,920	(67,203)	1,202,954
Manufacturing Equipment	85,093	-	(1,570)	83,523
Total capital assets	<u>3,340,610</u>	<u>41,344</u>	<u>(96,181)</u>	<u>3,285,773</u>
Less: Accumulated depreciation for:				
Buildings	721,881	82,200	(11,746)	792,335
Equipment and Furniture	1,000,904	94,131	(66,593)	1,028,442
Manufacturing Equipment	85,093	-	(1,570)	83,523
Total accumulated depreciation	<u>1,807,878</u>	<u>176,331</u>	<u>(79,909)</u>	<u>1,904,300</u>
Total capital assets, being depreciated, net	<u>\$ 1,532,732</u>	<u>\$ (134,987)</u>	<u>\$ (16,272)</u>	<u>\$ 1,381,473</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 5 LONG-TERM DEBT**

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

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Compensated Absences	\$ 51,546	\$ 103,145	\$ 88,610	\$ 66,081
Net Pension Liability	<u>577,240</u>	<u>-</u>	<u>102,442</u>	<u>474,798</u>
Total	<u>\$ 628,786</u>	<u>\$ 103,145</u>	<u>\$ 191,052</u>	<u>\$ 540,879</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, 2017 is shown on page 55. As of December 31, 2017, all bonds have been paid off.

**NOTE 6 OPERATING TRANSFERS IN/OUT**

	Transfers In	Transfers Out
General Fund	\$ -	\$ 190,000
Special Revenue Fund	-	-
Capital Projects Fund	<u>190,000</u>	<u>-</u>
	<u>\$ 190,000</u>	<u>\$ 190,000</u>

**NOTE 7 DEFINED BENEFIT PENSION PLAN**

**Plan Description**

All full-time employees of Lafayette Economic Development Authority participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement plan that was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The PERS was revised by Act 765 of 1979, revised by Act 584 of 2006.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

**Eligibility Requirements**

All permanent employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

**Retirement Benefits**

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- a) Thirty years of creditable service regardless of age.
- b) Twenty-five years of creditable service at age 55.
- c) Ten years of creditable service at age 60.
- d) Seven years of creditable service at age 65.

For employees hired after January 1, 2007:

- a) Thirty years of creditable services at age 55.
- b) Ten years of creditable service at age 62.
- c) Seven years of creditable service at age 67.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

**Survivor Benefits**

Upon death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has a least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

Upon retirement caused by disability, a member of the Plan shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

**Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account (IRA).

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Cost of Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

**Employer Contributions**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2016, the actual employer contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A.

The total contributions for the years ended December 31, 2017, 2016 and 2015 were \$163,696, \$177,739 and \$182,313, respectively.

According to state statute, the System also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities.

**Schedule of Employer Allocations**

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employees' Retirement System of Louisiana. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year. The employers' projected contribution effort was actuarially determined by the System's actuary.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers as of December 31, 2016 are as follows:

	<b><u>PLAN A</u></b>
Total Pension Liability	\$ 3,519,868,332
Plan Fiduciary Net Position	<u>3,313,917,014</u>
Total Net Pension Liability	<u>\$ 205,951,318</u>

LEDA's allocation is .230539% of the Total Net Pension Liability.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.5% Inflation, 2.75% Merit)
Mortality Rates:	RP-2000 Employee Sex Distinct Table for Employees RP-2000 Healthy Annuitant Sex Distinct Table for Annuitants RP - 2000 Disabled Lives Mortality Tables for Disabled Annuitants
Expected Remaining Service Lives	4 years for Plan A
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Actuarial Methods and Assumptions**

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Asset</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Fixed Income	35%		1.24%
Equity	52%		3.63%
Alternatives	11%		0.67%
Real Assets	2%		0.12%
Totals	100%		5.66%
Inflation			2.00%
Expected Arithmetic Nominal Return			7.66%

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Actuarial Methods and Assumptions - continued**

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00%, or one percentage point higher 8.00% than the current rate.

	<b>Plan A</b>		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$1,176,312	\$474,798	\$ (324,662)

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period except as follows:

**Differences between Expected and Actual Experience**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$83,085 for the year ended December 31, 2017.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Differences between Projected and Actual Investment Earnings**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$368,461 for the year ended December 31, 2017.

**Change in Assumptions**

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions resulted in deferred outflows of resources in the amount of \$90,143 for the year ended December 31, 2017.

**Change in Proportion**

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of resources in the amount of \$722 for the year ended December 31, 2017.

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

**Retirement System Audit Report**

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017, LEDA reported a liability of \$474,798 for its proportionate share of the Net Pension Liability.

The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. LEDA's proportion of the Net Pension Liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, LEDA's proportion was 0.230539%, which was a decrease of .011247% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, LEDA recognized pension expense of \$281,866 adjusted for the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$439.

At December 31, 2017, LEDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 83,085
Change in Assumptions	\$ 90,143	\$ -
Net difference between projected and actual earnings on pension plan investments	368,461	-
Change in proportion and differences between employer contributions and proportionate share of contributions	177	1,140
Employer contributions subsequent to the measurement date	<u>163,696</u>	<u>-</u>
Total	<u>\$ 622,477</u>	<u>\$ 84,225</u>

Deferred outflows of resources of \$163,696 related to pensions resulting from LEDA's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 7 DEFINED BENEFIT PENSION PLAN - continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended</b>	
12/31/2017	\$ 139,833
12/31/2018	\$ 147,961
12/31/2019	\$ 96,990
12/31/2020	\$ (9,955)

**NOTE 8 OPERATING LEASES**

On January 1, 1999, the Authority entered into an agreement under a non-cancelable 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>	
2018	\$ 22,000
2019	22,000
2020	22,000
2021	22,000
2022	22,000
Thereafter	176,000
	<u>\$ 286,000</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 8 OPERATING LEASES - continued**

On June 1, 2014, the Authority entered three (3) year operating lease for facilities. Rental payments are \$20,381.48 per month. The lease expires on May 31, 2018. On January 1, 2017, the Authority entered into a sublease for this property under identical terms as the lease. The total amount of future minimum lease payments to be received under this sublease are \$101,907.

Future minimum lease payments for the lease are as follows:

<u>December 31,</u>	
2018	\$ <u>101,907</u>

On February 12, 2015, the Authority entered into a three (3) year operating lease for facilities. Rental payments are \$19,950 per month. The lease expired on February 11, 2018 and was renewed for an additional one-year term through February 11, 2019. This space is being leased as part of the agreement with CGI as discussed in Footnote 9.

Future minimum lease payments for the lease are as follows:

<u>December 31,</u>	
2018	\$ 239,400
2019	<u>29,925</u>
	<u>\$ 269,325</u>

**NOTE 9 COMMITMENTS**

In January 2014, LEDA entered into a Cooperative Endeavor Agreement with Perficient, Inc. to provide certain inducements to Perficient in exchange for the Company beginning, maintaining and expanding its operations of business in Lafayette Parish to create and maintain certain "required jobs and required payroll" as outlined in the agreement for a ten year period. LEDA's obligation under this agreement is to provide funding of up to \$750,000 for the project costs. The agreement calls for structured payments based on certain job creation goals being met, with the deadline for job creation amended to December 31, 2021. The maximum amount will only be paid when the Company has created 245 jobs. As of December 31, 2017, LEDA has paid \$98,952.46 of the total amount of this obligation, of which \$-0- was paid in the current year. The agreement also contains claw-back provisions if the requirement elements are not met.

## LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY

### Notes to Financial Statements December 31, 2017

#### NOTE 9 COMMITMENTS - continued

In April 2014, LEDA entered into a Cooperative Endeavor Agreement with the State of Louisiana, the Louisiana Department of Economic Development, the University of Louisiana at Lafayette, Ragin' Cajun Facilities, Inc. and CGI Federal, Inc. to provide certain inducements to CGI to establish and operate a Technology Center in Lafayette, Louisiana. LEDA's obligation under this agreement is to provide the Company with occupancy of a temporary facility. LEDA shall provide \$1.1 million for temporary facility costs and any remaining balance after payment of such costs shall be available for relocation costs, furniture and equipment to be reimbursed to the Company by LEDA. During 2017, the agreement was amended to include LEDA continuing to pay rent on the Company's behalf through February 2018. The amendment did not include a total dollar amount, only a time restriction. As of December 31, 2017, LEDA has paid \$1,244,568.50 of the total amount of this obligation, of which \$258,820.62 was expended in the current year. The agreement contains numerous requirements including job creation for a ten-year period. The agreement also contains claw-back provisions if the requirement elements are not met.

In October 2014, LEDA entered into a Cooperative Endeavor Agreement with Enquero, Inc. to provide certain inducements to Enquero in exchange for the Company beginning, maintaining and expanding its operations of business in Lafayette Parish to create and maintain certain "required jobs and required payroll" as outlined in the agreement for a ten-year period. LEDA's obligation under this agreement is to provide funding of up to \$750,000 for the project costs. The agreement calls for structured payments based on certain job creation goals being met, with the deadline for job creation set at September 30, 2024. The maximum amount will only be paid when the Company has created 275 jobs. As of December 31, 2017, LEDA has paid \$150,000 of the total amount of this obligation, of which \$-0- was expended in the current year. The agreement also contains claw-back provisions if the requirement elements are not met.

In September 2016, LEDA entered into a Cooperative Endeavor Agreement with WAITR Incorporated to provide certain inducements to WAITR in exchange for the Company beginning, maintaining and expanding its operations of business in Lafayette Parish to create and maintain certain "required jobs and required payroll" as outlined in the agreement for a six-year period. LEDA's obligation under this agreement is to provide funding of up to \$187,500 for the project costs. The agreement calls for structured payments based on certain job creation goals being met, with the deadline for job creation set at October 31, 2022. The maximum amount will only be paid when the Company has created 100 jobs. As of December 31, 2017, LEDA has paid \$122,445.23 of the total amount of this obligation, all of which was expended in the current year. The agreement also contains claw-back provisions if the requirement elements are not met.

Effective January 1, 2017, LEDA entered into a Memorandum of Understanding (MOU) with Opportunity Machine, Inc. (OM), a not for profit entity whose mission is to provide tools to its members that will accelerate their businesses resulting in job growth and economic development. As part of this MOU, LEDA committed to provide working capital and support services in exchange for OM's commitment to fund entrepreneurial recruitment projects and regional marketing efforts that will include Lafayette Parish.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Notes to Financial Statements  
December 31, 2017**

**NOTE 9 COMMITMENTS - continued**

LEDA shall transfer up to \$350,000 prior to December 31, 2017 to be used for operational expenses, lease payments and other expenses. LEDA also agrees to employ an executive director, program administrator and up to four interns on behalf of OM. LEDA will also provide accounting services and support. In addition, LEDA will sublease operational space (see Footnote 8), which shall count towards the \$350,000 commitment. For the year ended December 31, 2017, LEDA funded \$350,000 under this MOU and also paid \$138,538 in salaries and benefits for the above referenced employees. This MOU was renewed for 2018 with the same terms.

**NOTE 10 LITIGATION**

There was no litigation pending against the Authority as of December 31, 2017.

**NOTE 11 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE PRESIDENT/CEO**

A detail of compensation, benefits, and other payments paid to Gregg Gothreaux, President and CEO for the year ended December 31, 2017:

<u>Purpose</u>	
Salary	\$ 299,000
Revenue Sharing	\$ 8,790
Benefits – Insurance	\$ 10,389
Benefits - Retirement	\$ 33,750
Government Provided Vehicle	\$ 1,414
Reimbursements	\$ 6,474
Travel	\$ 10,706
Registration Fees	\$ 1,500

**NOTE 12 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 15, 2018, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 3,795,000	\$ 3,795,000	\$ 3,757,590	\$ (37,410)
Intergovernmental	129,400	129,400	124,861	(4,539)
Miscellaneous	<u>23,350</u>	<u>23,350</u>	<u>65,163</u>	<u>41,813</u>
Total revenues	<u>3,947,750</u>	<u>3,947,750</u>	<u>3,947,614</u>	<u>(136)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	3,718,750	3,718,750	3,303,905	414,845
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>41,344</u>	<u>33,656</u>
Total expenditures	<u>3,793,750</u>	<u>3,793,750</u>	<u>3,345,249</u>	<u>448,501</u>
Excess of revenues over expenditures	<u>154,000</u>	<u>154,000</u>	<u>602,365</u>	<u>448,365</u>
<b>Other financing sources (uses):</b>				
Interest earned	36,000	36,000	36,065	65
Operating transfers out	<u>(190,000)</u>	<u>(190,000)</u>	<u>(190,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(154,000)</u>	<u>(154,000)</u>	<u>(153,935)</u>	<u>65</u>
Excess of revenues and other sources over expenditures and other uses	-	-	448,430	448,430
Fund balance, beginning	<u>6,441,183</u>	<u>6,441,183</u>	<u>6,441,183</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,441,183</u>	<u>\$ 6,441,183</u>	<u>\$ 6,889,613</u>	<u>\$ 448,430</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Amended</u>		<u>(Negative)</u>
Revenues:				
Miscellaneous	\$ 200,000	\$ -	\$ -	\$ -
Total revenues	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	244,000	24,000	2,923	21,077
Capital Outlay	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>249,000</u>	<u>24,000</u>	<u>2,923</u>	<u>21,077</u>
Excess (deficiency) of revenues over expenditures	(49,000)	(24,000)	(2,923)	21,077
Other financing sources (uses):				
Interest earned	900	5,300	5,560	260
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>900</u>	<u>5,300</u>	<u>5,560</u>	<u>260</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(48,100)	(18,700)	2,637	21,337
Fund balance, beginning	<u>477,418</u>	<u>477,418</u>	<u>477,418</u>	<u>-</u>
Fund balance, ending	<u>\$ 429,318</u>	<u>\$ 458,718</u>	<u>\$ 480,055</u>	<u>\$ 21,337</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
LOUISIANA PAROCHIAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Year ended December 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.230539%	\$ 474,798	\$ 1,367,222	34.7%	94.15%
2016	0.219292%	\$ 577,240	\$ 1,257,334	45.9%	92.23%
2015	0.206091%	\$ 56,347	\$ 1,183,718	4.8%	99.15%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Year ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2017	\$ 177,739	\$ 177,739	\$ -	\$ 1,367,222	13.00%
2016	\$ 182,313	\$ 182,313	\$ -	\$ 1,257,334	14.50%
2015	\$ 189,395	\$ 189,395	\$ -	\$ 1,183,718	16.00%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER INFORMATION**

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

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

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY



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STEPHANIE L. WEST, CPA, MBA

We have audited, 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, the financial statements of the governmental activities and the major funds of the Lafayette Economic Development Authority of the Parish of Lafayette, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 15, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC  
Certified Public Accountants

June 15, 2018  
Lafayette, Louisiana

**OTHER SUPPLEMENTARY INFORMATION**

## **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**

**STATEMENT OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017		Variance - Favorable (Unfavorable)	2016 Actual
	Final Budget	Actual		
Current:				
General government:				
Salaries, taxes and benefits	\$ 1,905,000	\$ 1,821,961	\$ 83,039	\$ 1,791,013
Existing business retention/expansion	49,350	27,727	21,623	36,605
Professional development	75,500	42,658	32,842	35,602
Business recruitment	98,000	60,631	37,369	75,034
Louisiana Crossroads Initiative/Artspark	60,000	60,000	-	60,000
Downtown Development/ Sustainable Community	3,325	2,788	537	1,889
Marketing and advertising	46,900	37,091	9,809	35,992
Office operations	130,000	129,306	694	129,983
Industrial property maintenance	16,000	13,842	2,158	14,213
Legal notices and audit	11,000	10,000	1,000	10,014
Insurance	35,000	30,931	4,069	33,640
Louisiana Public Retirement	150,000	136,344	13,656	134,800
Legal and professional fees	232,500	204,535	27,965	57,042
Governmental & UL Lafayette liaison	52,000	42,586	9,414	40,889
Contingencies	10,000	-	10,000	-
Trade development	6,000	4,869	1,131	5,968
Market intelligence	34,000	24,534	9,466	39,062
Technology	35,000	29,084	5,916	36,289
Workforce Connection Programs	64,450	58,021	6,429	50,137
Opportunity Machine	350,000	350,000		
Special projects	354,725	216,997	137,728	331,919
Capital outlay:				
Equipment and furniture	75,000	41,344	33,656	87,303
Total	<u>\$ 3,793,750</u>	<u>\$ 3,345,249</u>	<u>\$ 448,501</u>	<u>\$ 3,007,394</u>

## **AGENCY FUNDS**

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 leases and related receipts from lessees as well as bond principal, interest, and related payments made to the holders of industrial development revenue bonds issued by the Authority.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**BALANCE SHEET - AGENCY FUND  
DECEMBER 31, 2017**

		University of Louisiana at Lafayette Art Museum	Totals
	<b>ASSETS</b>		
Cash		\$ -	\$ -
Investments		<u>-</u>	<u>-</u>
Total assets		<u>\$ -</u>	<u>\$ -</u>
	<b>LIABILITIES</b>		
Amounts due to bondholders and lessees		<u>\$ -</u>	<u>\$ -</u>

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 2017**

	<b>ASSETS</b>		
Cash, January 1		\$ -	\$ -
Investments, January 1		<u>6</u>	<u>6</u>
		<u>6</u>	<u>6</u>
Additions:			
Lease payments received		818,000	818,000
Interest/Dividends earned		<u>24</u>	<u>24</u>
		<u>818,024</u>	<u>818,024</u>
Deductions:			
Bonds paid and redeemed		800,000	800,000
Bond interest paid		18,000	18,000
Other deductions		<u>30</u>	<u>30</u>
		<u>818,030</u>	<u>818,030</u>
Cash, December 31		-	-
Investments, December 31		<u>-</u>	<u>-</u>
Total assets		<u>\$ -</u>	<u>\$ -</u>
	<b>LIABILITIES</b>		
Amounts due to bondholders and lessees, January 1		\$ 6	\$ 6
Additions		818,024	818,024
Deductions		<u>(818,030)</u>	<u>(818,030)</u>
Amounts due to bondholders and lessees, December 31		<u>\$ -</u>	<u>\$ -</u>

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**INDUSTRIAL DEVELOPMENT REVENUE BONDS  
ISSUED AND OUTSTANDING  
DECEMBER 31, 2017**

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding December 31, 2017</u>
University of Louisiana at Lafayette Art Museum	03/28/02	<u>\$ 31,500,000</u>	<u>\$ -</u>

Bonds were paid off in the current fiscal year.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Compensation Paid to Members of the Board of Commissioners  
December 31, 2017**

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  
December 31, 2017**

There were no prior year findings.

**LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY**

**Schedule of Findings and Questioned Costs  
Year Ended December 31, 2017**

We have audited the financial statements of the Lafayette Economic Development Authority as of and for the year ended December 31, 2017 and have issued our report thereon dated June 15, 2018. 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. Our audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

**Section I – Summary of Auditors’ Reports**

**A. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses           Yes              x   No  
Control Deficiency           Yes              x   No

Compliance

Compliance Material to Financial Statements           Yes      x   No

**Section II – Financial Statement Findings**

There were no current year findings.

**Section III – Federal Award Findings and Questioned Costs.**

This section is not applicable for the year ended December 31, 2017.

**LAFAYETTE ECONOMIC  
DEVELOPMENT AUTHORITY**  
Lafayette, Louisiana

Independent Accountants' Report  
On Applying Agreed-Upon Procedures

Year Ended December 31, 2017

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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JOAN MARTIN, CPA, CVA, CFF, DABFA\*\*

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY



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ROBIN G. STOCKTON, CPA  
TINA B. VIATOR, CPA  
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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management  
Lafayette Economic Development Authority  
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Lafayette Economic Development Authority and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Lafayette Economic Development Authority's compliance with certain laws, regulations and best practices during the year ended December 31, 2017. Management of Lafayette Economic Development Authority is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Written Policies and Procedures*

- 1) Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and address the functions noted above.*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and address the functions noted above.*

- c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

- d) **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address the functions noted above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*Written policies and procedures were obtained and address the functions noted above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

*Written policies and procedures were obtained and address the functions noted above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*Written policies and procedures were obtained and address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*Written policies and procedures were obtained and address the functions noted above.*

- j) **Debt Service**, including (1) debt service requirements.

*This section is not applicable as this agency has no debt.*

**Board (or Finance Committee, if applicable)**

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2. Obtain and review the board/committee minutes for the fiscal period, and:  
a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly in accordance with the by-laws.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did discuss financial statements and operating results.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*There was no deficit spending noted.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

*Obtained and reviewed the minutes of the managing board for the fiscal period noting that non-budgetary financial information was referenced.*

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of review and approval by accountant not involved in preparing the reconciliation.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*This section is not applicable, as there were no items outstanding more than 6 months.*

## *Collections*

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of cash collection locations and management's representation that listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Written documentation was obtained and address the functions noted above.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Written documentation was obtained and address the functions noted above.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Collection documentation was obtained and address the functions noted above.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Collection documentation was obtained and address the functions noted above.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*Written policies and procedures were obtained and address the functions noted above.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Examined supporting documentation for each of the 25 disbursements selected and found that purchases were initiated using the proper approval process.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Examined supporting documentation for each of the 25 disbursements selected and found appropriate approval of all purchases.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Examined supporting documentation for each of the 25 disbursements and found all payments were processed with proper approval, receiving report and approved invoice.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Written policies and procedures were obtained and address the functions noted above.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Written policies and procedures were obtained and address the functions noted above.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Management has stated that the supply of unused checks is kept in a secure location.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*This step is N/A. The agency does not use signature stamps.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Listing of active credit cards, and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*Monthly statements were obtained and address the functions noted above.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*There were no finance charges and/or late fees assessed on sample selected.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

*No exceptions noted.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions noted.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Not applicable.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions noted.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

### ***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts listed exceed GSA rates.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Expenses were paid in accordance with written policy.*

- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions noted.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exception noted.*

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions noted.*

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*None were subject to Louisiana Public Bid Law.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Not applicable.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*No contracts were amended.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*No noncompliance noted.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*No noncompliance noted.*

### ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Listing of employees with their related salaries and management’s representation that the listing is complete was obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions noted.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*No exceptions noted.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials (*We selected 5 employees*) documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions noted.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions noted.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained. No exceptions noted.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*Of 24 payrolls tested, 3 payroll tax contributions were not submitted timely.*

*No exceptions were noted related to timely filings of forms 941.*

*No exceptions were noted related to timely filings and remittances of retirement contributions.*

***Ethics (excluding nonprofits)***

---

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*No noncompliance noted.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*No ethics violation were reported.*

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*This is not applicable as the Commission has no debt.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*N/A*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*N/A*

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were posted on the entity's premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions noted.*

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Lafayette Economic Development Authority, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC  
Certified Public Accountants

Lafayette, Louisiana  
June 9, 2018



June 9, 2018

Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC  
P.O. Box 80569  
Lafayette, LA 70598

The following is Management's response to the 2017 agreed upon procedures report submitted.

**PAYROLL AND PERSONNEL**

25. The Authority has since put procedures in place to ensure that all payroll tax deposits are made within the required timeframe.

If any additional information is needed, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Gregg Gothreaux". The signature is written in a cursive, flowing style.

Gregg Gothreaux  
President & CEO