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DOWNTOWN DEVELOPMENT AUTHORITY

FINANCIAL REPORT

DECEMBER 31, 1997

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

Release Date 7/15/98

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INDEPENDENT AUDITORS' REPORT

To the Downtown Development Authority
Lafayette, Louisiana

We have audited the accompanying financial statements of Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in Government Auditing Standards, promulgated by the United States Comptroller General, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Downtown Development Authority as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

*A Professional Accounting Corporation

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 1998, on our consideration of Downtown Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

Broussard, Poche, Lewis & Breaux, LLP

Lafayette, Louisiana
April 15, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

DOWNTOWN DEVELOPMENT AUTHORITY

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1997

ASSETS	Governmental Fund Type General	Account Groups General Long-Term Debt	Account Groups General Fixed Assets
Cash on hand	$ 150	$ -	$ -
Cash and investments held by Lafayette Consolidated Government	458,203	-	-
Taxes receivable	136,714	-	-
Other receivables	125,294	-	-
Equipment	-	-	33,586
Amount to be provided for retirement of general long-term debt	-	6,648	-
Total assets	$ 720,361	$ 6,648	$ 33,586
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	$ 262,008	$ -	$ -
Accrued compensated absences	-	6,648	-
Total liabilities	$ 262,008	$ 6,648	$ -0-
Fund balances:			
Investment in general fixed assets	$ -	$ -	$ 33,586
Unreserved:			
Undesignated	458,353	-	-
Total fund balances	$ 458,353	$ -0-	$ 33,586
Total liabilities and fund balances	$ 720,361	$ 6,648	$ 33,586

See Notes to Financial Statements.

Totals (Memorandum Only)	
1997	1996
$ 150	$ 150
458,203	393,522
136,714	145,431
125,294	124,733
33,586	31,319
6,648	8,160
$ 760,595	$ 703,315
$ 262,008	$ 273,969
6,648	8,160
$ 268,656	$ 282,129
$ 33,586	$ 31,319
458,353	389,867
$ 491,939	$ 421,186
$ 760,595	$ 703,315

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE (GENERAL FUND)
Years Ended December 31, 1997 and 1996

	1997	1996
Revenues:		
Taxes - ad valorem	$ 274,743	$ 263,452
Intergovernmental	43,193	93,193
Interest	31,413	29,751
Miscellaneous	453	-
Total revenues	$ 349,802	$ 386,396
Expenditures:		
General government	$ 9,628	$ 7,462
Economic development	271,688	306,621
Total expenditures	$ 281,316	$ 314,083
Excess of revenues over expenditures	$ 68,486	$ 72,313
Fund balance, beginning	389,867	317,554
Fund balance, ending	$ 458,353	$ 389,867

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GOVERNMENTAL FUND TYPE (GENERAL FUND)
Year Ended December 31, 1997
With Comparative Actual Amounts for Year Ended December 31, 1996

	1997 Budget	1997 Actual	1997 Variance - Favorable (Unfavorable)	1996 Actual
Revenues:				
Taxes - ad valorem	$ 273,969	$ 274,743	$ 774	$ 263,452
Intergovernmental -				
Lafayette Consolidated Government	38,193	43,193	5,000	93,193
Interest	18,000	31,413	13,413	29,751
Miscellaneous	-	453	453	-
Total revenues	$ 330,162	$ 349,802	$ 19,640	$ 386,396
Expenditures:				
General government -				
Charges for collection of taxes	$ 8,219	$ 9,628	$ (1,409)	$ 7,462
Economic development -				
Personnel costs	96,523	94,921	1,602	86,905
Vehicle subsidy leases	6,000	4,462	1,538	-
Supplies and materials	2,000	1,945	55	1,866
Travel and meetings	2,700	2,661	39	3,069
Telephone and utilities	2,400	2,141	259	1,169
Printing and postage	2,175	1,349	826	1,293
Equipment maintenance	1,100	312	788	-
Other insurance premiums	1,365	1,239	126	1,213
Rent	3,663	3,096	567	3,096
Capital project development	250,867	35,866	215,001	28,191
Supplemental services	110,800	71,484	39,316	56,204
Contractual services	2,500	-	2,500	-
Marketing/business development	111,765	50,464	61,301	121,507
Other	2,342	1,748	594	2,108
Total expenditures	$ 604,419	$ 281,316	$ 323,103	$ 314,083
Excess (deficiency) of revenues over expenditures	$ (274,257)	$ 68,486	$ 342,743	$ 72,313
Fund balance, beginning	274,257	389,867	115,610	317,554
Fund balance, ending	$ -0-	$ 458,353	$ 458,353	$ 389,867

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Downtown Development Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting entity:

The Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, was created by the Louisiana Legislature to implement various plans to aid and encourage both private and public development of the Lafayette Centre Development District. Funding is provided by the Lafayette City-Parish Consolidated Government's General Fund, a repayment of a loan made under a UDAG grant and an ad valorem tax approved by the voters of the District. The tax, which began in 1993 and will continue for fifteen years, was assessed at 10.00 mills. In 1996, the millage dropped to 9.33.

Fund accounting:

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

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

The General Fund, a governmental fund type, is the general operating fund of the Authority. It is used to account for all the financial resources of the Authority.

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers property taxes as "available" in the year following the assessment, when the majority of the taxes are actually collected. Expenditures are recorded when the related fund liability is incurred.

In addition to property taxes, the other major revenues susceptible to accrual are intergovernmental and interest.

The Authority reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. The deferred revenue at December 31, 1997 was for ad valorem taxes as further discussed in Note 4.

Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

Fixed assets:

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the governmental fund, and the related assets are reported in the general fixed assets account group.

Unpaid accumulated vacation and sick pay:

Employees of the Authority earn vacation pay in varying amounts ranging from eight hours per month to 16 hours per month, depending upon length of service. At the end of each year, employees may carry forward vacation time earned but not taken with the maximum allowable carryover of unused vacation time being equal to one year's accumulated vacation time. Subject to the above limitation, unused vacation is paid to an employee upon retirement or resignation at hourly rates being earned by that employee upon separation.

Sick leave is accumulated at the rate of 12 days per year, and any unused sick leave may be carried forward without limitation. No sick leave is paid upon resignation. Employees separated due to retirement or death are paid for all accumulated sick leave at the hourly rates being earned by that employee at separation.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Long-term debt:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term account group.

Comparative data:

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and results of operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Memorandum only - total columns:

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 2. Legal Compliance - Budgets

An annual budget, prepared on a basis consistent with generally accepted accounting principles as applied to governmental units, is adopted for the General Fund. The budget is proposed by the Executive Director and adopted by the Board. It is then sent to the Lafayette City-Parish Consolidated Government Council for approval.

Any amendments must be approved by the Board and the Lafayette City-Parish Consolidated Government Council.

The budgeted amounts in this report are as originally adopted, or as amended following the procedures outlined above. All appropriations lapse at the end of the fiscal year.

Note 3. Deposits and Investments

Downtown Development Authority deposits its cash in the Lafayette City-Parish Consolidated Government's Consolidated Cash Account for investment and disbursement purposes. The Lafayette City-Parish Consolidated Government holds the funds in its account in the name of the Authority. At October 31, 1997, the Lafayette City-Parish Consolidated Government's fiscal year end, the Government's account was covered by federal depository insurance or by collateral held by the Government's agent in the Government's name.

At December 31, 1997, $458,203 of cash and investments were being held by the Lafayette City-Parish Consolidated Government and the Authority had $150 of cash on hand.

Note 4. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Taxes are budgeted and the revenue recognized in the year following the assessment, when the majority of the taxes are actually collected.

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 to the Authority net of deductions for Pension Fund contributions.

For the years ended December 31, 1997 and 1996, taxes were levied on property with assessed valuations totaling $28,589,410 and $29,874,410, respectively. The millage for each year was 9.33.

Total taxes levied, exclusive of homestead exemptions, were $262,008 for 1997 and $273,969 for 1996. Taxes receivable at December 31, 1997 totaled $136,714, all of which is considered collectible ($145,431 at December 31, 1996).

Note 5. Long-term Debt

During the year ended December 31, 1997, the following changes occurred in the liability reported in the general long-term debt account group:

	Balance December 31, 1996	Additions	Reductions	Balance December 31, 1997
Compensated absences	$ 8,160	$ -0-	$ 1,512	$ 6,648

Note 6. Compensation of Authority Members

No compensation was paid to Authority members during the year ended December 31, 1997.

Note 7. Employee Retirement System

Plan description and provisions:

All of the Authority's employees participate in the Municipal Employees' Retirement Systems (MERS), a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. The payroll for employees covered by the MERS, as well as total payroll, for the year ended December 31, 1997 was $85,646.

Employees are eligible to retire under Plan A of the System at age 55 or 60 depending on years of creditable service, or at any age with 30 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. All benefits are established by State statue.

Description of funding policy:

Covered employees are required to contribute 9.25% of their salary to MERS; the Authority contributed 6.25% through June 30, 1997 at which time the rate changed to 5.75%. Contributions for the year ended December 31, 1997 were $7,922 from employees and $5,139 from the Authority.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The MERS does not conduct separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at June 30, 1997, the last actuarial determination available, for the MERS Plan A as a whole, determined through an actuarial valuation performed as of that date, was $372,810,130. The MERS Plan A net assets available for benefits on that date (valued at market) were $358,812,541, resulting in an unfunded pension benefit obligation of $13,997,589. The Authority's contribution for 1997 represented approximately .07% of total contributions required of all participating employers.

Note 8. Changes in General Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	Balance 01/01/97	Additions	Deletions	Balance 12/31/97
Equipment	$ 31,319	$ 2,267	$ -0-	$ 33,586

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

To the Downtown Development Authority
Lafayette, Louisiana

We have audited the financial statements of Downtown Development Authority, a component unit of Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 15, 1998. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which

*A Professional Accounting Corporation

the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche', Lewis & Breaux, LLP

Lafayette, Louisiana
April 15, 1998