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DOWNTOWN DEVELOPMENT AUTHORITY

FINANCIAL REPORT

DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 MAY 10 2000

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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, 1999, 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, 1999, and the results of its operations the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2000, 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.

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 a qualified opinion on the general purpose financial statements of Downtown Development Authority because we were unable to examine evidence regarding year 2000 disclosures.

Broussard, Roche, Lewis + Beauregard, L.L.P.

Lafayette, Louisiana
March 22, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

DOWNTOWN DEVELOPMENT AUTHORITY

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1999

ASSETS	Governmental	Account Groups	
	<u>Fund Type</u>	General	General
	<u>General</u>	Long-Term	Fixed
		<u>Debt</u>	<u>Assets</u>
Cash on hand	\$ 150	\$ -	\$ -
Cash and investments held by Lafayette Consolidated Government	597,566	-	-
Taxes receivable	156,600	-	-
Other receivables	152,518	-	-
Equipment	-	-	28,677
Land and buildings	-	-	29,454
Amount to be provided for retirement of general long-term debt	-	8,795	-
Total assets	\$ 906,834	\$ 8,795	\$ 58,131
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,941	\$ -	\$ -
Deferred revenue	309,118	-	-
Accrued wages payable	1,940	-	-
Accrued compensated absences	-	8,795	-
Total liabilities	\$ 314,999	\$ 8,795	\$ -0-
 Fund balances:			
Investment in general fixed assets	\$ -	\$ -	\$ 58,131
Unreserved:			
Undesignated	591,835	-	-
Total fund balances	\$ 591,835	\$ -0-	\$ 58,131
 Total liabilities and fund balances	 \$ 906,834	 \$ 8,795	 \$ 58,131

See Notes to Financial Statements.

<u>Totals</u>	
<u>(Memorandum Only)</u>	
<u>1999</u>	<u>1998</u>
\$ 150	\$ 150
597,566	372,903
156,600	234,504
152,518	91,843
28,677	33,586
29,454	163,911
<u>8,795</u>	<u>4,856</u>
<u>\$ 973,760</u>	<u>\$ 901,753</u>
\$ 3,941	\$ 5,112
309,118	326,347
1,940	1,510
<u>8,795</u>	<u>4,856</u>
<u>\$ 323,794</u>	<u>\$ 337,825</u>
\$ 58,131	\$ 197,497
<u>591,835</u>	<u>366,431</u>
<u>\$ 649,966</u>	<u>\$ 563,928</u>
<u>\$ 973,760</u>	<u>\$ 901,753</u>

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TYPE (GENERAL FUND)
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Revenues:		
Taxes - ad valorem	\$ 310,706	\$ 260,326
Intergovernmental	38,193	48,193
Interest	<u>26,261</u>	<u>32,080</u>
Total revenues	<u>\$ 375,160</u>	<u>\$ 340,599</u>
Expenditures:		
General government	\$ 11,108	\$ 8,948
Economic development	<u>418,648</u>	<u>423,573</u>
Total expenditures	<u>\$ 429,756</u>	<u>\$ 432,521</u>
Excess (deficiency) of revenues over expenditures	\$ (54,596)	\$ (91,922)
Other financing sources:		
Proceeds from sale of land	<u>280,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ 225,404	\$ (91,922)
Fund balance, beginning	<u>366,431</u>	<u>458,353</u>
Fund balance, ending	<u>\$ 591,835</u>	<u>\$ 366,431</u>

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, 1999

With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes - ad valorem	\$ 326,347	\$ 310,706	\$ (15,641)	\$ 260,326
Intergovernmental - Lafayette Consolidated Government	38,193	38,193	-	38,193
State grant	-	-	-	10,000
Interest	15,000	26,261	11,261	32,080
Total revenues	<u>\$ 379,540</u>	<u>\$ 375,160</u>	<u>\$ (4,380)</u>	<u>\$ 340,599</u>
Expenditures:				
General government - Charges for collection of taxes	\$ 11,422	\$ 11,108	\$ 314	\$ 8,948
Economic development - Personnel costs	104,397	106,358	(1,961)	104,352
Vehicle subsidy leases	6,000	6,000	-	6,231
Supplies and materials	3,755	3,767	(12)	2,741
Travel and meetings	6,350	4,000	2,350	3,121
Telephone and utilities	3,400	2,632	768	1,996
Printing and postage	2,175	1,089	1,086	520
Equipment maintenance	1,500	632	868	180
Other insurance premiums	1,000	529	471	531
Rent	5,013	3,096	1,917	3,096
Capital project development	245,838	188,373	57,465	213,077
Supplemental services	89,800	82,279	7,521	62,587
Contractual services	3,500	-	3,500	-
Marketing/business development	36,500	17,366	19,134	23,597
Other	7,910	2,527	5,383	1,544
Total expenditures	<u>\$ 528,560</u>	<u>\$ 429,756</u>	<u>\$ 98,804</u>	<u>\$ 432,521</u>

(continued)

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
 GOVERNMENTAL FUND TYPE (GENERAL FUND) (CONTINUED)

Year Ended December 31, 1999

With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Excess (deficiency) of revenues over expenditures	\$ (149,020)	\$ (54,596)	\$ 94,424	\$ (91,922)
Other financing sources: Proceeds from sale of land	-	280,000	280,000	-
Excess (deficiency) of revenues and other sources over expenditures	\$ (149,020)	\$ 225,404	\$ 374,424	\$ (91,922)
Fund balance, beginning	149,020	366,431	217,411	458,353
Fund balance, ending	\$ -0-	\$ 591,835	\$ 591,835	\$ 366,431

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 1998, the millage dropped to 9.33 and remained the same for 1999.

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.

NOTES TO FINANCIAL STATEMENTS

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, 1999 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 at separation.

NOTES TO FINANCIAL STATEMENTS

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.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

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, 1999, 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, 1999, \$597,566 of cash and investments were being held by the Lafayette City-Parish Consolidated Government and the Authority had \$150 of cash on hand. Information related to fair value of the investments owned by the Authority at December 31, 1999, as required by GASB No. 31, was not available. Therefore, they are reported at cost.

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, 1999 and 1998, taxes were levied on property with assessed valuations totaling \$33,626,030 and \$35,468,980, respectively. The millage for each year was 9.33.

NOTES TO FINANCIAL STATEMENTS

Total taxes levied, exclusive of homestead exemptions, were \$309,118 for 1999 and \$326,347 for 1998. Taxes receivable at December 31, 1999 totaled \$156,600, all of which is considered collectible (\$234,504 at December 31, 1998).

Note 5. Long-term Debt

During the year ended December 31, 1999, the following changes occurred in the liability reported in the general long-term debt account group:

	Balance December 31, <u>1998</u>	Additions	Reductions	Balance December 31, <u>1999</u>
Compensated absences	<u>\$ 4,856</u>	<u>\$ 3,939</u>	<u>\$ -0-</u>	<u>\$ 8,795</u>

Note 6. Compensation of Authority Members

No compensation was paid to Authority members during the year ended December 31, 1999.

Note 7. Employee Retirement System

Municipal Employees' Retirement Systems (MERS)

Plan description:

Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, or at any age with 25 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 statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. The current rate is 5.75%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contributions to MERS for the years ended October 31, 1999, 1998 and 1997 were \$7,242, \$5,304 and \$5,139, respectively, equal to the required contribution each year.

NOTES TO FINANCIAL STATEMENTS

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.

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/99</u>
Equipment	\$ 33,586	\$ -	\$ 4,909	\$ 28,677
Land and building	<u>163,911</u>	<u>181,400</u>	<u>315,857</u>	<u>29,454</u>
	<u>\$197,497</u>	<u>\$ 181,400</u>	<u>\$ 320,766</u>	<u>\$ 58,131</u>



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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

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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, 1999, and have issued our report thereon dated March 22, 2000. 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

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, Roche, Lewis, & Beauvy, LLP.

Lafayette, Louisiana
March 22, 2000

DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1999

We have audited the financial statements of Downtown Development Authority as of and for the year ended December 31, 1999, and have issued our report thereon dated March 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified 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
Reportable Conditions ___ Yes X None Reported

Compliance

Compliance Material to Financial Statements ___ Yes X No

Section II - Financial Statement Findings

No matters were reported.

DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1999

Section I. Internal Control and Compliance Material to the Financial Statements

None reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.