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**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES
LOUISIANA, INCORPORATED
Hahnville, Louisiana**

**General Purpose Financial Statements
For the Year Ended December 31, 1996**

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 JUL 16 1997

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED
Hahnville, Louisiana**

General Purpose Financial Statements
For the Year Ended December 31, 1996

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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Philip W. Rebowe, CPA

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Industrial Development Board of the
Parish of St. Charles, Louisiana, Incorporated
Hahnville, Louisiana

We have audited the accompanying statement of financial position of the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated, (a non-profit corporation) as of December 31, 1996, and the related statements of activities, and cash flows for the year then ended. These general purpose financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated as of December 31, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 1997 on our consideration of the Board's internal control structure and a report dated April 29, 1997 on its compliance with laws and regulations.

Rebowe & Company

April 29, 1997

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED
Hahnville, Louisiana**

**Statement of Financial Position
December 31, 1996**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 4,441
Investments - Held to Maturity	9,769
Permanently Restricted Asset:	
Current Portion of Direct Financing Leases Receivable	121,066
Total Current Assets	<u>135,276</u>

Noncurrent Permanently Restricted Assets:

Accrued Interest on Direct Financing Leases Receivable	29,095
Long-Term Direct Financing Leases Receivable, Net of Current Portion	<u>3,123,876</u>
Total Noncurrent Permanently Restricted Assets	<u>3,152,971</u>

TOTAL ASSETS

\$ 3,288,247

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities - Payable from Current Assets:

Accounts Payable	\$ 900
------------------	--------

Current Liabilities - Payable from Permanently Restricted Assets:

Accrued Bond Interest Payable	29,095
Current Portion of Revenue Bonds Payable	<u>121,066</u>
Total Current Liabilities	<u>151,061</u>

Long-Term Liabilities - Revenue Bonds Payable,
Net of Current Portion

3,123,876

Total Liabilities

3,274,937

Net Assets

Unrestricted

13,310

TOTAL LIABILITIES AND NET ASSETS

\$ 3,288,247

The notes to the financial statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED
Hahnville, Louisiana**

**Statement of Activities
For the Year Ended December 31, 1996**

UNRESTRICTED NET ASSETS

Interest Revenue	\$ 577
Bond Redemption	1,000
	<u>1,577</u>

Expenses:

Auditing Expense	900
	<u>900</u>

**INCREASE IN UNRESTRICTED
NET ASSETS**

677

PERMANENTLY RESTRICTED NET ASSETS

Interest Earned on Direct Financing and Fiscal Charges	497,962
---	---------

Expenses:

Interest Expense on Revenue Bonds and Fiscal Charges	497,962
	<u>497,962</u>

**INCREASE IN PERMANENTLY
RESTRICTED NET ASSETS**

0

INCREASE IN NET ASSETS

677

NET ASSETS AT BEGINNING OF YEAR

12,633

NET ASSETS AT END OF YEAR

\$ 13,310

The notes to the financial statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED
Hahnville, Louisiana**

**Statement of Cash Flows
For the Year Ended December 31, 1996**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 677
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Decrease in Direct Financing Leases Receivable	4,490,288
Decrease in Accrued	
Interest on Direct Financing Leases Receivable	40,449
Increase in Accounts Payable	(100)
(Decrease) in Accrued Bond Interest Payable	(40,449)
(Decrease) in Revenue Bonds Payable	(4,490,288)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	577

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Investment	(19,547)
Investments Matured	19,535
	<hr/>
NET CASH USED FOR INVESTING ACTIVITIES	(12)

NET INCREASE IN CASH AND CASH EQUIVALENTS 565

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 3,876

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 4,441

SUPPLEMENTAL CASH FLOW INFORMATION:

Interest Paid	<u>\$ 497,962</u>
---------------	-------------------

The notes to the financial statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED
Hahnville, Louisiana**

Notes to the Financial Statements
For the Year Ended December 31, 1996

INTRODUCTION

The Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated (the "Board"), is a non-profit corporation created under the provisions of Title 51, Chapter 7 of the Louisiana Revised Statutes of 1950. The Board was organized for the purpose of promoting, stimulating, developing, and advancing the business prosperity and economic welfare of the Parish of St. Charles, the State of Louisiana, and their citizens. It is to encourage and assist in the organization of new businesses or industries and to rehabilitate and assist existing businesses and industries, thus providing maximum opportunities for employment to improve the standard of living of the citizens of St. Charles Parish and the State of Louisiana. The Board is to cooperate and act in conjunction with other organizations, public or private, in the promotion and development of industrial, commercial, agricultural, and recreational development in the Parish of St. Charles and the State of Louisiana.

The powers and management of the Board are vested in and exercised by a seven-member board of directors, which is appointed by the St. Charles Parish Council. The governing body of the Parish of St. Charles must give prior approval before the board of directors or the corporation may bind itself regarding the financing of any capital project or the issuance of any bonds.

The Board, under the authority of its corporate charter and the laws of the State of Louisiana, has authority to issue industrial development revenue bonds. It derives its revenue from application fees charged to businesses who apply for the bonds. The application fee is non-refundable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

For financial reporting purposes, in conformance with Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification), the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated, includes all funds, account groups, activities, et cetera, that are controlled by the Board. Because the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated, is a non-profit corporation as defined in Section 201 of Title 12 of the Louisiana Revised Statutes of 1950 (LSA-R.S. 12:201); because the board of directors has the power to make, alter, and annul such bylaws, rules, and regulations for the operation of the affairs of the Board; and since the governing authority of the Parish of St. Charles, Louisiana, is not in any event liable for the payment of principal or interest on any bonds of the Board or the performance of any pledge or agreement of the Board; the Board is a separate governmental reporting entity. Certain units of local government over which the Board exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Board.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED**
Hahnville, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. FINANCIAL STATEMENT PRESENTATION

The Board has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Board is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are reported on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and time certificates of deposit with an original maturity of three months or less. Under state law, the Board may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. There were no cash equivalents at December 31, 1996.

F. INVESTMENTS

Under state law, the Board may invest in United States bonds, treasury notes, or certificates. The Board has investments in United States Treasury bills, which are held by the Federal Reserve for the customer accounts of First National Bank of Commerce.

Because the investments are not in the Board's name and are not held by the Board or its agent, the investments are considered uninsured and unregistered (Category 3) in applying the credit risk of GASB Codification Section 150.164. At December 31, 1996, the Board has an investment in a United States Treasury Bill reported on the balance sheet at an amortized cost of \$9,769 and which has a market value of \$9,910.

G. USE OF ESTIMATES

The presentation 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.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED**
Hahnville, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. FAIR VALUE DISCLOSURE

FASB Statement No. 107 "Disclosures About Fair Value of Financial Instruments" requires disclosure of fair value information about financial instruments, whether recognized or not in the balance sheet, for which it is practical to estimate that value. Statement No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

The following methods were used in estimating the fair value of disclosures for financial instruments:

Cash - the carrying amount for cash approximates fair value.

Investments - the fair value for investments is the quoted market price.

I. FIXED ASSETS AND LONG-TERM LIABILITIES

The Board owns no fixed assets, and long-term liabilities are reflected on the accompanying Statement of Financial Position.

J. COMPENSATED ABSENCES AND PENSION PLAN

The Board has no employees; therefore, it does not have a formal vacation and sick leave policy and does not contribute to a pension plan.

*K. ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS RECEIVABLE FROM DIRECT FINANCING
LEASE AGREEMENTS*

The amounts receivable from direct financing lease agreements represents amounts due from two corporations which are located in St. Charles Parish. The Board considers these amounts to be fully collectible. Therefore, no allowance is deemed necessary by the Board.

2. CASH AND CASH EQUIVALENTS

At December 31, 1996, the Board had cash and cash equivalents (book balances) totaling \$4,441 in an interest bearing demand deposit account.

These deposits are stated at cost, which approximate market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At December 31, 1996, the Board had \$4,441 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED**
Hahnville, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1996

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Board's financial instruments were as follows at December 31, 1996:

	Carrying Amount	Estimated Fair Value
Assets		
Cash	\$ 4,441	\$ 4,441
Investments, held to maturity	9,769	9,910
Total Assets	\$ 14,210	\$ 14,351

4. RESTRICTED ASSETS - DIRECT FINANCING LEASES RECEIVABLE

The Board entered into direct financing lease agreements with various private corporations and issued industrial revenue bonds for the acquisition of various facilities. The various corporations lease these facilities from the Board for an amount necessary to pay principal, interest, and premium, if any, on the industrial revenue bonds.

The minimum annual commitments from leases under the direct financing leases, including interest of \$1,978,933 to cover bonded debt, are as follows:

Year Ending December 31,	Amount
1997	\$ 460,584
1998	460,388
1999	460,170
2000	460,300
2001	459,654
Thereafter	2,922,779
TOTAL	\$ 5,223,875

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED**
Hahnville, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1996

5. CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 1996:

	American Hospital	Nabisco Brands, Incorp.	Kingfisher, Incorp.	TOTAL
Bonds Payable at Jan. 1, 1996	\$ 4,350,000	\$ 1,625,000	\$ 1,760,230	\$ 7,735,230
Deductions: 1996	4,350,000	0	140,288	4,490,288
Bonds Payable at Dec. 31, 1996	<u>\$ 0</u>	<u>\$ 1,625,000</u>	<u>\$ 1,619,942</u>	<u>\$ 3,244,942</u>

The industrial revenue bonds are comprised of the following two individual issues:

- | | | |
|---------------------------------------|---|---------------------------|
| A. | \$1,625,000 issue of June 1, 1983, for the Nabisco Brands, Incorporated Project; bonds mature on June 1, 2003 and bear interest at 9.9 per cent. Interest payments commenced on December 1, 1983, and are due thereafter on June 1 and December 1 of each year. The bonds may be redeemed prior to maturity on or after June 1, 1993, at the redemption prices set forth in the bond indenture. Bank One NA serves as the trustee. | \$1,625,000 |
| B. | \$2,400,000 issue of September 1, 1984, for the Kingfisher, Incorporated, Project, with interest at 11 per cent per annum, payable monthly and commenced October 1, 1984. The bonds shall mature on the first day of each month commencing on September 1, 1985, and in the principal amounts as set forth in the amortization schedule of the Mortgage and Indenture of Trust dated September 1, 1984. Interest shall be paid semi-annually to the registered owner of the bonds commencing on March 1, 1985. The bonds are subject to optional prepayment upon 30 days written notice given by lessee to the issuer and trustee in whole or in part at the redemption prices set forth in the bond indenture. Bank of New York serves as the trustee. | <u>1,619,942</u> |
| TOTAL INDUSTRIAL REVENUE BONDS | | <u><u>\$3,244,942</u></u> |

All principal and interest requirements are funded in accordance with lease agreements whereby lease payments are equal to the semi-annual payments for principal and interest. The bonds are limited obligations of the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated, payable solely from lease payments pledged and assigned to the trustee by the Board under a Mortgage and Indenture of Trust. The bonds are secured by a Mortgage and Indenture of Trust and are also secured by an unconditional Bond Guaranty Agreement between the lessee and the trustee. The lessee, after compliance with the provisions of the lease agreement and the indenture, is obligated to purchase the project for the sum of \$1,000. The bonds are due, by year, as follows:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE PARISH OF ST. CHARLES,
LOUISIANA, INCORPORATED**
Hahnville, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1996

5. CHANGES IN LONG-TERM DEBT - Continued

Year Ending December 31,	Principal Payments	Interest Payments	TOTAL
1997	\$ 121,066	\$ 339,518	\$ 460,584
1998	135,075	325,313	460,388
1999	150,706	309,464	460,170
2000	168,145	292,155	460,300
2001	187,602	272,052	459,654
Thereafter	2,482,348	440,431	2,922,779
TOTALS	\$ 3,244,942	\$ 1,978,933	\$ 5,223,875

6. LITIGATION

There is no litigation pending against the Board at December 31, 1996.

7. SIGNIFICANT EVENTS

The Industrial Development Board of the Parish of St. Charles, Louisiana, Inc., adopted a resolution on April 18, 1996 authorizing an act of sale by the Industrial Development Board to Baxter Health Care Corporation, successor by merger to American Hospital Supply Corporation, cancelling and discharging the lien of indenture, terminating and cancelling the lease and conveying title to the project to the lessee (Baxter Health Care Corporation); and redeeming all outstanding Industrial Development Revenue Bonds, Series 1981 (American Hospital Supply Corporation Project). The Board received \$1,000 as a bond redemption fee.

8. SUBSEQUENT EVENTS

The Industrial Development Board of the Parish of St. Charles, Louisiana, Inc., adopted a resolution on March 17, 1997 authorizing an act of sale by the Industrial Development Board to Kingfisher, Inc., cancelling and discharging the lien of indenture, terminating and cancelling the lease and conveying title to the project to Kingfisher, Inc.; and redeeming all outstanding Industrial Development Bonds, Series 1984 (Kingfisher, Inc. Project).

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Philip W. Robowe, CPA

**INDEPENDENT AUDITOR'S REPORT
ON THE INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF THE GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Members of the
Industrial Development Board of the
Parish of St. Charles, Louisiana, Incorporated
Hahnville, Louisiana

We have audited the general purpose financial statements of the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated (the "Board") as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Board for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

Reboue & Company

April 29, 1997

REBOWE & COMPANY

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Philip W. Rebowe, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the
Industrial Development Board of the
Parish of St. Charles, Louisiana, Incorporated
Hahnville, Louisiana

We have audited the general purpose financial statements of the Industrial Development Board of the Parish of St. Charles, Louisiana, Incorporated (the "Board") as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Board, is the responsibility of the Board's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

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

Reboue & Company

April 29, 1997