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**JEFFERSON PARISH ECONOMIC
DEVELOPMENT COMMISSION
JEFFERSON PARISH, LOUISIANA**

FINANCIAL REPORT

December 31, 1987

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 in the Public Records office of the Louisiana Auditor and, unless designated, in the office of the parish clerk of court.

Release Date 208 11 988

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Jefferson Parish Economic Development Commission
Jefferson Parish, Louisiana

We have audited the accompanying general-purpose financial statements of *Jefferson Parish Economic Development Commission*, a component unit of Jefferson Parish, Louisiana, as of December 31, 1997, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of *Jefferson Parish Economic Development Commission'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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 *Jefferson Parish Economic Development Commission* as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 1998, on our consideration of *Jefferson Parish Economic Development Commission's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of *Jefferson Parish Economic Development Commission* taken as a whole. The accompanying supplemental information on pages 26 through 28 is presented for purposes

of additional analysis and are not a required part of the general-purpose financial statements. This additional information is the responsibility of the Jefferson Parish Economic Development Commission. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Richard S. Campbell Sanford M. Harrison

March 20, 1998

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 1997

	Governmental Fund Type		Fiduciary Fund Type		Account Status		Total (Governmental and Fiduciary)
	General	Special Account	Assets	Liabilities	General Fund Assets	Long-Term Debt	
ASSETS AND OTHER DEBITS							
Assets							
Cash	\$ 147,058	\$ 150,048	\$ 146,514	\$ -	\$ -	\$ -	\$ 294,056
Investments	-	-	100,000	-	-	-	100,000
Prepaid expenses	54,172	-	-	-	-	-	54,172
Receivables, net of allowance for estimated uncollectible receivables	-	-	-	-	-	-	-
Notes	-	478,165	450,000	-	-	-	908,000
Letter payments	-	-	2,000,000	-	-	-	2,000,000
Accrued interest	-	1,150	-	-	-	-	1,150
Accounts	2,458	-	-	-	-	-	2,458
Due from other funds	31,878	-	-	-	-	-	31,878
Intergovernmental receivables	-	-	3,331,651	-	-	-	3,331,651
Fixed assets	-	-	-	-	841,249	-	841,249
Other Debits							
Accounts to be provided for payment of general long-term debt	-	-	-	-	-	498,312	498,312
Total assets and other debits	\$ 1,184,526	\$ 778,311	\$ 6,513,661	\$ -	\$ 841,249	\$ 498,312	\$ 8,133,229

See notes to the financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

December 31, 1997

	Governmental Fund Type		Fiduciary Fund Type		Account Change		Total (Governmental and Fiduciary)
	General	Special Revenue	General	Special	General Fund Assets	General Long-Term Debt	
Liabilities	\$ 19,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,877
Accounts payable	41,881	-	-	-	-	-	41,881
Accumulated pension plan contributions	-	-	200,020	-	-	-	200,020
Accrued interest payable	-	-	-	-	-	18,771	18,771
Compensated absences payable	-	-	581,536	-	-	-	581,536
Intergovernmental payable	-	21,269	-	-	-	-	21,269
Due to other funds	11,890	-	-	-	-	-	11,890
Insurance deposits	-	-	-	-	29,524	-	29,524
Capital lease payable	-	-	1,048,008	-	-	-	1,048,008
Notes payable	-	-	-	-	300,000	-	300,000
Lease payable to Jefferson Parish	-	-	-	-	31,427	-	31,427
Mortgage note payable	-	-	188,153	-	-	-	188,153
Deferred compensation benefits payable	-	-	-	-	-	-	-
Total liabilities	<u>31,628</u>	<u>21,269</u>	<u>1,637,687</u>	<u>-</u>	<u>400,221</u>	<u>-</u>	<u>1,659,198</u>
Equity and Other Credits	-	-	841,249	-	-	-	841,249
Investment in general fund assets	214,056	268,162	-	-	-	-	482,218
Fund balance - unreserved, unassigned	131,086	748,453	-	-	841,249	-	1,720,788
Total equity and other credits	<u>1,156,148</u>	<u>1,016,615</u>	<u>841,249</u>	<u>-</u>	<u>841,249</u>	<u>-</u>	<u>2,815,261</u>

See notes to the financial statements.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 1997**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Intergovernmental:			
State of Jefferson Parish			
occupational licenses	\$ 1,118,943	\$ -	\$ 1,118,943
Charges for services	68,660	1,075	69,735
Enterprise Center and JEDCO "West":			
Rents	111,197	-	111,197
Telephone charges	40,079	-	40,079
Interest	13,511	40,303	53,814
Miscellaneous	<u>16,884</u>	<u>-</u>	<u>16,884</u>
Total revenues	1,394,454	44,388	1,438,842
Other financing sources:			
Proceeds of long-term debt	152,823	-	152,823
Capitalized lease	37,938	-	37,938
Operating transfers in	<u>40,333</u>	<u>-</u>	<u>40,333</u>
Total revenues and other financing sources	<u>\$ 1,625,593</u>	<u>\$ 44,388</u>	<u>\$ 1,669,981</u>

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 For the Year Ended December 31, 1997**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
Expenditures:			
Current:			
Enterprise Center	\$ 196,948	\$ -	\$ 196,948
JEDCO "Ward"	175,281	-	175,281
Financing for future	280,417	-	280,417
Business recruitment	112,594	-	112,594
Business outreach	126,428	-	126,428
Administrative	356,157	4,005	360,162
Renovations and capital outlay	37,958	-	37,958
Debt Service (Intra-governmental):			
Principal	222,906	-	222,906
Interest	<u>6,034</u>	<u>-</u>	<u>6,034</u>
Total expenditures	<u>1,534,735</u>	<u>4,005</u>	<u>1,538,740</u>
Other financing uses:			
Operating transfers out	<u>-</u>	<u>40,333</u>	<u>40,333</u>
Total expenditures and other financing uses	<u>1,534,735</u>	<u>44,338</u>	<u>1,579,073</u>
Excess of revenues and other financing sources over expenditures and other other financing uses	50,857	-	50,857
Fund Balances:			
Beginning of year	<u>74,622</u>	<u>748,462</u>	<u>823,084</u>
End of year	<u>\$ 125,480</u>	<u>\$ 748,462</u>	<u>\$ 873,942</u>

See notes to the financial statements.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND
For the Year Ended December 31, 1997**

	Actual On GAAP Basis	Adjustments To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance - Favorable (Unfavorable)
Revenues:					
Intragovernmental:					
State of Jefferson Parish occupational licenses	\$ 1,118,943	\$ -	\$ 1,118,943	\$ 1,119,090	\$ (147)
Charges for services:					
Loan processing and servicing	83,880	40,325	124,185	145,080	(20,895)
Rent:					
Enterprise Center	83,918	-	83,918	80,000	3,918
JEDECO "Wear"	47,279	13,557	60,836	72,080	(11,144)
Telephone charges:					
Enterprise Center	26,522	-	26,522	30,000	(3,478)
JEDECO "Wear"	13,557	(13,557)	-	-	-
Interest and Miscellaneous	<u>30,385</u>	<u>-</u>	<u>30,385</u>	<u>28,500</u>	<u>1,885</u>
Total revenues	1,394,474	48,325	1,434,807	1,435,580	(68,773)
Other financing sources:					
Proceeds of long-term debt	152,827	(152,827)	-	-	-
Capitalized lease	37,958	(37,958)	-	-	-
Operating transfers in	<u>48,322</u>	<u>(48,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	\$ 1,625,181	\$ (160,782)	\$ 1,464,407	\$ 1,435,580	\$ (28,883)

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND (CONTINUED)
For the Year Ended December 31, 1997**

	Actual On- Line/Basic	Adjustments To Budgetary Basis	Actual On- Budgetary Basis	Budget	Variance - Favorable (Unfavorable)
Expenditures:					
Current:					
Enterprise Center	196,548	1,392	198,340	211,808	13,468
JEDCO "West"	173,281	64,873	348,153	318,668	(29,885)
Financing the Future	290,417	4,175	294,592	297,508	3,008
Business recruitment	112,594	1,392	113,986	129,808	15,814
Business outreach	168,408	3,151	168,571	157,508	18,935
Administrative	358,157	3,151	358,308	363,508	7,199
Renovations and capital outlay	97,858	(97,858)	-	-	-
Debt service:					
Principal and interest	328,590	(328,590)	-	-	-
Total expenditures	1,334,735	(180,785)	1,243,590	1,379,608	35,858
Excess of expenditures and other financing uses over revenues and other financing sources	80,857	-	80,857	35,980	14,857
Fund Balance:					
Beginning of year	34,629	-	34,629	34,629	-
End of year	<u>\$ 1,254,486</u>	<u>\$ -</u>	<u>\$ 1,254,486</u>	<u>\$ 1,193,529</u>	<u>\$ 34,593</u>

See notes to the financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jefferson Parish Economic Development Commission is a special district of Jefferson Parish, Louisiana which was created by House Bill No. 908 of the 1987 Regular Session of the Louisiana Legislature. The name under which it was created is Jefferson Parish Economic Development and Port District, but in accordance with its bylaws it operates under the name Jefferson Parish Economic Development Commission or JEDCO.

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

A. Financial Reporting Entity

GASB Codification of Governmental Accounting and Financial Reporting Standards established the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criteria for including a governmental organization as a part of the reporting entity for a governmental unit is the ability to exercise oversight responsibility over such organization by the unit's elected officials. Oversight responsibility is derived from, among other things, the governmental unit's power to appoint the governing board and the ability to significantly influence operations.

Based on the foregoing criteria, JEDCO was determined to be a component unit of Jefferson Parish, Louisiana, the governing body with oversight responsibility. The accompanying general-purpose financial statements present information only on the funds maintained by JEDCO and do not present information on Jefferson Parish, the general government services provided by Jefferson Parish, or the other governmental units that comprise the governmental reporting entity of Jefferson Parish. There are no component units which have been combined with JEDCO to form the reporting entity, nor are there any potential component units which should be combined with JEDCO to form the reporting entity.

B. Fund Accounting

JEDCO uses funds and 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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial management by segregating transactions related to certain government functions or activities.

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

JEDCO maintains two categories of funds: governmental and fiduciary. Each category is further divided into separate fund types.

JEDCO's governmental fund type consists of a General Fund which is used to account for all of its operating activities, and a special revenue fund, known as the EDA Revolving Loan Fund, which is used to account for specific revenues restricted for making loans under the Economic Development Act program.

JEDCO's fiduciary fund type consists of five agency funds, four of which are used to account for assets that JEDCO holds for another governmental unit. The other is used to account for the activities in JEDCO's deferred compensation plan under Section 457 of the Internal Revenue Code. The agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations.

C. 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 are generally 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 funds and the agency funds. Under this method, 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.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due. Transfers between funds that are not expected to be repaid are accounted for as other financial resources (aids) and are recorded when the interfund receivable and payable arise.

Those revenues susceptible to accrual are, rents charges for telephone usage, revenues for charges for services, and interest on notes and investments. Revenue from shared occupational licenses are considered measurable and available when received and are recorded as revenue at that time.

D. Budgetary Accounting

Federal budgetary accounting is employed as a management control device during the year for the General Fund. The level of budgetary control is at the fund/department level and expenditures may not exceed budgeted appropriations. Appropriations which are not expended lapse at year end. A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles, except for payments on debt service which are included in the budget as current expenditures instead of debt service expenditures. Also, for budget purposes, operating transfers from the special revenue fund to the General fund are included as revenues instead of transfers in. The adopted budget of expenditures operates as an appropriation for that year. Any unexpended balance of the amount appropriated reverts to fund balance and becomes available for future appropriations. Commitments related to unperformed contracts for goods and services (encumbrances) are not recorded as a reservation of fund balance because the amount is immaterial. A budget was not adopted for the special revenue fund because its expenditures are limited by the terms of the grant arrangements under which its revenues are received.

E. Cash and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposits with a maturity date within three months of the date acquired by RECO.

Louisiana State statutes permit RECO to invest in obligations of the United States Government and agencies of the United States Government, which are federally sponsored, and certificates of deposit of state banks, organized under the State of Louisiana, and national banks having their principal office in the State of Louisiana,

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in its mutual or trust fund institutions which have underlying investments limited to securities of the U.S. Government or its agencies.

Investments in the deferred compensation agency fund consists of mutual funds which are stated at market value.

F. Allowance for Estimated Uncollectible Receivables

An allowance for estimated uncollectible receivables is established when collectibility of a loan or an account becomes doubtful. As of December 31, 1997, management has established an allowance for estimated uncollectible receivables of \$6,356 in the General Fund and \$37,000 in the Special Revenue Fund.

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received. JEDCO does not have any infrastructure assets. Assets in the general fixed asset account group are not depreciated.

H. Compensated Absences

Accumulated annual leave is reported as an expenditure and a fund liability when it is expected to be liquidated from expendable available financial resources. Amounts of accumulated annual 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 GASB Statement No. 34, no liability is recorded for accumulated sick pay benefits because such benefits can be used only for sick leave.

I. Memorandum Only - Total Column

The total column on the combined balance sheet and combined statement of revenues, expenditures and changes in fund balances - all governmental fund types are captioned

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

"Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - LEGAL COMPLIANCE - BUDGET

Under state law JEDCO is required to complete and submit a budget for its General Fund to the governing authority of Jefferson Parish no later than fifteen days prior to the beginning of the fiscal year to which the budget applies. The total proposed expenditures may not exceed the total of estimated funds available at the fund level. Public participation in the budgetary process prior to adoption of the budget is required if the total proposed expenditures are \$250,000 or more. The budget presented in the accompanying general-purpose financial statements is the amended budget which was adopted by the Board of Commissioners.

NOTE 3 - BANK DEPOSITS

At December 31, 1997, the carrying amount of JEDCO's deposits was \$594,658 and the bank balances were \$633,340. Of the bank balance \$301,346 was covered by Federal deposits insurance and \$332,094 was covered by collateral held by the pledging financial institution's agent in JEDCO's name.

NOTE 4 - NOTES RECEIVABLE

Notes receivable consists of loans which were made to businesses located in Jefferson Parish pursuant to the provisions of Title I of the Housing and Community Development Act of 1974, as amended, and Title IX of the Public Works and Economic Development Act of 1965, as amended. The loans were made from the special revenue and agency funds established solely for this purpose.

Funding for Community Development loans was provided by Jefferson Parish from its CDBG fund with funds received from Housing and Urban Development ("HUD"). As a result of defaulted loans under HUD's Section 188 Guaranteed Loan Program as further described in Note 5, repayment to HUD will be made in the form of reduced future CDBG grants. However, Jefferson Parish has requested a longer payout of the loans to lessen the impact of lost CDBG grant revenues. In response to the request, HUD suspended in the fourth quarter of 1997 additional lending of grant monies pending its consideration of the proposal.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

"Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - LEGAL COMPLIANCE - BUDGET

Under state law JEDCO is required to compile and submit a budget for its General Fund to the governing authority of Jefferson Parish no later than fifteen days prior to the beginning of the fiscal year to which the budget applies. The total proposed expenditures may not exceed the total of estimated funds available at the fund level. Public participation in the budgetary process prior to adoption of the budget is required if the total proposed expenditures are \$250,000 or more. The budget presented in the accompanying general-purpose financial statements is the amended budget which was adopted by the Board of Commissioners.

NOTE 3 - BANK DEPOSITS

At December 31, 1997, the carrying amount of JEDCO's deposits was \$294,626 and the bank balances were \$633,240. Of the bank balance \$301,244 was covered by federal deposit insurance and \$332,096 was covered by collateral held by the pledging financial institution's agent in JEDCO's name.

NOTE 4 - NOTES RECEIVABLE

Notes receivable consists of loans which were made to businesses located in Jefferson Parish pursuant to the provisions of Title I of the Housing and Community Development Act of 1974, as amended, and Title IX of the Public Works and Economic Development Act of 1965, as amended. The loans were made from the special revenue and agency funds established solely for this purpose.

Funding for Community Development loans was provided by Jefferson Parish from its CDBG fund with funds received from Housing and Urban Development ("HUD"). HUD has provided JEDCO with a repayment plan as a result of defaulted loans under HUD's Section 108 Guaranteed Loan Program as further described in Note 5. Repayment to HUD will be made in the form of reduced future CDBG grants. However, Jefferson Parish has requested a longer payout of the loans to lessen the impact of lost CDBG grant revenues. In response to the request, HUD suspended in the fourth quarter of 1997 additional lending of grant monies pending its consideration of the proposal.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1997

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

Funding for the Economic Development Act loans was provided by grants from the U.S. Department of Commerce, State of Louisiana and Jefferson Parish. The loans are payable in monthly installments consisting of principal and interest at rates of 3% to 10% over periods ranging from four to twenty years.

All loans are collateralized by a combination of mortgages on property and life insurance policies, and continuing or personal guarantees of the owners of the businesses to which made.

NOTE 5 - LEASE PAYMENTS RECEIVABLE

Lease payments receivable consists of amounts payable to JEDCO by a manufacturer under the terms of two lease-purchase agreements executed in 1996. The leased assets consist of two pieces of real property and some equipment which JEDCO acquired as a result of default by a manufacturer who had pledged such assets as collateral for two loans under the HUD Section 188 Guaranteed Loan Program. The total minimum lease payments to be received by JEDCO are as follows: for property located at 1008 Elmwood Park Blvd., Hanahan, LA, \$2,010,320 (\$205,000 was received in 1997 and the total received to date is \$205,000); for property located at 1389 Distribution Row, Hanahan, LA, \$208,000 (\$84,500 was received in 1997 and the total received to date is \$94,000).

The future minimum lease payments to be received as of December 31, 1997 are as follows:

Year Ending December 31	1008 Elmwood Park Blvd.	1389 Distribution Row
1998	\$ 108,510	\$ 92,500
1999	95,482	91,000
2000	98,710	88,500
2001	<u>1,723,620</u>	<u>660,000</u>
Total	<u>\$2,010,320</u>	<u>\$ 936,000</u>

The payments due in the year 2001 include final balloon payments due on August 1, 2001 of \$1,637,320 for 1008 Elmwood Park Blvd. and \$475,000 for 1389 Distribution Row. The lessee has an option to acquire the leased properties at the conclusion of the lease term for the sum of \$1 or any time by prepaying all rents due under the leases.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1997

NOTE 6 - DUE FROM/TO OTHER FUNDS

Due from/to other funds consists of the following interfund receivables/payables at December 31, 1997:

	Due From Other Funds	Due to Other Funds
General Fund:		
EDA revolving loan		
special revenue fund	\$ 31,868	\$ -
Jefferson Parish		
HUD 108-2 agency fund	1	-
Special Revenue Fund - EDA		
Revolving Loan	-	31,868
Agency Fund:		
Jefferson Parish HUD 108-2	<u>-</u>	<u>1</u>
	<u>\$ 31,870</u>	<u>\$ 31,870</u>

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during 1997:

	Balance January 1, 1997	Additions	Reductions	Balance December 31, 1997
Land and building (JEDCO "West")	\$ 435,647	\$ -	\$ -	\$ 435,647
Office furniture and equipment	351,408	37,263	6,931	381,740
Leasehold improvements	4,578	-	-	4,578
Vehicles	<u>23,284</u>	<u>-</u>	<u>-</u>	<u>23,284</u>
	<u>\$ 814,917</u>	<u>\$ 37,263</u>	<u>\$ 6,931</u>	<u>\$ 845,249</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 8 - PENSION PLAN

JEDCO's employees are covered by JEDCO's simplified employee pension (SEP) plan and are not subject to social security taxes. JEDCO annually makes a contribution to an IRA account established for each permanent employee. The amount contributed by JEDCO is 4.2% of the employee's total compensation. JEDCO's total contribution under this plan for 1997 was \$39,449 based on a covered payroll of \$938,263. JEDCO's total current year payroll for all employees was \$624,263.

NOTE 9 - DEFERRED COMPENSATION PLAN

JEDCO has established a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. The plan is available to JEDCO's employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of JEDCO (without being restricted to the provisions of benefits under the plan), subject only to the claims of JEDCO's general creditors.

Participants' right under the plan are equal to those of general creditors of JEDCO in an amount equal to the fair market value of the deferred account for each participant.

JEDCO believes it has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. JEDCO believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments of the plan are managed by PERSCO. The choice of the investment option(s) is made by the plan participant.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1997

NOTE 10 - NOTES PAYABLE IN AGENCY FUNDS

Notes payable in the Jefferson Parish HUD 108 and 108-2 Agency Funds are payable to the order of the registered holder in annual installments with interest at varying rates as follows:

Maturity Date	Series 1993-A		Series 1994-A		Total
	Interest Rate	Principal Amount	Interest Rate	Principal Amount	Principal Amount
1998	8.50%	\$ 310,000	8.00%	\$ 225,000	\$ 535,000
1999	8.625%	340,000	8.17%	240,000	580,000
2000	8.65%	1,375,000	8.15%	250,000	1,625,000
2001	8.74%	1,340,000	8.23%	265,000	2,605,000
2002	-	-	8.24%	280,000	280,000
2003	-	-	8.27%	300,000	300,000
2004	-	-	8.24%	320,000	320,000
Interim	-	-	LIBOR	325,000	325,000
		<u>\$3,365,000</u>		<u>\$2,215,000</u>	<u>\$5,580,000</u>

Interest is payable semi-annually on February 1 and August 1 and notes are guaranteed by HUD under its Section 108 program. The \$325,000 of interim financing represents a loan from a fiscal agent bank bearing interest at .2% above the London Interbank Offered Rates (LIBOR).

NOTE 11 - OPERATING LEASE

JEDCO leases the third floor of an office building which it uses for its administrative office and Enterprise Center operations. The lease is considered an operating lease for accounting purposes. The lease term is for ten years beginning in 1995. Lease payments under the lease for the year ended December 31, 1997 were \$128,750. Minimum future annual lease payments required for the five years following December 31, 1997 are as follows:

Year Ending December 31	Amount
1998	\$ 133,833
1999	144,000
2000	144,000
2001	146,553
2002	151,680
Thereafter	<u>410,427</u>
	<u>\$ 1,130,493</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1997

NOTE 12 - CAPITAL LEASES

JEDCO is obligated under a lease agreement which is accounted for as a capital lease for accounting purposes. The leased asset, a Forklift, and the related obligation are recorded in the General Fixed Assets and the General Long-Term Debt Account Groups, respectively.

JEDCO entered into a lease agreement for the purchase of computers. The lease term began December 1, 1997 for a term of 36 months with annual payments of \$12,652.

The following is a schedule of future minimum lease payments at December 31, 1997 recorded in the General Long-Term Debt Account Group:

Year Ending December 31	
1998	\$ 15,291
1999	<u>14,628</u>
Total minimum lease payments	29,920
Less amount representing interest	<u>3,590</u>
Present value of future minimum lease payments	<u>\$ 26,324</u>

NOTE 13 - LONG-TERM DEBT

During the year ended December 31, 1997, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance January 1, 1997	Additions	Reductions	Balance December 31, 1997
Compensated absences	\$ 14,826	\$ 16,876	\$ 7,431	\$ 24,271
Capital leases	6,316	37,598	14,730	29,184
Loan payable to Jefferson Parish	300,000	100,000	100,000	300,000
Mortgage loan	<u>108,156</u>	<u>52,827</u>	<u>108,156</u>	<u>52,827</u>
	<u>\$ 429,298</u>	<u>\$ 207,291</u>	<u>\$ 230,317</u>	<u>\$ 406,272</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 13 - LONG-TERM DEBT (CONTINUED)

The loan payable to Jefferson Parish is a non-interest bearing loan in the original amount of \$900,000. The proceeds of the loan were used for renovation of a building owned by Jefferson Parish and used by JEDCO until the latter part of 1995 for its small business incubator, referred to by JEDCO as the Enterprise Center. This loan was to be paid back over a five-year period ending in 1999, but collection was foregone by the Jefferson Parish Council in 1993 and JEDCO's Certificates of Indebtedness which were scheduled to mature on December 1, 1996 were paid in full. The Certificates of Indebtedness were issued by JEDCO in 1993 and the proceeds were used to acquire the property used by JEDCO West. Payments of \$75,000 per year for four years were reinstated in 1997 with the acquisition of a loan to pay off the Certificates of Indebtedness and the Jefferson Parish loan will be paid in full in December, 2001.

As stated above, in August 1996, JEDCO borrowed \$110,000 from a local bank and used the proceeds of this loan to pay in full the \$110,000 of Certificates of Indebtedness. In December 1997, JEDCO refinanced the note for \$52,827 and paid \$59,008 towards the note. This loan is payable in 60 monthly installments of \$1,027 with an interest rate of 6.25% and is collateralized by the land and building located at 2245 Poyou Road, Harvey, Louisiana which JEDCO uses for its JEDCO West business incubator operations.

Concurrent with obtaining the \$110,000 mortgage loan described in the preceding paragraph, JEDCO also arranged with the same bank for a line-of-credit in the amount of \$50,000 to be used for capital improvements and equipment purchases. On July 31, 1997, the line of credit was discontinued.

The annual principal maturities of JEDCO's long-term loans at December 31, 1997, are summarized as follows:

Year ending December 31	Loan payable to Jefferson Parish	Mortgage Loan
1998	\$ 75,000	\$ 9,291
1999	75,000	9,888
2000	75,000	10,529
2001	75,000	11,201
2002	<u> </u>	<u>11,932</u>
	<u>\$ 300,000</u>	<u>\$ 52,827</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1997

NOTE 14 - COMBINING BALANCE SHEET OF AGENCY FUNDS

The following is the combining balance sheet of the agency funds as December 31, 1997:

Assets	HELD Revolving Loan	HELD Voucher Capital Fund	Jefferson Parish HELD LRF Fund	Jefferson Parish HELD SFR-L Fund	Deferred Compensation Fund	Total
Cash	\$ 96,691	\$ 31,970	\$ 17,947	\$ 3,355	\$ -	\$ 149,963
Investments	-	-	-	-	168,163	168,163
Notes receivable	306,619	144,263	-	-	-	450,882
Lease payments receivable	-	-	-	956,000	-	956,000
Due from Jefferson Parish Department of Community Development	-	-	1,638,381	1,343,351	-	3,021,692
Total assets	\$ 403,310	\$ 176,196	\$ 1,826,308	\$ 2,382,624	\$ 168,163	\$ 6,973,491
Liabilities:						
Accrued interest payable	\$ -	\$ -	\$ 156,188	\$ 67,623	\$ -	\$ 223,811
Due to Jefferson Parish Department of Community Development	408,310	138,156	-	-	-	546,466
Due to General Fund	-	-	-	1	-	1
Status payable	-	-	1,368,000	2,218,900	-	3,596,900
Deferred compensation benefits payable	-	-	-	-	388,163	388,163
Total liabilities	\$ 408,310	\$ 138,156	\$ 1,524,188	\$ 2,287,624	\$ 388,163	\$ 6,973,491

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 15 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS

HUD Revolving Loan Fund

The following summarizes the changes in the assets and liabilities of the agency funds during 1997.

	<u>Balance January 1, 1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 1997</u>
Assets:				
Cash	\$ 158,886	\$ 27,225	\$ 88,388	\$ 98,691
Notes receivable	217,868	76,680	7,349	308,619
Accrued interest receivable	<u>3,047</u>	<u>-</u>	<u>3,047</u>	<u>-</u>
Total assets	<u>\$ 399,791</u>	<u>\$ 103,925</u>	<u>\$ 97,784</u>	<u>\$ 405,910</u>
Liabilities:				
Encrow deposit	\$ 780	\$ -	\$ 780	\$ -
Due to Jefferson Parish Department of Community Development:				
Drawdowns	284,980	6,716	11,435	279,781
Net income	<u>114,531</u>	<u>18,888</u>	<u>-</u>	<u>133,429</u>
Total liabilities	<u>\$ 399,791</u>	<u>\$ 12,714</u>	<u>\$ 12,215</u>	<u>\$ 405,910</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 13 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS (CONTINUED)

	<u>EDD Venture Capital Fund</u>			
	Balance January 1, <u>1997</u>	Additions	Reductions	Balance December 31, <u>1997</u>
Assets:				
Cash	\$ 13,423	\$ 18,889	\$ 282	\$ 31,993
Notes receivable	<u>152,360</u>	<u>-</u>	<u>8,691</u>	<u>144,269</u>
Total assets	<u>\$ 165,783</u>	<u>\$ 18,889</u>	<u>\$ 8,473</u>	<u>\$ 176,199</u>
 Liabilities:				
Due to Jefferson Parish, Department of Community Development:				
Drawdowns	\$ 146,000	\$ -	\$ -	\$ 146,000
Net income	<u>18,786</u>	<u>18,410</u>	<u>-</u>	<u>36,196</u>
Total liabilities	<u>\$ 165,786</u>	<u>\$ 18,410</u>	<u>\$ -</u>	<u>\$ 176,196</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 16 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS (CONTINUED)

	<u>Jefferson Parish HUD 108 Fund</u>			
	Balance January 1, <u>1997</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>1997</u>
Assets:				
Cash	\$ 391,488	\$ 108,171	\$ 199,662	\$ 12,807
Loans payable receivable	2,916,000	-	108,800	2,916,200
Due from Jefferson Parish HUD 108-2 Agency Fund	90,900	-	90,900	-
Due from Jefferson Parish, Department of Community Development	<u>1,891,824</u>	<u>271,517</u>	<u>285,800</u>	<u>1,878,291</u>
Total assets	<u>\$4,199,872</u>	<u>\$ 379,688</u>	<u>\$ 675,262</u>	<u>\$3,904,198</u>
Liabilities:				
Accounts payable	\$ 3,699	\$ -	\$ 3,699	\$ -
Accrued interest payable	148,173	136,198	148,173	136,198
Escrow deposits and other				
Notes payable (Series 1991-A)	<u>4,053,000</u>	<u>-</u>	<u>285,000</u>	<u>3,768,000</u>
Total liabilities	<u>\$4,199,872</u>	<u>\$ 136,198</u>	<u>\$ 436,872</u>	<u>\$3,904,198</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1997

NOTE 18 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS (CONTINUED)

	<u>Jefferson Parish HLD 108-2 Fund</u>			
	<u>Balance</u> <u>January 1,</u> <u>1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>1997</u>
Assets:				
Cash	\$ 34,855	\$ 84,722	\$ 105,434	\$ 3,323
Lease payments receivable	1,000,500	-	84,500	936,000
Due from Jefferson Parish Department of Community Development	<u>1,345,368</u>	<u>55,433</u>	<u>300,500</u>	<u>1,343,301</u>
Total assets	<u>\$2,580,883</u>	<u>\$ 183,135</u>	<u>\$ 490,434</u>	<u>\$2,287,624</u>
Liabilities:				
Accrued interest payable	\$ 34,382	\$ 87,623	\$ 34,382	\$ 87,623
Due to General Fund	1	-	-	1
Due to Jefferson Parish HLD 108 Agency Fund	90,500	-	90,500	-
Notes payable (Series 1996-A)	<u>2,425,000</u>	<u>-</u>	<u>210,000</u>	<u>2,215,000</u>
Total liabilities	<u>\$2,580,883</u>	<u>\$ 87,623</u>	<u>\$ 334,882</u>	<u>\$2,287,624</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1997

NOTE 15 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS (CONTINUED)

	<u>Deferred Compensation Fund</u>			
	<u>Balance January 1, 1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 1997</u>
Assets:				
Investments	\$ 125,175	\$ 43,992	\$ _____	\$ 169,167
Liabilities:				
Deferred compensation benefits payable	\$ 125,175	\$ 43,992	\$ _____	\$ 169,167

NOTE 16 - CONTRIBUTED SERVICES

The thirteen members of the Board of Commissioners of JEDCO and members of the Board's various advisory committees serve without compensation. The value of these contributed services is not included in JEDCO's financial statements. In January 1998, the number of board members was increased to twenty-one.

SUPPLEMENTAL INFORMATION

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
 SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND
 For the Year Ended December 31, 1997**

	Actual On GAAP Basis	Adjustment To Budgetary Base	Actual On Budgetary Base	Deficit	Variance - Favorable (Unfavorable)
Enterprise Center					
Advertising and promotion	\$ 780	\$ -	\$ 780	\$ 480	\$ (380)
Communications	29,034	-	29,034	35,880	7,846
Dues and subscriptions	341	-	341	780	439
Furniture and equipment rental	65,797	1,283	67,080	64,980	(1,100)
Health benefits and taxes	14,879	-	14,879	14,380	(500)
Office supplies	3,374	-	3,374	11,280	8,706
Professional services	-	-	-	1,080	1,080
Staff salaries	79,034	-	79,034	81,480	2,446
Travel mileage	1,180	-	1,180	1,080	(100)
	<u>196,599</u>	<u>1,283</u>	<u>197,882</u>	<u>211,580</u>	<u>(13,698)</u>
EDDCO "Wey"					
Building expenditures:					
Capital and building supplies	6,348	-	6,348	9,500	3,152
General maintenance	6,812	-	6,812	16,000	9,188
Insurance	3,773	-	3,773	13,400	9,627
Security	308	-	308	-	(308)
Utilities	23,442	-	23,442	27,000	4,558
	<u>40,683</u>	<u>-</u>	<u>40,682</u>	<u>66,900</u>	<u>26,217</u>
Insulate program expenditures:					
Advertising and promotion	3,104	-	3,104	4,400	1,296
Communications	29,747	3,499	33,246	30,300	(3,000)
Contract services	3,317	-	3,317	1,000	(4,317)
Dues and subscriptions	300	-	300	300	(0)
Health benefits and taxes	12,845	-	12,845	14,700	1,855
Miscellaneous	900	-	900	2,300	1,400
Office supplies	12,286	-	12,286	15,000	2,714
Staff salaries	64,123	-	64,123	63,760	(421)
Travel and entertainment	2,830	-	2,830	3,300	470
	<u>111,652</u>	<u>3,499</u>	<u>115,151</u>	<u>138,600</u>	<u>23,449</u>
Debt service	-	61,281	61,281	11,880	(49,401)
	<u>(15,281)</u>	<u>64,780</u>	<u>49,500</u>	<u>218,180</u>	<u>(119,631)</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUNDS
(CONTINUED)**

For the Year Ended December 31, 1997

	Actual On GAAP Basis	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance - Favorable (Unfavorable)
Financing The Future					
Advertising and promotion	\$ 174	\$ -	\$ 174	\$ 1,700	\$ 1,526
Dues and subscriptions	3,678	-	3,678	3,100	578
Health benefits and taxes	33,160	-	33,160	33,300	-140
Office and equipment rental	23,192	4,173	29,365	20,600	(8,765)
Office supplies	1,673	-	1,673	4,300	(2,627)
Postage and copying	581	-	581	2,100	1,519
Staff salaries	203,198	-	203,198	203,600	-402
Training/seminars	3,092	-	3,092	3,700	608
Travel mileage	4,330	-	4,330	31,000	26,670
Total Financing the Future	290,617	4,173	294,790	297,700	3,000
Business Recruitment					
Advertising	280	-	280	300	20
Consulting services	-	-	-	500	500
Dues and subscriptions	4,881	-	4,881	5,800	919
Health benefits and taxes	12,115	-	12,115	12,800	685
Office and equipment rental	11,750	1,292	13,042	10,800	(2,242)
Office supplies	463	-	463	6,200	5,737
Postage and copying	1,690	-	1,690	3,600	1,910
Project development	814	-	814	6,300	5,486
Staff salaries	78,945	-	78,945	77,400	1,545
Travel mileage	6,818	-	6,818	8,800	2,000
Total Business Recruitment	112,456	1,292	113,748	128,000	14,252
Business Outreach					
Advertising and promotion	7,348	-	7,348	18,900	11,552
Data base analysis	308	-	308	400	92
Health benefits and taxes	17,956	-	17,956	18,000	44
Newsletter	8,391	-	8,391	12,100	3,709
Office and equipment rental	11,057	2,151	13,208	10,000	(3,208)
Office supplies	3,508	-	3,508	6,900	3,392
Staff salaries	78,276	-	78,276	81,500	3,224
Travel mileage	9,532	-	9,532	61,000	51,468
Total Business Outreach	136,026	2,151	138,177	197,500	59,323

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
 SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND
 (CONTINUED)**

For the Year Ended December 31, 1997

	Actual On GAAP Basis	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance - Favorable (Unfavorable)
Administration					
Accounting/audit	\$ 6,308	\$ -	\$ 6,308	\$ 6,900	\$ -
Business development	442	-	442	500	58
Commissioners' meetings	1,067	-	1,067	4,000	2,933
Communications	28,699	-	28,699	50,000	21,301
Health benefits and taxes	28,164	-	28,164	25,500	(2,664)
Insurance	7,468	-	7,468	19,500	12,032
Consultant services	190,140	-	190,140	68,000	(122,140)
Miscellaneous	12,338	-	12,338	15,000	2,662
Office and equipment rental	38,447	2,111	40,558	35,000	(5,558)
Professional development	1,294	-	1,294	800	(494)
Seminars/conventions	2,847	-	2,847	2,000	(847)
Staff salaries	124,675	-	124,675	154,000	29,325
Office supplies	4,909	-	4,909	10,000	5,091
Travel/training	4,045	-	4,045	1,200	(2,845)
Total Administration	358,187	2,111	356,076	365,900	7,824
Renovations and capital outlay	37,514	(17,514)	-	-	-
Debt Service - JEDCO "West"					
Interest and fees	6,854	(6,854)	-	-	-
Principal	110,560	(110,560)	-	-	-
Total Debt Service JEDCO "West"	117,414	(117,414)	-	-	-
Total expenditures	\$1,104,715	\$ (188,765)	\$1,340,550	\$1,179,600	\$ 16,950

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

Board of Commissioners

Jefferson Parish Economic Development Commission

Jefferson Parish, Louisiana

We have audited the general-purpose financial statements of Jefferson Parish Economic Development Commission, a component unit of Jefferson Parish, Louisiana as of and for the year ended December 31, 1997 and have issued our report thereon dated March 20, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jefferson Parish Economic Development Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 Jefferson Parish Economic Development Commission'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. However, we noted a certain matter involving the internal control over

financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jefferson Parish Economic Development Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. The reportable condition is described in the accompanying schedule of reportable condition as item 97-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Jefferson Parish Economic Development Commission in a separate letter dated March 20, 1998.

This report is intended for the information of the audit committee, management, the Legislative Auditor and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Company/Henford M. Harrison

March 20, 1998

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF REPORTABLE CONDITIONS
For the Year Ended December 31, 1997

Item 97-1

Condition:

There appears to be an inadequate segregation of duties within the accounting function related to cash disbursements. Due to the limited number of accounting personnel, the Controller or her assistant is charged with most of the responsibilities relating to the cash disbursements cycle. JEDCO does have certain controls in place which help to mitigate inadequate segregation of accounting duties; however, additional mitigating controls should be implemented to help ensure the proper reporting and safeguarding of assets.

Recommendation:

JEDCO should be aware of the potential problems caused by an inadequate segregation of accounting duties with respect to cash disbursements and should be cognizant of the importance of mitigating controls. Additional mitigating controls should be considered, including the following: • Signed vendor checks should be controlled after signing and mailed by an employee other than the Controller or her assistant. • The bank reconciliation should be performed by an employee other than the Controller or her assistant, or if not practical, the bank reconciliation should be reviewed on a monthly basis by someone other than the Controller or her assistant.

Response:

JEDCO is aware of the risks involved with the lack of segregation of accounting duties and will continue to monitor the situation. Duties related to the cash disbursements cycle will be delegated to additional employees as staffing allows.

MEMORANDUM OF ADVISORY COMMENTS
JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
For the Year Ended December 31, 1997

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Board of Commissioners
Jefferson Parish Economic Development Commission
Jefferson Parish, Louisiana

We have audited the general-purpose financial statements of the Jefferson Parish Economic Development Commission ("JEDCO") as of and for the year ended December 31, 1997, and have issued our report thereon dated March 20, 1998. As part of our audit we considered JEDCO's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we became aware of several matters that are opportunities for strengthening JEDCO's internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our findings and recommendations regarding these matters. Our consideration of the internal control over financial reporting has been reported on in a separately issued report entitled *Independent Auditors' Report on Compliance and an Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated March 20, 1998.

We have already discussed many of these findings and recommendations with you and have included your response. We will be pleased to discuss our recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Rebowe & Company Anthony M. Harrison

March 20, 1998

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS
For the Year Ended December 31, 1997

Finding:

Financial data for loan programs and cash receipts from incubator rentals are currently accounted for using a manual accounting system. The manual accounting system utilized to record rent receipts and for the loan programs requires extensive hours compiling and reconciling this information at year end. In 1997, incubator rental receipts were approximately \$150,000.

Recommendation:

JEDCO should utilize its computerized financial reporting package ("Procharge") for all funds. This will reduce the time needed at year end to compile and reconcile this information for financial reporting purposes.

Response:

JEDCO agrees that the Procharge system should be utilized for all funds and will do so for fiscal year ending December 31, 1998. In addition, JEDCO has implemented new procedures for the recording of rent receipts in 1997 which will still require manual entry of receipts but a separate activity sheet is now maintained by the Controller to help to reduce time needed at year end for reconciliation purposes.

Finding:

JEDCO did not have a formal cost allocation plan in effect for fiscal year ended December 31, 1997. This plan is a requirement of the EDA revolving loan programs. EDA will allow JEDCO, as well as other EDA grantees, to recover necessary costs incurred under the program from its program income earned on EDA grant proceeds, however, the grantees must have a formal plan in effect by year end. JEDCO was aware that it was not in compliance prior to year end and had notified EDA of its status. EDA has granted a "temporary waiver" of this requirement contingent on JEDCO's submission of a plan. In order to meet this requirement, JEDCO has requested our assistance to produce such a plan. In 1997, JEDCO incurred cost for the EDA loan program totaled \$51,690 of which JEDCO recovered \$44,388 (the total program income for 1997).

Recommendation:

The EDA cost allocation plan should be submitted for approval by the EDA upon its completion.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1997

Response:

As of the date of this response the cost allocation plan has been completed and filed with the EDA.

Finding:

We noted in our review of expense reports that certain reports of the previous Executive Director were not independently approved and that the business purpose for meals purchased were not documented. We randomly selected and reviewed reports submitted for reimbursement in 1997. Two of the reports selected were from the previous Executive Director. We noted that these two reports contained no independent approval and that the business purpose for meals purchased were not documented although supporting receipts were attached.

<u>Monthly Report</u>	<u>Total Expenses</u>	<u>Meal Expenses</u>
February 1997	\$ 655.98	\$635.98
March 1997	\$1,308.20	\$933.07

Effective March 1, 1997, JEDCO changed its policy to require that all expense reports of the Executive Director must be reviewed and approved by an officer.

Recommendation:

Expense reports of the Executive Director should continue to be reviewed and approved by an officer of JEDCO.

Response:

JEDCO is currently seeking reimbursement of certain expenditures from the previous Executive Director. Effective March 1, 1997, expense reports must contain an explanation of the business purpose and reports of the Executive Director must be reviewed and approved by an officer of JEDCO.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1997**

Findings:

We have made limited inquiries of management regarding activities by JEDCO to address the year 2000 issue and as to whether or not the computer hardware and software utilized by JEDCO is year 2000 compliant. Our audit of the JEDCO financial statements for the year ended December 31, 1997, did not provide any assurance that JEDCO's computer system or any other systems, such as JEDCO's vendors, and service providers are year 2000 compliant, nor did we perform any procedures to test whether JEDCO's system or any other systems are year 2000 compliant or whether the plans and activities of JEDCO are sufficient to address and correct the systems or any other problems that might arise because of the year 2000. Accordingly, we have not expressed any opinion or provide any other assurance regarding the year 2000.

Based on our discussions with management, management believes it has sufficiently addressed any potential year 2000 problems.

Recommendation:

JEDCO should continue to monitor and address the year 2000 problem.

Response:

JEDCO will continue to monitor its computer system and believes that it is year 2000 compliant.

Findings:

In October, 1997 the Government Accounting Standards Board ("GASB") issued Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". GASB Statement No. 32 was issued in response to a recent change in Internal Revenue Code Section 457. This Code Section now requires that all assets and income of Deferred Compensation Plans established under Code Section 457 must be held in a trust for the exclusive benefit of the participants and their beneficiaries. Existing plans are required to comply with this requirement by January 1, 1999.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1997**

Recommendation:

JEDCO should amend its Plan to conform with the recent change in the Internal Revenue Code. When the Plan is amended so that the assets are held in trust for the exclusive benefit of the participants and their beneficiaries, the Plan will no longer be included in JEDCO's financial statements.

Response:

JEDCO will contact the Plan administrator and amend the Plan accordingly by January 1, 1998.

REBOWE & COMPANY, CPAs, APCRIANFORD M. HARRISON, CPA
1501 North Causeway Blvd., Suite 809
Metairie, Louisiana 70001
(504)833-8116

Board of Commissioners
Jefferson Parish Economic Development Commission
Jefferson Parish, Louisiana

We have audited the financial statements of the Jefferson Parish Economic Development Commission ("JEDCO") for the year ended December 31, 1993, and have issued our reports thereon dated March 20, 1998. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of JEDCO's compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The attached schedule of noncompliance with laws and regulations includes an immaterial instance of noncompliance noted as a result of the items tested.

We have already discussed this finding with you and have included your response. We will be pleased to discuss this finding with you in further detail at your convenience, perform any additional study of this matter, or assist you in implementing our recommendation.

Rebowe & Company *Anford M. Harrison*

March 20, 1998

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF NONCOMPLIANCE WITH LAWS AND REGULATIONS
For the Year Ended December 31, 1997**

Finding:

We noted that JEDCO holds membership in the local Chamber of Commerce, Harvey Canal Industrial Association, East Jefferson Business Association and other private business organizations. The cost of membership in these business organizations appears to be a violation of Article VII, Section 14 of the Louisiana State Constitution which states that "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Recommendation:

JEDCO should consult with its legal adviser as to the legality of these memberships.

Response:

JEDCO has requested a legal opinion of the Jefferson Parish Attorney's office regarding its business memberships.

REBOWE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

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Philip W. Rebowé, CPA

June 30, 1998

Dr. Daniel G. Kyle, CPA
Office of Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-6997

Dear Dr. Kyle:

We have completed our audit of the financial statements of the Jefferson Parish Economic Development Commission as of and for the year ended December 31, 1997 and have previously submitted copies of our report to your office.

Please find enclosed (3) amended copies of page 13 of the above referenced report. Please replace page 13 of our reports with the amended copies.

Thank you in advance for your cooperation and should you have any questions or require further information, please contact me at your convenience.

Sincerely,


Brent M. Stutz, CPA

BMS:hrs

Enclosure

cc: Paul Husley, Executive Director
Jefferson Parish Economic Development Commission

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