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**VERMILIONVILLE HISTORIC
FOUNDATION, INC.**
Lafayette, Louisiana

Financial Report

Year Ended December 31, 1997

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

Release Date JUN 3 1998

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Vermilionville Historic Foundation, Inc.
Lafayette, Louisiana

We have audited the accompanying financial statements of the Vermilionville Historic Foundation, Inc., a Component Unit of Lafayette Parish Beyond Vermilion District, as of and for the year ended December 31, 1997. These financial statements are the responsibility of the foundation'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 and 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 financial statements referred to in the first paragraph present fairly, in all material aspects, the financial position of the Vermilionville Historic Foundation, Inc., as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund type 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 March 18, 1998 on our consideration of the Vermilionville Historic Foundation, Inc.'s internal control structure and a report dated March 18, 1998 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Vermilionville Historic Foundation, Inc. Such information has been subjected to the

REPORT OF
KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to such financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the Vernalisville Winery Foundation, Inc.

Keller, Champagne, Haven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
March 29, 2008

COMPANY UNIT FINANCIAL STATEMENTS

VERMILIONVILLE HISTORIC FOUNDATION, INC.
Enterprise Fund
Vermilionville

Comparative Balance Sheet
December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$278,847	\$280,000
Prepaid expenses	5,270	4,890
Inventory	22,500	34,882
Other current assets	2,324	8,843
Total current assets	<u>308,941</u>	<u>328,615</u>
Restricted assets:		
Cash and interest-bearing deposits	162,890	191,789
Accrued interest receivable	4,287	3,288
Total restricted assets	<u>167,177</u>	<u>195,077</u>
Total assets	<u>\$476,118</u>	<u>\$523,692</u>
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable	\$ 10,000	\$ 18,338
Accrued expenses	16,889	18,091
Deferred revenues	14,901	18,588
Total current liabilities	<u>41,790</u>	<u>54,017</u>
Long-term liabilities:		
Accrued compensated absences	880	3,423
Total liabilities	<u>42,670</u>	<u>57,440</u>
Retained earnings:		
Reserved for capital expenses	147,500	193,187
Unreserved	274,884	284,148
Total retained earnings	<u>422,384</u>	<u>477,335</u>
Total liabilities and retained earnings	<u>\$465,054</u>	<u>\$534,775</u>

The accompanying notes are an integral part of this statement.

VERMILIONVILLE HISTORIC FOUNDATION, INC.
 McCarrollan Fund
 Vermilionville

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -
 Proprietary Fund Type
 Years Ended December 31, 1987 and 1986

	<u>1987</u>	<u>1986</u>
Operating revenues:		
Charges, fees and sales -		
Gate admissions	\$227,468	\$227,468
Memberships and corporate sponsorships	38,808	33,832
Restaurant sales	600,887	600,868
Gift shop sales	129,278	119,238
Miscellaneous -		
Appropriations from city/township government	84,847	82,000
Interest income	18,988	13,941
Other	12,388	8,421
Total operating revenues	<u>1,612,746</u>	<u>1,615,808</u>
Operating expenses:		
Restaurant	313,144	292,124
Gift shop	82,689	95,539
General and administrative	481,438	482,722
Total operating expenses	<u>877,271</u>	<u>870,385</u>
Operating income (loss)	<u>735,475</u>	<u>745,423</u>
Nonoperating revenues (expenses):		
Fundraising revenue	-	12,800
Fundraising expenses	-	(2,448)
Capital expenses	(18,360)	(22,832)
Total nonoperating revenues (expenses)	<u>(18,360)</u>	<u>(12,480)</u>
Loss before operating transfers	(73,140)	(12,936)
Operating transfers:		
From primary government - Lafayette Parish		
Bayou Vermilion District	81,682	122,688
Net Income (Loss)	<u>108,542</u>	<u>109,747</u>
Retained earnings, beginning	472,225	362,478
Retained earnings, ending	<u>\$580,787</u>	<u>\$472,225</u>

The accompanying notes are an integral part of this statement.

VERMILIONVILLE HISTORIC FOUNDATION, INC.
 Etchingside Road
 Vermilionville

Comparative Statement of Cash Flows
 Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Operating (loss)	\$(18,642)	\$ 3,142
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities :		
Change in assets and liabilities:		
Increase in prepaid expenses	1,410	2,700
Decrease (increase) in inventory	3,173	(89)
Decrease in other current assets	570	10,804
(Increase) decrease in accrued interest receivable	(2,309)	15
Decrease in accounts payable	(6,159)	100,700
Increase in accrued expenses	4,308	712
Increase in deferred revenues	4,303	4,704
Decrease in accrued compensated absences	(525)	(578)
Total adjustments	<u>8,160</u>	<u>8,808</u>
Net cash provided by (used in) operating activities	<u>\$(10,482)</u>	<u>11,950</u>
Cash flows from noncapital financing activities:		
Operating transfers in from other funds	21,447	210,000
Net fundraising revenues	-	18,415
Net cash provided by noncapital financing activities	<u>21,447</u>	<u>228,415</u>
Cash flows from capital and related financing activities:		
Payment for capital expenses	(108,260)	(79,435)
Net cash used in capital and related financing activities	<u>(108,260)</u>	<u>(79,435)</u>
Net increase (decrease) in cash and cash equivalents	102,965	121,494
Cash and cash equivalents, beginning of year	<u>432,820</u>	<u>311,326</u>
Cash and cash equivalents, end of year	<u>\$535,785</u>	<u>\$432,820</u>

The accompanying notes are an integral part of this statement.

VERMILIONVILLE HISTORIC FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

12) Summary of Significant Accounting Policies

The financial statements of Vermilionville Historic Foundation, Inc. (Foundation) 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 accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Foundation includes all funds and activities that are controlled by the Foundation. The Foundation is a component unit of the Lafayette Parish Mayor Vermilion District, the primary government, and is included in the financial reporting of the Lafayette Parish Mayor Vermilion District (District). Although legally separate from the District, the Foundation provides a management service which almost exclusively benefits the Lafayette Parish Mayor Vermilion District.

Vermilionville Historic Foundation, Inc. is a corporate body created under Chapter 93 of Title 33 of the Louisiana Revised Statutes of 1950, comprised of R.S. 33:200(1). The Foundation was formed for the support, management and maintenance of Vermilionville, a living history museum, whose purpose is to preserve and interpret authentic elements of life and culture of the Atchafalpa area between 1789 and 1804. Since the creation of the Foundation, the Foundation has entered into two agreements with the District to manage Vermilionville. The first management agreement was in effect for the period January 1, 1981 to January 31, 1984. The second management agreement became effective July 1, 1984 and is currently effective. The District managed Vermilionville for the period February 1, 1986 through June 30, 1986.

Vermilionville Historic Foundation, Inc. is governed by a Board of Directors composed of thirteen members. One member shall be a member of the Lafayette Parish Mayor Vermilion District, one member shall be appointed by the Parish President of Lafayette Parish, one member shall be appointed by the Mayor of the City of Lafayette and ten members-at-large shall be elected by the members of the Board or chosen by the above appointing authorities. Said at-large members shall be chosen from among applicants or nominations, from various civic, cultural, ethnic or business organizations, and the Lafayette Parish Mayor Vermilion District President.

VERMILIONVILLE HISTORIC FOUNDATION, INC.

Notes to Financial Statements (Continued)

B. Fund Accounting

The accounts of the Foundation are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund in the financial statements in this report is as follows:

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Foundation's enterprise fund is Vermilionville.

Vermilionville began operations on April 1, 1989. Vermilionville operates as a commemorative museum of living history which preserves and re-creates the elements of life of the cultures who settled the Atchafalpa area of South Louisiana between 1763 and 1880. Services are financed by user charges, membership fees, and sales of food, beverages and souvenirs.

C. Basis of Accounting

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are generally recognized when they are earned and expenses are recognized when incurred. Vermilionville applies all applicable FNS pronouncements issued after November 30, 1989 in accounting and reporting for its proprietary fund. Membership income is recorded as revenue in the period received since the obligation to provide member services at a future date to the foundation is not evident.

VERMILIONVILLE HISTORIC FOUNDATION, INC.
Notes to Financial Statements (Continued)

D. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 1979, are recorded as prepaid expenses.

G. Inventories

inventories are valued at the lower of cost or market.

H. Restricted Assets

Certain assets are classified as restricted assets because their use is restricted. House Bill No. 1718 of the regular session of 1969 provided that a portion of the proceeds of the state sales and use tax imposed in Lafayette Parish shall be allocated one-third to the Acadian Village and two thirds to Vermilionville for fiscal years 1981-1986 and 1986-1988 for capital expenditures.

I. Property, Plant, and Equipment

Property, plant and equipment acquired by the proprietary fund is not capitalized. Instead, capital acquisition and construction expenses is reflected as an expense when incurred. Lafayette Parish Parish Vermilion District is the rightful owner of all property, both movable and immovable and therefore, the assets are reported in the general fixed assets account group of the District. The Foundation is the custodian of the property, plant, and equipment.

VERMILIONVILLE HISTORIC FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Foundation is the custodian of the following property, plant, and equipment at December 31, 1987 which is included in the District's financial statements:

Buildings	\$1,618,857
Site improvements	1,889,813
Equipment	378,788
Furniture and fixtures	89,781
Artifacts	<u>251,382</u>
Total property, plant, and equipment	\$4,518,481

D. Compensated Absences

Accrual of vested or accumulated vacation leave is accrued when earned.

Full-time employees are entitled to 15 days of vacation leave a year and up to 15 days after five years of employment. Unused vacation time may be carried over from year to year but is limited to 30 days or 80 hours. Employees are credited with one day of sick leave per month worked and may begin using sick leave after six months of employment. The accumulation of sick leave is limited to 120 days or 480 hours. Usually upon separation, the employees are compensated for accumulated vacation leave and are not compensated for unused sick leave under any circumstances.

Annual leave of 1200 has been accrued in the Foundation's financial statements at December 31, 1987 and is included in accrued compensated absences.

(H) Cash and Interest-Bearing Deposits

Under state law, the Foundation may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any OTHER STATE IN THE UNION, or the laws of the United States. The Foundation may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1987, the Foundation has cash and interest-bearing deposits (check balances) totaling \$421,813 in demand and time deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits, for the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal

VERMILIONVILLE HISTORIC FOUNDATION, INC.

Notes to Financial Statements (Continued)

deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1991, are secured as follows:

Bank balances	4381,000

Federal deposit insurance	4900,000
Pledged securities (Category 1)	1221,788
total federal insurance and pledged securities	6121,788

Excess of federal insurance and pledged securities over bank balances	\$ 1740,788

Pledged securities in Category 1 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Foundation's name. Even though the pledged securities are considered uncollateralized (Category 1) Louisiana Revised Statute 17:1207 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Foundation that the fiscal agent has failed to pay deposited funds upon demand.

130 Management Agreement

The Foundation entered into a management agreement with the Lafayette Parish Super-Vermilion District on July 1, 1984 whereas the FOUNDATION would operate, manage, plan and administer Vermilionville subject to the following significant terms and conditions:

1. The terms of the agreement shall be for a term co-terminative with the term of the lease of the property which runs for a period of 10 years from April 3, 1983, unless sooner terminated in accordance with provisions set forth in the agreement.
2. The Foundation has the right to either hire and/or terminate the executive director of Vermilionville.
3. The annual budget shall be submitted to the District for review and comment prior to final adoption by the foundation.
4. Vermilionville Historic Foundation, Inc. shall hire all employees it deems necessary.

VERMILIONVILLE HISTORIC FOUNDATION, INC.

Notes to Financial Statements (Continued)

5. The District shall remain the owner of all property both movable and immovable.
6. The District shall guarantee, to the extent fiscally possible, the sum of \$200,000 per each fiscal year in 1996 and 1997 for the operating expenses of Vermilionville less the costs of casualty, flood and liability insurance.
7. In the event the Foundation should dissolve for whatever reason, all monies and property acquired in its name shall be transferred to the District.

(4) Board Members Compensation

No pay plan or other compensation was paid to the Directors of Vermilionville Historic Foundation, Inc. for the year ended December 31, 1997.

(5) EMPLOYMENT COMMITMENTS

All employees of the Vermilionville Historic Foundation, Inc. are members of the Social Security System. The Foundation and its employees contribute a percentage of each employee's salary to the System (7.48 percent contributed by the Foundation; 7.65 percent by the employee). The Foundation's contribution during the year ended December 31, 1997 amounted to \$27,814.

Supplemental Introduction

INTERNAL CONTROLS AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's 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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The Board of Directors
Vermilionville Historic Foundation, Inc.
Bossierite, Louisiana

We have audited the component unit financial statements of Vermilionville Historic Foundation, Inc. as of and for the year ended December 31, 1997 and have issued our report thereon dated March 18, 1998. We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

In part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts with which compliance 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 Foundation'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 the Foundation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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Inadequate Segregation of Accounting Functions

Findings:

Due to the small number of administrative employees, the Foundation did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon current operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

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. We believe the reportable condition described above is a material weakness.

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

Kiddier, Champagne, Slavin & Rainey, LLC
Certified Public Accountants

Maryville, Louisiana
March 18, 1999

OTHER RELEVANT INFORMATION

VERMILIONVILLE HISTORIC FOUNDATION, INC.
 Reorganized Fund
 Vermilionville

Comparative Schedule of Operating Expenses
 Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
RESTAURANT:		
Salaries	\$126,810	\$127,886
Payroll taxes and benefits	24,810	27,887
Food costs	181,797	145,290
Supplies and small equipment	28,727	27,810
Special events	-----	8,822
Total restaurant	<u>362,954</u>	<u>337,705</u>
GIFT SHOP:		
Salaries	25,981	27,222
Payroll taxes and benefits	2,128	2,822
Merchandise	42,971	48,822
Freight	1,692	1,122
Supplies	-----	222
Total gift shop	<u>72,772</u>	<u>80,210</u>
General and administrative:		
Salaries	222,488	222,487
Payroll taxes and benefits	28,722	32,822
Security	2,822	2,822
Grounds maintenance	18,222	5,422
Utilities	28,722	28,222
Telephone	7,822	7,122
Advertisement and public relations	25,222	18,977
Professional fees	18,222	18,222
Performance	21,822	20,822
Audit fees	7,222	7,222
Outside services	11,822	8,222
Insurance	21,878	20,822
Dep. control	5,822	5,822
Lease rent	7,822	7,822
Supplies	27,822	12,822
Dep. and credit card charges	5,222	4,722
Storage	2,822	1,422
Support programs	222	222
Other	-----	8,222
Total general and administrative	<u>482,422</u>	<u>482,722</u>
Total operating expenses	<u>917,148</u>	<u>900,637</u>

VERMILIONVILLE HISTORIC FOUNDATION, INC.
ENCOURGERS ROAD
VERMILIONVILLE

Corrective Action Plan and Summary of Prior Year Findings
December 31, 1997

I. Corrective Action Plan

There are no comments contained in the reports or a management letter issued that require a corrective action plan.

II. Summary of Prior Year Findings

Finding: Bank balances were under secured by \$25,750 at December 31, 1996. La. Rev. Stat. 18:1228 requires that one hundred percent of bank balances be secured by FDIC insurance and securities pledged by the depositing bank.

Status: Management is monitoring the bank balances to ensure that sufficient securities are pledged.