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

**General Purpose Financial Statements**

**For the Year Ended December 31, 1998**

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

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 1999.  
Auditor/Clerk

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

*General Purpose Financial Statements  
For the Year Ended December 31, 1998*

**C O N T E N T S**

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A FIRM OF EQUAL OPPORTUNITIES

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## 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**, (the "Board") as of December 31, 1998, 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 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 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, 1998, 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 our report dated April 16, 1999, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The year 2000 supplementary information on page 11 is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary

information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Parish is or will become year 2000 compliant, that the Parish's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Parish does business are or will become year 2000 compliant.

*Robson & Company*

April 16, 1999

## STATEMENT A

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

Statement of Financial Position  
December 31, 1998

**ASSETS****Current Assets:**

Cash and Cash Equivalents	\$ 1,004
Investments - Held to Maturity	12,886
<b>Total Current Assets</b>	<u>13,890</u>

**Noncurrent Permanently Restricted Assets:**

Accrued Interest on Direct Financing Leases Receivable	19,406
Long-Term Direct Financing Leases Receivable	3,625,600
<b>Total Noncurrent Permanently Restricted Assets</b>	<u>3,645,006</u>

**TOTAL ASSETS****\$ 3,658,896****LIABILITIES AND NET ASSETS****Liabilities:****Current Liabilities:**

Payable from Unrestricted Assets	
Due to Other Governments	\$ 64
Payable from Permanently Restricted Assets:	
Accrued Bond Interest Payable	19,406
<b>Total Current Liabilities</b>	<u>19,470</u>

Long-Term Liabilities - Revenue Bonds Payable	<u>1,615,800</u>
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**Total Liabilities** 1,635,270**Net Assets:**

Unrestricted	19,511
--------------	--------

**TOTAL LIABILITIES AND NET ASSETS****\$ 3,658,896**

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, 1998

<b>UNRESTRICTED NET ASSETS</b>	
Interest Revenue	\$ 336
	<u>336</u>
Expenses:	
Bank Charges	64
Auditing Expenses	1,800
Total Expenses	<u>1,864</u>
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	<u>(1,528)</u>
 <b>PERMANENTLY RESTRICTED NET ASSETS</b>	
Interest Earned on Direct Financing and Fiscal Charges	90,871
Expenses:	
Interest Expense on Revenue Bonds and Fiscal Charges	<u>90,871</u>
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>0</u>
<b>DECREASE IN NET ASSETS</b>	<u>(1,528)</u>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <u>11,899</u>
 <b>NET ASSETS AT END OF YEAR</b>	 <u><u>\$ 10,371</u></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**  
Baton Rouge, Louisiana

**Statement of Cash Flows  
For the Year Ended December 31, 1968**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Decrease in Net Assets	\$ (58)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Decrease in Direct Financing Leases Receivable	188,875
Increase in Due to Other Governments	64
(Increase) in Revenue Bonds Payable	<u>(188,875)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>692</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of Investments	(21,280)
Proceeds from Maturity of Investments	<u>11,540</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(9,740)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,112)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,516
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,094</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>	
Interest Paid	<u>\$ 188,875</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**  
Baton Rouge, Louisiana

Notes to the Financial Statements  
For the Year Ended December 31, 1998

**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 1 of the Louisiana Revised Statutes of 1950. The Board was organized for the purpose of promoting, stimulating, developing, and advancing the business property 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.

**I. 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.

**II. REPORTING ENTITY**

For financial reporting purposes, in conformity 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, and activities, 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 200 of Title 13 of the Louisiana Revised Statutes of 1950 (LSA-R.S. 13:201), because the board of directors has the power to make, alter, and amend 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, and 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 have financial statements separate from those of the Board.



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

Notes to the Financial Statements (Continued)  
For the Year Ended December 31, 1988

**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 refers to the timing of the measurement made, regardless of the measurement basis 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, 1988.

**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 Bank One.

Unless the investments are not in the Board's name and are not held by the Board or its agent, the investments are considered unsecured and voting interest (Category 3) in applying the credit risk of GAAP Classification Section 1.08.115. At December 31, 1988, the Board has an investment in a United States Treasury bill reported on the balance sheet as an amortized cost of \$13,581 and which has a market value of \$13,706.

**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 these estimates.

**H. OTHER ASSETS AND LIABILITIES UNCLASSIFIED**

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

**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, 1998

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. CONSOLIDATED ASSESSMENT AND PERSONNEL 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.

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

The amount receivable from direct financing lease agreements represents the amount due from one corporation which is located in St. Charles Parish. The Board considers this amount to be fully collectible. Therefore, no allowance is deemed necessary by the Board.

**2. CASH AND CASH EQUIVALENTS**

At December 31, 1998, the Board had cash and cash equivalents (bank balances) totaling \$1,004 in an interest bearing demand deposit account.

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 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 Board agent. At December 31, 1998, the Board had \$1,004 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

**3. 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 premiums, if any, on the industrial revenue bonds.

The minimum annual commitments from leases under the direct financing leases, including interest of \$723,558 to cover bonded debt, are as follows:

Year Ending	Amount
December 31,	
1999	\$ 160,815
2000	160,815
2001	160,815
2002	160,815
2003	1,755,418
TOTAL	<u>\$ 2,348,918</u>

**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, 1998

**6. CHANGES IN LONG-TERM DEBT**

The following is a summary of the long term liability transactions for the year ended December 31, 1998:

	Molitor Brands, Inc.,	TOTAL
Funds Payable at Jan. 1, 1998	\$ 1,625,000	\$ 1,625,000
Reductions, 1998	0	0
Funds Payable at Dec. 31, 1998	<u>\$ 1,625,000</u>	<u>\$ 1,625,000</u>

The industrial revenue bond is comprised of the following individual issue:

\$1,625,000 issue of June 1, 1993, for the Molitor Brands, Incorporated Project bonds mature on June 1, 2003 and bear interest at 9.8 per cent. Interest payments commenced on December 1, 1993, 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 serves as the trustee.

\$1,625,000

**TOTAL INDUSTRIAL REVENUE BONDS**

\$1,625,000

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 Stand Guaranty Agreement between the issuer and the trustee. The issuer, 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**  
Baton Rouge, Louisiana  
Notes to the Financial Statements (Continued)  
For the Year Ended December 31, 1998

**4. CHANGE IN LONG-TERM DEBT - Continued**

Year Ending December 31,	Principal Payments	Interest Payments	TOTAL
1999	\$ 0	\$ 160,875	\$ 160,875
2000	0	160,875	160,875
2001	0	160,875	160,875
2002	0	160,875	160,875
2003	1,621,000	80,400	1,701,400
<b>TOTALS</b>	<b>\$ 1,621,000</b>	<b>\$ 721,900</b>	<b>\$ 2,342,900</b>

**5. LITIGATION**

There is no litigation pending against the Board at December 31, 1998.

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

**Year 2000 Issue  
(Revised)  
December 31, 1998**

The year 2000 issue is the result of shortcomings in electronic data processing systems and other equipment that may affect operations in the year 1999 and beyond.

The Board currently utilizes the resources and personnel of the Parish of St. Charles (the "Parish") to process and maintain financial transactions.

The Parish has completed the awareness, assessment, remediation, and the validation/testing stages of all systems relevant to the Board, and the implementation of any new or upgraded systems has been completed.

The Parish contracted with its computer consultant to identify and correct year 2000 date processing issues for all major systems. There are no resources committed to make the computer systems and other electronic equipment year 2000 compliant, as of December 31, 1998.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The Board cannot assure that it is or will be year 2000 ready, that the Parish's remediation efforts will be successful in whole or in part, or that parties with whom the Board does business will be year 2000 ready.

# REBOWE & COMPANY

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 1998, and have issued our report thereon dated April 14, 1999. 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 the Board's general purpose 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 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 Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

The internal control components does not reduce to a relatively low level the risk that misstatements in accounts 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and various federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Company*

April 15, 1999

2000 2 24 11:48

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

**MEMORANDUM OF ADVISORY COMMENT**

**For the Year Ended December 31, 1998**



# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS  
A FRENCH NATIONAL CORPORATION

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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, 1988, and have issued our report thereon dated April 16, 1989. As part of our audit, we considered the Board's internal control over financial reporting in order to determine the nature, timing, and extent of 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.

This memorandum summarizes an administrative matter, which has come to our attention. While not involving a reportable condition, this matter does present an opportunity for strengthening the internal control over financial reporting and improving the operating efficiency of the Board.

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

*Rebowe & Company*

April 16, 1989

## COMMENT AND RECOMMENDATION

## YEAR 2000 ISSUE

### Observation

We observed that the Board has data processing and other equipment that may be date sensitive. The Board may also use vendors whose services may not be Year 2000 compliant.

### Background

The Year 2000 issue results from a computer's inability to process year-date data accurately beyond the year 1999. Except in recently introduced Year 2000 compliant programs, computer programmers consistently have abbreviated dates by eliminating the first two digits of the year, with the assumption that those two digits would always be 19. Thus January 1, 1995, became 01/01/95. Unless corrected, this shortcut is expected to create widespread problems when the clock strikes 12:00:01 a.m. on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1990, and process data inaccurately or stop processing altogether.

The Year 2000 issue is likely to affect computer applications before January 1, 2000, when systems currently attempt to perform calculations into the Year 2000. Furthermore, some software programs use several dates in the year 1999 to mean something other than the date. Examples of such dates are 09/01/99, 09/09/99, and 12/31/99. As systems process information using these dates, they may produce erratic results or stop functioning.

The Year 2000 issue presents another challenge – the algorithm used in some computers for calculating leap years is unable to detect that the Year 2000 is a leap year. Therefore, systems that are not Year 2000 compliant may not register the additional day, and date calculations may be incorrect.

Also, the Board should consider that its vendors, service providers, bankers, customers, and other third-party organizations might not be year 2000 compliant, which could have an impact on the Board's ability to process data.

### Recommendation

The Board appears to be making progress toward being year 2000 compliant by December 31, 1999. However, management should continue to monitor its systems for potential Year 2000 compliance problems.

### Management Response

The Board currently utilizes the resources and personnel of the Parish of St. Charles (the "Parish") to process and maintain financial transactions. The Parish has contracted with its computer consultant to identify and correct year 2000 date processing issues for all major systems. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The Board cannot assure that it is or will be year 2000 ready, that the Board's remediation efforts will be successful in whole or in part, or that parties with whom the Board does business will be year 2000 ready.