

RECEIVED
LEGISLATIVE AUDITOR
JUN -1 AM 9:34

RECEIVED
LEGISLATIVE AUDITOR
93 JUN -1 AM 9:34

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

**LAFAYETTE PARISH BAYOU
VERMILION DISTRICT**
Lafayette, Louisiana

Financial Report

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 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 09 1999

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4-5
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	6
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - general fund	7
Comparative statement of revenues, expenses, and changes in retained earnings - proprietary fund type	8
Comparative statement of cash flows - proprietary fund type	9
Notes to financial statements	10-22
SUPPLEMENTAL INFORMATION	
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS	
General Fund:	
Comparative balance sheet	26
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	27
Debt Service Fund:	
Comparative balance sheet	29
Comparative statement of revenues, expenditures, and changes in fund balance	30
Capital Projects Fund:	
Comparative balance sheet	32
Comparative statement of revenues, expenditures, and changes in fund balance	33

	Page
Enterprise Fund:	
Comparative balance sheet	35
Comparative statement of revenues, expenses, and changes in retained earnings	36
Comparative statement of operating expenses by department	37
Comparative statement of cash flows	38
General Fixed Assets Account Group:	
Comparative statement of general fixed assets	40
Statement of changes in general fixed assets	41
General Long-Term Debt Account Group:	
Statement of general long-term debt	43
 INTERNAL CONTROL AND COMPLIANCE, AND OTHER INFORMATION	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	45-46
 OTHER SUPPLEMENTAL INFORMATION	
Schedule of prior year findings	48
Corrective action plan	49
Schedule of interest-bearing deposits	50

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Rainey, CPA
Conrad O. Chapman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerard A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachel, CPA

234 Rue Beaugard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddell
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Vite Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Lafayette Parish Bayou Vermilion District
Lafayette, Louisiana

We have audited the accompanying general purpose financial statements of the Lafayette Parish Bayou Vermilion District, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Lafayette Parish Bayou Vermilion District, as of December 31, 1998, 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 24, 1999 on our consideration of the Lafayette Parish Bayou Vermilion District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

Our audit was conducted for the purpose of forming an opinion on the general purpose 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 general purpose financial statements of the Lafayette Parish Bayou Vermilion District. 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 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 general purpose financial statements of the Lafayette Parish Bayou Vermilion District.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
March 24, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)		
	General Fund	Debt Service	Capital Projects		General Fixed Assets	Long-Term Debt		1998	1997
ASSETS AND OTHER DEBITS									
Cash and interest-bearing deposits	\$537,384	\$1,578,420	\$449,663	\$282,563	\$ -	\$ -	\$ 2,895,364		
Receivables -									
Ad valorem taxes	385,747	643,030	-	-	-	-	973,442		
Accrued interest	2,826	896	1,992	-	-	-	10,880		
Due from other funds	1,499	90	4,513	-	-	-	1,499		
Due from other governments	-	-	-	6,667	-	-	-		
Prepaid expenses	-	-	-	3,452	-	-	3,575		
Inventory	-	-	-	34,744	-	-	32,509		
Other	-	-	-	1,223	-	-	2,524		
Restricted assets:									
Cash and interest-bearing deposits	-	-	-	76,617	-	-	142,995		
Accrued interest	-	-	-	3,297	-	-	4,107		
Property, plant and equipment	-	-	-	-	7,209,148	-	6,694,115		
Amount available in debt service fund	-	-	-	-	-	1,523,119	1,285,790		
Amount to be provided for retirement of general long-term liabilities	-	-	-	-	-	2,401,881	2,904,210		
Total assets and other debits	\$927,456	\$2,222,436	\$456,168	\$408,563	\$7,209,148	\$3,925,000	\$14,951,010		

(continued)

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
December 31, 1998

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)		
	General Fund	Debt Service	Capital Projects		General Fixed Assets	Long-Term Debt		1998	1997
LIABILITIES, EQUITY AND OTHER CREDITS									
Liabilities:									
Accounts payables	\$ 5,428	\$ 400	\$ 40,524	\$ 14,442	\$ -	\$ 60,794	\$ 49,291		
Due to other funds	4,513	-	1,589	-	-	6,102	1,499		
Accrued expenses	326	-	-	21,698	-	22,024	16,808		
Deferred revenues	419,273	698,917	-	14,988	-	1,133,178	1,055,185		
Due to other governmental agencies	-	-	-	-	400,000	400,000	400,000		
Accrued compensated absences	-	-	-	450	-	450	890		
General obligation bonds payable	-	-	-	-	3,525,000	3,525,000	3,790,000		
Total liabilities	<u>429,540</u>	<u>699,317</u>	<u>42,113</u>	<u>51,578</u>	<u>3,925,000</u>	<u>5,147,548</u>	<u>5,313,673</u>		
Equity and other credits:									
Investment in general fixed assets	-	-	-	-	7,209,148	7,209,148	6,694,115		
Retained earnings -									
Reserved	-	-	-	79,914	-	79,914	147,102		
Unreserved	-	-	-	277,071	-	277,071	274,884		
Total retained earnings	-	-	-	<u>356,985</u>	-	<u>356,985</u>	<u>421,986</u>		
Fund balances -									
Reserved for debt service	-	1,523,119	-	-	-	1,523,119	1,285,790		
Unreserved:									
Designated for capital projects	-	-	414,055	-	-	414,055	872,467		
Undesignated	497,916	-	-	-	-	497,916	362,979		
Total fund balance	<u>497,916</u>	<u>1,523,119</u>	<u>414,055</u>	-	-	<u>2,435,090</u>	<u>2,521,236</u>		
Total equity and other credits	<u>497,916</u>	<u>1,523,119</u>	<u>414,055</u>	<u>356,985</u>	<u>7,209,148</u>	<u>10,001,223</u>	<u>9,637,337</u>		
Total liabilities, equity and other credits	<u>\$927,456</u>	<u>\$2,222,436</u>	<u>\$456,168</u>	<u>\$408,563</u>	<u>\$7,209,148</u>	<u>\$15,148,771</u>	<u>\$14,951,010</u>		

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
Year Ended December 31, 1998

	General Fund	Debt Service	Capital Projects	Totals (Memorandum Only)	
				1998	1997
Revenues:					
Taxes	\$386,598	\$ 644,455	\$ -	\$1,031,053	\$ 969,955
Intergovernmental	38,558	-	-	38,558	38,378
Proceeds from sale of assets	-	-	4,513	4,513	-
Miscellaneous	21,504	58,463	32,196	112,163	132,839
Total revenues	<u>446,660</u>	<u>702,918</u>	<u>36,709</u>	<u>1,186,287</u>	<u>1,141,172</u>
Expenditures:					
Current -					
General government	238,579	24,554	-	263,133	243,039
Culture and recreation	330	-	2,550	2,880	26,295
Capital expenditures	-	-	492,571	492,571	110,545
Debt service -					
Principal retirement	-	265,000	-	265,000	235,000
Interest and fiscal charges	-	176,035	-	176,035	192,432
Total expenditures	<u>238,909</u>	<u>465,589</u>	<u>495,121</u>	<u>1,199,619</u>	<u>807,311</u>
Excess (deficiency) of revenues over expenditures	207,751	237,329	(458,412)	(13,332)	333,861
Other financing uses:					
Operating transfers out	<u>(72,814)</u>	<u>-</u>	<u>-</u>	<u>(72,814)</u>	<u>(21,447)</u>
Excess (deficiency) of revenues over expenditures and other uses	134,937	237,329	(458,412)	(86,146)	312,414
Fund balances, beginning	<u>362,979</u>	<u>1,285,790</u>	<u>872,467</u>	<u>2,521,236</u>	<u>2,208,822</u>
Fund balances, ending	<u>\$497,916</u>	<u>\$1,523,119</u>	<u>\$414,055</u>	<u>\$2,435,090</u>	<u>\$2,521,236</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Year Ended December 31, 1998
With Comparative Totals For the Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	\$ 336,000	\$ 386,598	\$ 50,598	\$362,008
Intergovernmental -				
State revenue sharing	40,000	38,558	(1,442)	38,378
Federal	20,000	-	(20,000)	-
Miscellaneous -				
Interest income	5,000	19,966	14,966	11,899
Interest on ad valorem taxes	-	1,538	1,538	2,767
Total revenues	<u>401,000</u>	<u>446,660</u>	<u>45,660</u>	<u>415,052</u>
Expenditures:				
Current -				
General government:				
Salaries	80,000	91,811	(11,811)	64,550
Fringe benefits	13,000	14,615	(1,615)	9,751
Insurance	3,400	6,814	(3,414)	4,647
Dues and subscriptions	500	321	179	353
Public notices	1,200	912	288	3,781
Office supplies	3,000	2,972	28	3,027
Postage	1,200	1,421	(221)	971
Community relations	20,000	18,219	1,781	8,613
Seminars	500	270	230	194
Clerical fees	2,100	2,300	(200)	2,150
Professional fees	5,600	3,670	1,930	4,528
Water patrol deputy fees	22,000	22,000	-	28,875
Publications	4,000	1,866	2,134	4,108
Pension deduction	-	13,320	(13,320)	12,718
Boat fuel and maintenance	3,000	2,167	833	1,961
Auto	1,600	1,294	306	1,834
Utilities	2,500	2,536	(36)	715
Telephone	6,500	8,739	(2,239)	8,262
River clean up	-	-	-	1,978
Property and equipment maintenance	12,000	23,056	(11,056)	12,771
River gage maintenance	6,000	7,947	(1,947)	15,259
River monitoring grant	20,000	3,775	16,225	-
Bank charges	900	995	(95)	893
Special events	-	250	(250)	-
Signs	-	159	(159)	-
Vermilionville property lease	6,000	7,150	(1,150)	-
Temporary services	-	-	-	2,324
Hazardous waste day	-	-	-	25,000
Total general government	<u>215,000</u>	<u>238,579</u>	<u>(23,579)</u>	<u>219,263</u>
Culture and recreation:				
Vermilionville	58,000	330	57,670	4,035
Total expenditures	<u>273,000</u>	<u>238,909</u>	<u>34,091</u>	<u>223,298</u>
Excess of revenues over expenditures	128,000	207,751	79,751	191,754
Other financing uses:				
Operating transfers out	<u>(61,000)</u>	<u>(72,814)</u>	<u>(11,814)</u>	<u>(21,447)</u>
Excess of revenues over expenditures and other uses	67,000	134,937	67,937	170,307
Fund balances, beginning	<u>362,979</u>	<u>362,979</u>	<u>-</u>	<u>192,672</u>
Fund balances, ending	<u>\$ 429,979</u>	<u>\$ 497,916</u>	<u>\$ 67,937</u>	<u>\$ 362,979</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Proprietary Fund Type - Enterprise Fund
 Years Ended December 31, 1998 and 1997

	Totals	
	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges, fees and sales -		
Gate admission	\$225,047	\$237,808
Memberships	20,731	20,515
Restaurant and special events	467,337	401,587
Gift shop	129,415	121,278
Miscellaneous -		
Appropriation from City/Parish Government	40,000	54,947
Interest income	12,065	15,908
Other	23,060	11,200
Total operating revenues	<u>917,655</u>	<u>863,243</u>
Operating expenses:		
Restaurant	338,025	313,344
Gift shop	84,197	82,099
General and administrative	546,122	486,446
Total operating expenses	<u>968,344</u>	<u>881,889</u>
Operating loss	<u>(50,689)</u>	<u>(18,646)</u>
Nonoperating revenues (expenses):		
Fundraising revenues	5,459	-
Fundraising expenses	(2,244)	-
Capital expenses	(90,341)	(58,140)
Total nonoperating revenues (expenses)	<u>(87,126)</u>	<u>(58,140)</u>
Loss before operating transfers	(137,815)	(76,786)
Other financing sources (uses):		
Operating transfers in	<u>72,814</u>	<u>21,447</u>
Net loss	(65,001)	(55,339)
Retained earnings, beginning	<u>421,986</u>	<u>477,325</u>
Retained earnings, ending	<u>\$356,985</u>	<u>\$421,986</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Comparative Statement of Cash Flows
 Proprietary Fund Type - Enterprise Fund
 Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating loss	<u>\$ (50,689)</u>	<u>\$ (18,646)</u>
Adjustments to reconcile net operating loss to net cash used by operating activities -		
Changes in current assets and liabilities:		
Decrease in prepaid expenses	123	1,418
(Increase) decrease in inventory	(2,235)	2,173
Increase in accounts receivable	(6,667)	-
Decrease in other current assets	1,301	123
Decrease (increase) in accrued interest receivable	810	(2,739)
Increase (decrease) in accounts payables	4,237	(6,129)
Increase in accrued expenses	5,209	6,398
Increase in deferred revenues	1	4,393
Decrease in accrued compensated absences	(440)	(535)
Total adjustments	<u>2,339</u>	<u>5,102</u>
Net cash used by operating activities	<u>(48,350)</u>	<u>(13,544)</u>
Cash flows from noncapital financing activities:		
Net monies raised from antique show	3,215	-
Operating transfers in from other funds	72,814	21,447
Net cash provided from noncapital financing activities	<u>76,029</u>	<u>21,447</u>
Cash flows from capital and related financing activities:		
Capital expenses	<u>(90,341)</u>	<u>(58,140)</u>
Net decrease in cash and cash equivalents	(62,662)	(50,237)
Cash and cash equivalents, beginning of year	<u>421,842</u>	<u>472,079</u>
Cash and cash equivalents, end of year	<u><u>\$359,180</u></u>	<u><u>\$421,842</u></u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of Lafayette Parish Bayou Vermilion District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Lafayette Parish Bayou Vermilion District is a corporate body created under Chapter 32 of Title 33 of the Louisiana Revised Statutes of 1950, comprised of R.S. 33:9201 through 33:9210. The District is governed by a Board of Commissioners composed of nine members. Two members are appointed by the chief executive officers of the incorporated municipalities of Lafayette Parish other than the City of Lafayette; one member is appointed by the chief executive officer of the City of Lafayette; three members, one of whom shall be a black citizen, shall be appointed by the governing authority of the City of Lafayette; one member shall be appointed by the chief executive officer of Lafayette Parish; and two members shall be appointed by the governing authority of Lafayette Parish.

The District's purpose is that of improving the water quality and the aesthetics of the Bayou Vermilion within the Parish of Lafayette in an effort to promote the bayou as a recreational and cultural asset, to create and control a new type of viable economic development adjacent to Bayou Vermilion so as to provide a diversified economic base for the City and Parish of Lafayette, and to do any and all other acts which would enhance the general condition of Bayou Vermilion.

As required by generally accepted accounting principles the financial statements of the reporting entity include those of the District (the primary government) and its component unit, Vermilionville Historic Foundation, Inc. The component unit discussed below is included in the District's reporting entity because the component unit provides a service almost exclusively for the benefit of the District. The financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

Blended Component Unit -

The Vermilionville Historic Foundation, Inc. is an entity legally separate from the District. For financial reporting purposes the financial statements of the Vermilionville Historic Foundation, Inc. are reported as if it were part of the District's operations because its purpose is to operate, manage, plan and administer Vermilionville on behalf of the District. The financial statements are reported in the District's report in

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

a separate column labeled as Vermilionville, proprietary fund. Complete financial statements of the Vermilionville Historic Foundation, Inc. can be obtained from their administrative office at the following address:

Vermilionville Historic Foundation, Inc.
1600 Surrey Street
Lafayette, Louisiana 70501

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, 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. Government 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 various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund).

Proprietary Fund -

Enterprise Fund

The enterprise fund is 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

(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 enterprise fund included in the financial statements is Vermilionville.

Vermilionville began operations on April 1, 1990. Vermilionville operates as a commemorative museum of living history which preserves and re-creates the elements of folklife of the cultures who settled the Attakapas area of South Louisiana between 1765 and 1890. Services are financed by user charges, membership fees, and sales of food, beverages and souvenirs.

Prior to December 31, 1992, the District was operating Vermilionville. Effective January 1, 1993, the District entered into an agreement with the Vermilionville Historic Foundation, Inc. to operate, manage, plan and administer Vermilionville for one year which could be extended by written mutual consent. The agreement was extended to January 31, 1994. From February 1, 1994 to June 30, 1994 the District operated Vermilionville. The District re-entered into an agreement with the Vermilionville Historic Foundation, Inc. to operate Vermilionville effective July 1, 1994.

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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available in the year following the assessment when the majority of the taxes are actually collected. Other major revenues susceptible to accrual are earned grant revenues, other intergovernmental revenues and interest revenue. The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District prior to the incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. 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 or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

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. Membership income is recorded as revenue in the period received since the obligation to provide member services at a future cost is not evident.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments. During the year ended December 31, 1998, no significant budgetary amendments were approved by the District. All annual appropriations lapse at fiscal year end.

E. Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

F. Cash and Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

G. Receivables

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

II. Statement of Cash Flows

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

I. Due to and Due From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

J. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 1998, are recorded as prepaid expenses.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

K. Inventories

Inventories of the proprietary fund are valued at the lower of cost or market.

L. Restricted Assets

Certain assets are classified as restricted assets because their use is restricted. House Bill No. 1720 of the regular session of 1992 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 1993-1994 and 1994-1995 for capital expenditures.

M. 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 in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated.

N. Capitalization of Interest Expense

It is the policy of the District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At December 31, 1998, no interest was capitalized.

O. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

General Fund employees -

The employees of the District's General Fund earns annual leave in an amount of 8 hours per month. Annual leave may be carried forward provided the amount carried forward does not exceed an employee's annual earning rate at that time. Unused annual leave (in excess of what can be carried forward) is credited to the employee's sick leave balance. Upon termination, employees are paid for all accumulated annual leave.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

Sick leave is credited to the General Fund employees at the rate of 8 hours per month. All unused sick leave is carried forward from year to year. Upon retirement or separation, employees are paid at their regular rate for any sick leave hours credited in excess of 960 hours.

The amount of annual leave payable from future resources is considered immaterial at December 31, 1998 and is not reflected in the financial statements.

Proprietary fund employees -

All full-time employees of the proprietary fund (Vermilionville) are entitled to 10 days of vacation leave a year and up to 15 days after five years of employment. Unused annual leave can be carried over but is limited to 10 days or 80 hours. Upon separation, the employees are compensated for accumulated annual leave.

The proprietary fund full-time employees are credited with one day of sick leave per month and may begin using sick leave after six months of employment. All unused sick leave is carried forward from year to year but is limited to 120 days or 960 hours. Upon termination, retirement or separation, employees are not compensated for any unused sick leave.

\$890 of annual leave has been accrued in the proprietary fund at December 31, 1998 and is included in accrued compensated absences.

P. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Q. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

R. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

S. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

T. Comparative Data

Comparative data for the prior period have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year *totals by fund type*) data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to understand.

(2) Legal Compliance - Budgets

A modified accrual basis budget for the General Fund is formally adopted by the District prior to the beginning of the fiscal year. After its adoption, adjustments to the budget for transfers between funds and/or functions, changes in the capital budget, or for appropriation of unobligated funds must be approved by the Board. All appropriations for expenditures lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. The budget is prepared by function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented by the Executive Director to the Board of Commissioners for review. The Board holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Executive Director or the estimates must be changed by an affirmative vote of a majority of the Board.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the District 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 District 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, 1998, the District has cash and interest-bearing deposits (book balances) totaling \$2,924,647, as follows:

Demand deposits	\$1,267,107
Time deposits	<u>1,657,540</u>
	<u>\$2,924,647</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal 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, 1998, are secured as follows:

Bank balances	<u>\$2,920,940</u>
Federal deposit insurance	400,000
Pledged securities (Category 3)	<u>3,265,425</u>
Total federal insurance and pledged securities	<u>\$3,665,425</u>
Excess of federal insurance and pledged securities over bank balances	<u>\$ 744,485</u>

Pledged securities in Category 3 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 District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the current fiscal year, taxes were levied by the District in October and were billed to the taxpayers by the Lafayette Parish Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

Taxes are budgeted and the revenue recognized in the year following the assessment, when the majority of the taxes are actually collected.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Lafayette Parish Sheriff. The taxes are remitted to Lafayette Parish Bayou Vermilion District net of deductions for Pension Fund contributions.

For the year ended December 31, 1998, taxes were levied on property with net assessed valuations totaling \$520,232,400 and were dedicated as follows:

General maintenance	.75 mills
Debt service	1.25 mills

(5) Interfund Receivables/Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$1,499	\$4,513
Capital Projects Fund	4,513	1,589
Debt Service Fund	90	-
	<u>\$6,102</u>	<u>\$6,102</u>

(6) Changes in General Fixed Assets

The following is a summary of changes in the general fixed asset account group during the year:

	<u>Balance</u> <u>12/31/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/98</u>
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Buildings	3,419,057	139,250	-	3,558,307
Site improvements	2,378,323	472,137	-	2,850,460
Equipment	323,665	39,480	5,690	357,455
Furniture and fixtures	89,721	-	-	89,721
Artifacts	251,399	7,379	-	258,778
Construction in progress	141,950	473,865	611,399	4,427
	<u>\$6,694,115</u>	<u>\$1,132,111</u>	<u>\$617,089</u>	<u>\$7,209,148</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

Ongoing construction of site improvements on the Bayou Vermilion are accounted for in the construction in progress account until completion, at which time the assets are transferred to the site improvements account.

(7) Changes in Long-Term Debt

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

		Intergovernmental Agreements Payable
		<u> </u>
Balance, December 31, 1997		\$ 400,000
Additions		-
Reductions		<u>-</u>
Balance, December 31, 1998		<u>\$ 400,000</u>
	<u>General Obligation</u>	<u>Total</u>
Balance, December 31, 1997	\$3,790,000	\$4,190,000
Additions	-	-
Reductions	<u>265,000</u>	<u>265,000</u>
Balance, December 31, 1998	<u>\$3,525,000</u>	<u>\$3,925,000</u>

A. Intergovernmental Agreements Payable

The Lafayette Parish Bayou Vermilion District entered into agreements with the City of Lafayette in 1992 and the Parish of Lafayette in 1991 in order to obtain funds for the public purpose of assisting the District in meeting the working capital needs of Vermilionville. The funds shall be repaid as funding becomes available and upon the recommendation of a Working Capital Fund Review Committee. As of December 31, 1998, the District is obligated to other governmental agencies as follows:

City of Lafayette	\$200,000
Parish of Lafayette	<u>200,000</u>
	<u>\$400,000</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

B. General Obligation Bonds

Lafayette Parish Bayou Vermilion District issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of Lafayette Parish Bayou Vermilion District.

In accordance with propositions approved by the voters of Lafayette Parish on November 4, 1986, Lafayette Parish Bayou Vermilion District has the authority to issue general obligation bonds in the amount of \$6,200,000 to run twenty years from date thereof, at rates not exceeding 12 percent per annum, for the purpose of constructing, acquiring and/or improving any work of public improvement included in the master plan in existence at the time of such expenditure which will be payable from ad valorem tax revenues.

Of the \$6,200,000 approved, bonds totaling \$2,950,000 and \$3,250,000 were issued on September 1, 1987 and March 1, 1989, respectively.

On January 11, 1996, \$3,350,000 of General Obligation Refunding Bonds, Series 1997 were issued to partially refund General Obligation Bonds dated September 1, 1987 and March 1, 1989.

General obligation bonds outstanding at December 31, 1998 are comprised of the following individual issues:

March 1, 1989 General Obligation Bonds, installment of \$135,000 due on March 1, 1999; interest at 7.30 percent; secured by levy and collection of ad valorem taxes	\$ 135,000
General Obligation Refunding Bonds, dated January 11, 1996, due in annual installments of \$145,000 to \$435,000 through March 1, 2009; interest at 4.15 to 5.15 percent; secured by levy and collection of ad valorem taxes	<u>3,390,000</u>
	<u>\$3,525,000</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

The annual debt service requirements to maturity of bonds outstanding at December 31, 1998, including interest payments of \$905,825 are as follows:

<u>Year Ending December 31,</u>	
1999	\$ 439,394
2000	445,083
2001	446,856
2002	447,745
2003	452,610
2004 - 2008	2,019,631
2009	179,506
	<u>\$4,430,825</u>

(8) Lease and Intergovernmental Agreements

A. The District entered into a management agreement with the Vermilionville Historic Foundation, Inc. (Foundation) on July 1, 1994 whereas the Vermilionville Historic Foundation, Inc. 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-extensive with the term of the lease of the property, as same is or may be amended from time to time, unless sooner terminated in accordance with the provisions set forth in the agreement.
2. The Foundation has the right to either approve or disapprove of 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.
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 \$125,000 for each fiscal year in 1995 and 1996 for the operating expenses of Vermilionville less the costs of casualty, flood and liability insurance.
7. The District shall maintain casualty and liability insurance.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

8. Any profits from the operation of Vermilionville shall be turned over to the District.
- B. The District also entered into a lease agreement with the City of Lafayette, the Parish of Lafayette, and the Lafayette Airport Commission for Beaver Park property for the construction and operation of the Vermilionville Project. The lease commenced on August 17, 1987 with monthly payments of \$100 due on the first day of each month. The lease shall extend for a time period of seventy-one years.
- C. The District entered into an intergovernmental agreement with the State of Louisiana Department of Transportation and Development on August 4, 1987 to use the land and airspace of the Interstate Route I-10 over the Vermilion River between Louisiana Avenue and Calais Road for the purpose of constructing, operating, and maintaining a public boat launch.
- D. Lafayette Parish Bayou Vermilion District and Lafayette Parish Sheriff Department entered into an agreement to provide, on a year to year term, a Deputy Sheriff for patrolling the Bayou Vermilion in Lafayette Parish. The District reimbursed the Sheriff monthly for expenses of the deputy in the amount of \$1,833 monthly or \$22,000 per year and \$2,333 monthly or \$28,000 per year for the years ended December 31, 1998 and 1997, respectively.
- E. Lafayette Parish Bayou Vermilion District and Lafayette Airport Commission entered into an agreement on April 5, 1991 for the Beaver Park property for a period of 20 years with monthly lease payments of \$550 on the first day of the month following the opening of the Vermilionville Project.
- (9) Board Members Compensation
- No per diem or other compensation was paid to the members of Lafayette Parish Bayou Vermilion District for the years ended December 31, 1998 and 1997.
- (10) Retirement Commitments
- All employees of the Lafayette Parish Bayou Vermilion District and component unit are members of the Social Security System. The District and component unit and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the District; 7.65 percent by the employee). The District and component unit's contribution during the year ended December 31, 1998 amounted to \$7,024 and \$33,154, respectively.
- (11) Prior Year Debt Defeasance
- On January 11, 1996, the District issued general obligation refunding bonds of \$3,575,000 with interest rates at 4.00 to 5.15 percent to advance refund \$1,965,000 1987 bonds with interest rates at 7.60 to 8.00 percent and \$2,290,000 1989 bonds with interest rates at 7.40 to 7.50 percent. The 1987 bonds were called for redemption on March 1, 1997 and the 1989 bonds will be called for redemption on March 1, 1999.

SUPPLEMENTAL INFORMATION

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund

Comparative Balance Sheet
December 31, 1998 and 1997

	1998	1997
ASSETS		
Cash and interest-bearing deposits	\$537,384	\$424,689
Receivables:		
Ad valorem taxes	385,747	364,997
Due from other funds	1,499	1,499
Accrued interest	2,826	432
Total assets	\$927,456	\$791,617
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 5,428	\$ 38,291
Deferred ad valorem tax revenue	419,273	390,028
Due to other funds	4,513	-
Other	326	319
Total liabilities	429,540	428,638
 Fund Balance:		
Unreserved, undesignated	497,916	362,979
Total liabilities and fund balance	\$927,456	\$791,617

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Year Ended December 31, 1998
With Comparative Totals For the Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	\$ 336,000	\$ 386,598	\$ 50,598	\$362,008
Intergovernmental -				
State revenue sharing	40,000	38,558	(1,442)	38,378
Federal	20,000	-	(20,000)	-
Miscellaneous -				
Interest income	5,000	19,966	14,966	11,899
Interest on ad valorem taxes	-	1,538	1,538	2,767
Total revenues	<u>401,000</u>	<u>446,660</u>	<u>45,660</u>	<u>415,052</u>
Expenditures:				
Current -				
General government:				
Salaries	80,000	91,811	(11,811)	64,550
Fringe benefits	13,000	14,615	(1,615)	9,751
Insurance	3,400	6,814	(3,414)	4,647
Dues and subscriptions	500	321	179	353
Public notices	1,200	912	288	3,781
Office supplies	3,000	2,972	28	3,027
Postage	1,200	1,421	(221)	971
Community relations	20,000	18,219	1,781	8,613
Seminars	500	270	230	194
Clerical fees	2,100	2,300	(200)	2,150
Professional fees	5,600	3,670	1,930	4,528
Water patrol deputy fees	22,000	22,000	-	28,875
Publications	4,000	1,866	2,134	4,108
Pension deduction	-	13,320	(13,320)	12,718
Boat fuel and maintenance	3,000	2,167	833	1,961
Auto	1,600	1,294	306	1,834
Utilities	2,500	2,536	(36)	715
Telephone	6,500	8,739	(2,239)	8,262
River clean up	-	-	-	1,978
Property and equipment maintenance	12,000	23,056	(11,056)	12,771
River gage maintenance	6,000	7,947	(1,947)	15,259
River monitoring grant	20,000	3,775	16,225	-
Bank charges	900	995	(95)	893
Special events	-	250	(250)	-
Signs	-	159	(159)	-
Vermilionville property lease	6,000	7,150	(1,150)	-
Temporary services	-	-	-	2,324
Hazardous waste day	-	-	-	25,000
Total general government	<u>215,000</u>	<u>238,579</u>	<u>(23,579)</u>	<u>219,263</u>
Culture and recreation:				
Vermilionville	58,000	330	57,670	4,035
Total expenditures	<u>273,000</u>	<u>238,909</u>	<u>34,091</u>	<u>223,298</u>
Excess of revenues over expenditures	128,000	207,751	79,751	191,754
Other financing uses:				
Operating transfers out	(61,000)	(72,814)	(11,814)	(21,447)
Excess of revenues over expenditures and other uses	67,000	134,937	67,937	170,307
Fund balances, beginning	362,979	362,979	-	192,672
Fund balances, ending	<u>\$ 429,979</u>	<u>\$ 497,916</u>	<u>\$ 67,937</u>	<u>\$362,979</u>

DEBT SERVICE FUND

1987 and 1989 General Obligation Bonds

To accumulate monies for repayment of the September 1, 1987 and March 1, 1989 General Obligation Bonds not refunded and \$3,530,000 Series 1996 Refunding Bonds. These bonds are financed by dedicated property tax levies.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Debt Service Fund
1987 and 1989 General Obligation Bonds

Comparative Balance Sheet
December 31, 1998 and 1997

	1998	1997
ASSETS		
Cash and interest-bearing deposits	\$1,578,420	\$1,324,479
Receivables:		
Ad valorem taxes	643,030	608,445
Due from other funds	90	-
Accrued interest	896	3,211
Total assets	\$2,222,436	\$1,936,135
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 400	\$ 175
Deferred ad valorem tax revenue	698,917	650,170
Total liabilities	699,317	650,345
Fund Balance:		
Reserved for debt retirement	1,523,119	1,285,790
Total liabilities and fund balance	\$2,222,436	\$1,936,135

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Debt Service Fund
1987 and 1989 General Obligation Bonds

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Ad valorem taxes	\$ 644,455	\$ 607,947
Miscellaneous -		
Interest income	55,736	52,615
Interest on ad valorem taxes	2,637	6,076
Other	90	12,980
Total revenues	<u>702,918</u>	<u>679,618</u>
 Expenditures:		
Current -		
General government:		
Professional fees	2,350	2,575
Pension expense	22,204	21,201
Total general government	<u>24,554</u>	<u>23,776</u>
 Debt Service -		
Principal	265,000	235,000
Interest and fiscal charges	176,035	192,432
Total debt service	<u>441,035</u>	<u>427,432</u>
 Total expenditures	<u>465,589</u>	<u>451,208</u>
 Excess of revenues over expenditures	237,329	228,410
 Fund balances, beginning	<u>1,285,790</u>	<u>1,057,380</u>
 Fund balances, ending	<u><u>\$1,523,119</u></u>	<u><u>\$1,285,790</u></u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Capital Projects Fund

Comparative Balance Sheet
December 31, 1998 and 1997

	1998	1997
ASSETS		
Cash and interest-bearing deposits	\$449,663	\$867,349
Due from other funds	4,513	-
Accrued interest receivable	1,992	7,237
Total assets	\$456,168	\$874,586
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 40,524	\$ 620
Due to other funds	1,589	1,499
Total liabilities	42,113	2,119
Fund Balance:		
Unreserved - undesignated	414,055	872,467
Total liabilities and fund balance	\$456,168	\$874,586

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Capital Projects Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Miscellaneous - interest income	\$ 32,196	\$ 46,502
Proceeds from sale of general fixed asset	4,513	-
Total revenues	<u>36,709</u>	<u>46,502</u>
 Expenditures:		
Current -		
Culture and recreation:		
Professional fees	2,550	2,700
Vermilionville	-	19,385
Miscellaneous	-	175
Total culture and recreation	<u>2,550</u>	<u>22,260</u>
Capital -		
Professional fees	1,830	-
Architect and engineering	412,535	8,182
Buildings	59,500	83,592
Purchase of equipment	18,706	18,771
Total capital projects	<u>492,571</u>	<u>110,545</u>
Total expenditures	<u>495,121</u>	<u>132,805</u>
Deficiency of revenues over expenditures	(458,412)	(86,303)
 Fund balances, beginning	<u>872,467</u>	<u>958,770</u>
 Fund balances, ending	<u>\$414,055</u>	<u>\$872,467</u>

ENTERPRISE FUND

VERMILIONVILLE

To account for the operations of a commemorative museum of living history which preserves and re-creates the elements of folklife of the cultures who settled the Attakapas area of South Louisiana between 1765 and 1890. Services are financed by user charges, membership fees, and sales of food, beverages and souvenirs.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Balance Sheet
December 31, 1998 and 1997

	1998	1997
ASSETS		
Current Assets:		
Cash and interest-bearing deposits	\$282,563	\$278,847
Due from other governments	6,667	-
Prepaid expenses	3,452	3,575
Inventory	34,744	32,509
Other	1,223	2,524
Total current assets	328,649	317,455
Restricted Assets:		
Cash and interest-bearing deposits	76,617	142,995
Accrued interest receivable	3,297	4,107
Total restricted assets	79,914	147,102
Total assets	\$408,563	\$464,557
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable	\$ 14,442	\$ 10,205
Accrued expenses	21,698	16,489
Deferred revenues	14,988	14,987
Total current liabilities	51,128	41,681
Long-term liabilities:		
Accrued compensated absences	450	890
Total liabilities	51,578	42,571
Retained earnings:		
Reserved for capital expenses	79,914	147,102
Unreserved	277,071	274,884
Total retained earnings	356,985	421,986
Total liabilities and retained earnings	\$408,563	\$464,557

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Enterprise Fund
Vermilionville

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges, fees and sales -		
Gate admission	\$ 225,047	\$ 237,808
Memberships	20,731	20,515
Restaurant and special events	467,337	401,587
Gift shop	129,415	121,278
Miscellaneous -		
Appropriation from City/Parish Government	40,000	54,947
Interest income	12,065	15,908
Other	23,060	11,200
Total operating revenues	<u>917,655</u>	<u>863,243</u>
Operating expenses:		
Restaurant	338,025	313,344
Gift shop	84,197	82,099
General and administrative	546,122	486,446
Total operating expenses	<u>968,344</u>	<u>881,889</u>
Operating loss	<u>(50,689)</u>	<u>(18,646)</u>
Nonoperating revenues (expenses):		
Fundraising revenues	5,459	-
Fundraising expenses	(2,244)	-
Capital expenses	(90,341)	(58,140)
Total nonoperating revenues (expenses)	<u>(87,126)</u>	<u>(58,140)</u>
Loss before operating transfers	(137,815)	(76,786)
Other financing sources (uses):		
Operating transfers in	<u>72,814</u>	<u>21,447</u>
Net loss	(65,001)	(55,339)
Retained earnings, beginning	<u>421,986</u>	<u>477,325</u>
Retained earnings, ending	<u>\$ 356,985</u>	<u>\$ 421,986</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Statement of Operating Expenses by Department
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Restaurant:		
Salaries	\$148,874	\$126,910
Payroll taxes and benefits	18,371	14,910
Food costs	150,512	151,797
Supplies and small equipment	<u>20,268</u>	<u>19,727</u>
Total restaurant	<u>338,025</u>	<u>313,344</u>
Gift shop:		
Salaries	15,744	15,581
Payroll taxes and benefits	2,178	2,125
Merchandise	63,780	62,971
Freight	1,240	1,092
Supplies	<u>1,255</u>	<u>330</u>
Total gift shop	<u>84,197</u>	<u>82,099</u>
General and administrative:		
Salaries	268,144	220,585
Payroll taxes and benefits	33,482	30,722
Security	2,214	1,926
Grounds maintenance	12,220	10,280
Artifact restoration	6,831	-
Utilities	40,108	36,730
Telephone	8,592	7,800
Advertisement	21,748	25,365
Professional fees	19,800	18,300
Performers	49,555	51,850
Audit fees	7,200	7,200
Outside services	12,486	11,849
Insurance	20,491	21,078
Pest control	5,430	5,499
Land rent	650	7,800
Supplies	20,449	17,521
Bank charges	6,943	5,229
Postage	2,727	2,000
Support programs	252	350
Other	<u>6,800</u>	<u>4,362</u>
Total general and administrative	<u>546,122</u>	<u>486,446</u>
Total operating expenses	<u>\$968,344</u>	<u>\$881,889</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Statement of Cash Flows
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating loss	<u>\$ (50,689)</u>	<u>\$ (18,646)</u>
Adjustments to reconcile net operating loss to net cash used by operating activities -		
Changes in current assets and liabilities:		
Decrease in prepaid expenses	123	1,418
(Increase) decrease in inventory	(2,235)	2,173
Increase in accounts receivable	(6,667)	-
Decrease in other current assets	1,301	123
Decrease (increase) in accrued interest receivable	810	(2,739)
Increase (decrease) in accounts payables	4,237	(6,129)
Increase in accrued expenses	5,209	6,398
Increase in deferred revenues	1	4,393
Decrease in accrued compensated absences	(440)	(535)
Total adjustments	<u>2,339</u>	<u>5,102</u>
Net cash used by operating activities	<u>(48,350)</u>	<u>(13,544)</u>
Cash flows from noncapital financing activities:		
Net monies raised from antique show	3,215	-
Operating transfers in from other funds	<u>72,814</u>	<u>21,447</u>
Net cash provided from noncapital financing activities	<u>76,029</u>	<u>21,447</u>
Cash flows from capital and related financing activities:		
Capital expenses	<u>(90,341)</u>	<u>(58,140)</u>
Net decrease in cash and cash equivalents	(62,662)	(50,237)
Cash and cash equivalents, beginning of year	<u>421,842</u>	<u>472,079</u>
Cash and cash equivalents, end of year	<u><u>\$359,180</u></u>	<u><u>\$421,842</u></u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Comparative Statement of General Fixed Assets
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$ 90,000	\$ 90,000
Buildings	3,558,307	3,419,057
Site improvements	2,850,460	2,378,323
Equipment	357,455	323,665
Furniture and fixtures	89,721	89,721
Artifacts	258,778	251,399
Construction in progress	<u>4,427</u>	<u>141,950</u>
Total general fixed assets	<u>\$7,209,148</u>	<u>\$6,694,115</u>
Investment in general fixed assets:		
Special revenue funds	\$ 417,075	\$ 417,075
Capital projects fund	<u>6,792,073</u>	<u>6,277,040</u>
Total investment in general fixed assets	<u>\$7,209,148</u>	<u>\$6,694,115</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Statement of Changes in General Fixed Assets
Year Ended December 31, 1998

	<u>Balances</u> <u>12/31/97</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>12/31/98</u>
General fixed assets:				
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Buildings	3,419,057	139,250	-	3,558,307
Site improvements	2,378,323	472,137	-	2,850,460
Equipment	323,665	39,480	5,690	357,455
Furniture and fixtures	89,721	-	-	89,721
Artifacts	251,399	7,379	-	258,778
Construction in progress	141,950	473,865	611,388	4,427
Total general fixed assets	<u>\$6,694,115</u>	<u>\$1,132,111</u>	<u>\$617,078</u>	<u>\$7,209,148</u>
Investment in general fixed assets:				
Special revenue funds	\$ 417,075	\$ -	\$ -	\$ 417,075
Capital projects	<u>6,277,040</u>	<u>1,132,111</u>	<u>617,078</u>	<u>6,792,073</u>
	<u>\$6,694,115</u>	<u>\$1,132,111</u>	<u>\$617,078</u>	<u>\$7,209,148</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amount on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Statement of General Long-Term Debt
 December 31, 1998
 With Comparative Totals for December 31, 1997

	Intergovernmental Agreements Payable	General Obligation Bonds 1989	1996	1998	Totals 1997
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT					
Amount available in debt service funds for debt retirement	\$ -	\$135,000	\$1,388,118	\$1,523,118	\$1,057,380
Amount to be provided for retirement of general long-term debt from:					
Ad valorem taxes	-	-	2,001,882	2,001,882	2,967,620
Excess annual revenues from Vermilionville	400,000	-	-	400,000	400,000
	<u>400,000</u>	<u>-</u>	<u>2,001,882</u>	<u>2,401,882</u>	<u>3,367,620</u>
Total amount available and to be provided	<u>\$ 400,000</u>	<u>\$135,000</u>	<u>\$3,390,000</u>	<u>\$3,925,000</u>	<u>\$4,425,000</u>
GENERAL LONG-TERM DEBT PAYABLE					
Intergovernmental agreements payable	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 400,000
Bonds payable:					
Due within one year	-	135,000	145,000	280,000	235,000
Due after one year	<u>-</u>	<u>-</u>	<u>3,245,000</u>	<u>3,245,000</u>	<u>3,790,000</u>
Total general long-term debt payable	<u>\$ 400,000</u>	<u>\$135,000</u>	<u>\$3,390,000</u>	<u>\$3,925,000</u>	<u>\$4,425,000</u>

**INTERNAL CONTROL AND COMPLIANCE
AND
OTHER INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Rainey, CPA
Conrad O. Chapman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachel, CPA

234 Rue Beaugard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddell
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Vile Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Commissioners
Lafayette Parish Bayou Vermilion District
Lafayette, Louisiana

We have audited the general purpose financial statements of Lafayette Parish Bayou Vermilion District as of and for the year ended December 31, 1998 and have issued our report thereon dated March 24, 1999. We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of administrative employees, the Lafayette Parish Bayou Vermilion District 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 Commissioners. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
March 24, 1999

OTHER SUPPLEMENTAL INFORMATION

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Schedule of Prior Year Findings
December 31, 1998

There were no findings and/or management comments mentioned in the December 31, 1997 audit that required follow-up procedures.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Corrective Action Plan
Year Ended December 31, 1998

<u>Reference Number</u>	<u>Recommendation</u>	<u>Actions Taken</u>
	<u>Inadequate Segregation of Duties</u>	
98-1	Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	No action required.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Schedule of Interest-Bearing Deposits - All Funds
December 31, 1998

		<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:				
Checking account	(BO)		Variable	\$ 223,261
Certificate of deposit	(BO)	3/26/99	4.41%	109,172
Certificate of deposit	(BO)	4/28/99	4.34%	<u>204,951</u>
				<u>537,384</u>
Debt Service Fund:				
Checking account	(BO)		Variable	803,913
Certificate of deposit	(BO)	3/26/99	4.45%	417,562
Certificate of deposit	(BO)	6/16/99	4.37%	<u>356,945</u>
				<u>1,578,420</u>
Capital Projects Fund:				
Checking account	(BO)		Variable	79,472
Certificate of deposit	(BO)	4/28/99	4.34%	181,905
Certificate of deposit	(BO)	5/31/99	3.80%	<u>188,286</u>
				<u>449,663</u>
Proprietary Fund (Vermilionville):				
Unrestricted:				
Checking account	(BO)		Variable	124,715
Certificate of deposit	(BO)	5/14/99	3.90%	16,428
Certificate of deposit	(BO)	3/18/99	4.45%	55,002
Certificate of deposit	(BO)	4/26/99	4.45%	33,358
Certificate of deposit	(BO)	10/7/99	4.39%	11,025
Certificate of deposit	(ISB)	6/5/99	4.04%	26,285
Certificate of deposit	(ISB)	6/6/99	5.00%	<u>15,750</u>
				<u>282,563</u>
Restricted:				
Checking account	(BO)		Variable	35,744
Certificate of deposit	(BO)	4/23/99	4.45%	<u>40,873</u>
				<u>76,617</u>
Total all funds				<u><u>\$2,924,647</u></u>

(BO) - BankOne

(ISB) - Iberia Savings Bank