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

FINANCIAL REPORT

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 16 1999

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REBOWE & COMPANY, CPAs, APC/HANFORD M. HARRISON, CPA
3501 North Causeway Blvd., Suite 810
Metairie, Louisiana 70002
(504)837-9116

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements of **Jefferson Parish Economic Development Commission ("JEDCO")**, a component unit of Jefferson Parish, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of **JEDCO'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of **JEDCO** as of December 31, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 1999, on our consideration of **JEDCO's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of **JEDCO** taken as a whole. The accompanying supplemental information on pages 25 through 27 is presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. This additional information is the responsibility of **JEDCO**. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The Year 2000 supplementary information on page 28 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have 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 JEDCO is or will become Year 2000 compliant, that JEDCO's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which JEDCO does business are or will become Year 2000 compliant.

This report is intended solely for the information and use of JEDCO's Audit Committee, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Reboue & Company/Hanford M. Harrison

February 5, 1999

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1998

	Governmental Fund Type		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Agency	General Fixed Assets	General Long-Term Debt	
ASSETS AND OTHER DEBITS						
Assets						
Cash	\$ 282,994	\$ 307,593	\$ 183,885	\$ -	\$ -	\$ 774,472
Prepaid expenses	18,131	-	-	-	-	18,131
Receivable, net of allowance for estimated uncollectible receivables:						
Notes	-	398,612	333,295	-	-	731,907
Lease payments	-	-	2,753,190	-	-	2,753,190
Accounts	4,492	-	-	-	-	4,492
Due from other funds	27,969	-	6,738	-	-	34,707
Intergovernmental receivable	75,000-	-	2,873,575	-	-	2,948,575
Fixed assets	-	-	-	824,393	-	824,393
Other Debits						
Amount to be provided for payment of general long-term debt	-	-	-	-	398,465	398,465
Total assets and other debits	<u>\$ 408,586</u>	<u>\$ 706,205</u>	<u>\$ 6,150,683</u>	<u>\$ 824,393</u>	<u>\$ 398,465</u>	<u>\$ 8,488,332</u>

See notes to the financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
December 31, 1998

	Governmental		Fiduciary		Account Groups			Total (Memorandum Only)
	Fund Type		Fund Type		General			
	General	Special Revenue	Agency	General Fixed Assets	Long-Term Debt			
LIABILITIES, EQUITY AND OTHER CREDITS								
Liabilities								
Accounts payable	\$ 34,261	-	\$ -	-	-	-	-	\$ 34,261
Accrued pension plan contribution	37,316	-	-	-	-	-	-	37,316
Accrued interest payable	-	13,267	181,764	-	-	-	-	195,031
Compensated absences payable	-	-	-	-	27,701	-	-	27,701
Intergovernmental payable	-	-	517,180	-	-	-	-	517,180
Due to other funds	-	27,968	6,739	-	-	-	-	34,707
Escrow deposits	7,000	500	-	-	-	-	-	7,500
Capital lease payable	-	-	-	-	27,204	-	-	27,204
Notes payable	-	-	5,445,000	-	-	-	-	5,445,000
Loan payable to Jefferson Parish	-	-	-	-	300,000	-	-	300,000
Mortgage note payable	-	-	-	-	43,560	-	-	43,560
	<u>78,577</u>	<u>41,735</u>	<u>6,150,683</u>	<u>-</u>	<u>398,465</u>	<u>-</u>	<u>-</u>	<u>6,669,460</u>
Equity and Other Credits								
Investment in general fixed assets	-	-	-	824,393	-	-	-	824,393
Fund balance - unreserved, undesignated	<u>330,009</u>	<u>664,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>994,479</u>
Total equity and other credits	<u>330,009</u>	<u>664,470</u>	<u>-</u>	<u>824,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,818,872</u>
Total liabilities, equity and other credits	<u>\$ 408,586</u>	<u>\$ 706,205</u>	<u>\$ 6,150,683</u>	<u>\$ 824,393</u>	<u>\$ 398,465</u>	<u>-</u>	<u>-</u>	<u>\$ 8,488,332</u>

See notes to the financial statements.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 1998**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Intergovernmental:			
Share of Jefferson Parish occupational licenses	\$ 1,142,000	\$ -	\$ 1,142,000
UNO Studio	125,000	-	125,000
Charges for services	103,874	300	104,174
Enterprise Center and JEDCO "West":			
Rents	118,402	-	118,402
Telephone charges	35,719	-	35,719
Interest	14,639	28,964	43,603
Sale of fixed assets	6,600	-	6,600
Miscellaneous	<u>2,521</u>	<u>-</u>	<u>2,521</u>
Total revenues	1,548,755	29,264	1,578,019
Other financing sources:			
Operating transfers in	<u>29,264</u>	<u>-</u>	<u>29,264</u>
Total revenues and other financing sources	<u>\$ 1,587,019</u>	<u>\$ 29,264</u>	<u>\$ 1,607,283</u>

(Continued)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 For the Year Ended December 31, 1998**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
Expenditures:			
Current:			
Enterprise Center	\$ 207,543	\$ -	\$ 207,543
JEDCO "West"	163,021	-	163,021
Financing the future	286,968	-	286,968
Port/transportation	94,571	-	94,571
Business outreach	151,922	-	151,922
Administrative	453,449	84,992	538,441
Debt Service Intergovernmental:			
Principal	11,587	-	11,587
Interest	<u>4,435</u>	<u>-</u>	<u>4,435</u>
Total expenditures	<u>1,373,496</u>	<u>84,992</u>	<u>1,458,488</u>
Other financing uses:			
Operating transfers out	<u>-</u>	<u>29,264</u>	<u>29,264</u>
Total expenditures and other financing uses	<u>1,373,496</u>	<u>114,256</u>	<u>1,487,752</u>
Excess (deficit) of revenues and other financing sources over expenditures and other other financing uses	204,523	(84,992)	119,531
Fund Balance:			
Beginning of year	<u>125,486</u>	<u>749,462</u>	<u>874,948</u>
End of year	<u>\$ 330,009</u>	<u>\$ 664,470</u>	<u>\$ 994,479</u>

See notes to the financial statements.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND
For the Year Ended December 31, 1998**

	<u>Actual On GAAP Basis</u>	<u>Adjustments To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance - Favorable Unfavorable)</u>
Revenues:					
Intergovernmental:					
Share of Jefferson Parish occupational licenses	\$ 1,142,000	\$ -	\$ 1,142,000	\$ 1,142,000	\$ -
Project development	125,000	-	125,000	125,000	-
Charges for services:					
Loan processing and servicing	103,874	29,264	133,138	108,200	24,938
Rent:					
Enterprise Center	70,058	-	70,058	67,400	2,658
JEDCO "West"	48,344	11,361	59,705	75,000	(15,295)
Telephone charges:					
Enterprise Center	24,358	-	24,358	28,800	(4,442)
JEDCO "West"	11,361	(11,361)	-	-	-
Interest and Miscellaneous	<u>23,760</u>	<u>-</u>	<u>23,760</u>	<u>15,000</u>	<u>8,760</u>
Total revenues	1,548,755	29,264	1,578,019	1,561,400	16,619
Other financing sources:					
Operating transfers in	<u>29,264</u>	<u>(29,264)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 1,578,019</u>	<u>\$ -</u>	<u>\$ 1,578,019</u>	<u>\$ 1,561,400</u>	<u>\$ 16,619</u>

(Continued)

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND (CONTINUED)
For the Year Ended December 31, 1998

	<u>Actual On GAAP Basis</u>	<u>Adjustments To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures:					
Current:					
Enterprise Center	207,543	-	207,543	224,300	16,757
JEDCO "West"	163,021	13,702	176,723	214,100	37,377
Financing the future	286,968	-	286,968	308,600	21,632
Port/transportation	94,571	-	94,571	127,400	32,829
Business outreach	151,922	-	151,922	193,300	41,378
Administrative	453,449	-	453,449	475,400	21,951
Renovations and capital outlay	-	-	-	75,000	75,000
Debt service:					
Principal and interest	<u>16,022</u>	<u>(16,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,373,496</u>	<u>(2,320)</u>	<u>1,371,176</u>	<u>1,618,100</u>	<u>246,924</u>
Excess of expenditures and other financing uses over revenues and other financing sources					
	204,523	2,320	206,843	(56,700)	263,543
Fund Balance:					
Beginning of year	<u>125,486</u>	<u>-</u>	<u>125,486</u>	<u>125,486</u>	<u>-</u>
End of year	<u>\$ 330,009</u>	<u>\$ 2,320</u>	<u>\$ 332,329</u>	<u>\$ 68,786</u>	<u>\$ 263,543</u>

See notes to the financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

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

B. Fund Accounting

JEDCO uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

JEDCO's fiduciary fund type consists of four agency funds which are used to account for assets that JEDCO holds for another governmental unit.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds and the agency funds. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Budgetary Accounting

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

E. Cash and Investments

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

Louisiana State statutes permit JEDCO to invest in obligations of the United States Government and agencies of the United States Government, which are federally sponsored, and certificates of deposit of state banks, organized under the State of Louisiana, and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which have underlying investments limited to securities of the U.S. Government or its agencies.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Allowance for Estimated Uncollectible Receivables

An allowance for estimated uncollectible receivables is established when collectibility of a loan or an account becomes doubtful. As of December 31, 1998, management has established no allowance for estimated uncollectible receivables and all accounts are considered collectible.

G. Fixed Assets

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

H. Compensated Absences

Accumulated annual leave is reported as an expenditure and a fund liability when it is expected to be liquidated from expendable available financial resources. Amounts of accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for those amounts. In accordance with GASB Statement No. 16, no liability is recorded for accumulated sick pay benefits because such benefits can be used only for sick leave.

I. Memorandum Only - Total Column

The total column on the combined balance sheet and combined statement of revenues, expenditures and changes in fund balances - all governmental fund types are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 2 - LEGAL COMPLIANCE - BUDGET

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

NOTE 3 - BANK DEPOSITS

At December 31, 1998, the carrying amount of JEDCO's deposits was \$774,472 and the bank balances were \$798,040. Of the bank balance \$302,687 was covered by federal deposits insurance and \$495,353 was covered by collateral held by the pledging financial institution's agent in JEDCO's name.

NOTE 4 - NOTES RECEIVABLE

Notes receivable consists of loans which were made to businesses located in Jefferson Parish pursuant to the provisions of Title 1 of the Housing and Community Development Act of 1974, as amended, and Title IX of the Public Works and Economic Development Act of 1965, as amended. The loans were made from the special revenue and agency funds established solely for this purpose.

Funding for Community Development loans was provided by Jefferson Parish from its CDBG fund with funds received from Housing and Urban Development ("HUD"). As a result of defaulted loans under HUD's Section 108 Guaranteed Loan Program as further described in Note 5, HUD suspended in the fourth quarter of 1997 additional lending of grant monies. Repayment to HUD will be made in the form of reduced future CDBG grants over 16 years.

Funding for the Economic Development Act loans was provided by grants from the U.S. Department of Commerce, State of Louisiana and Jefferson Parish. The loans are payable in monthly installments consisting of principal and interest at rates of 5% to 10% over periods ranging from four to twenty years.

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

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998**

NOTE 5 - LEASE PAYMENTS RECEIVABLE

Lease payments receivable consists of amounts payable to JEDCO by a manufacturer under the terms of two lease-purchase agreements executed in 1996. The leased assets consist of two pieces of real property and some equipment which JEDCO acquired as a result of default by a manufacturer who had pledged such assets as collateral for two loans under the HUD Section 108 Guaranteed Loan Program. The total minimum lease payments to be received by JEDCO are as follows: for property located at 1008 Elmwood Park Blvd., Harahan, LA, \$1,909,690 (\$100,510 was received in 1998 and the total received to date is \$306,310); for property located at 1209 Distributors Row, Harahan, LA, \$843,500 (\$92,500 was received in 1998 and the total received to date is \$186,500).

The future minimum lease payments to be received as of December 31, 1998 are as follows:

<u>Year Ending December 31</u>	<u>1008 Elmwood Park Blvd.</u>	<u>1209 Distributors Row</u>
1999	\$ 95,485	\$ 91,000
2000	90,710	89,500
2001	<u>1,723,495</u>	<u>663,000</u>
Total	<u>\$1,909,690</u>	<u>\$ 843,500</u>

The payments due in the year 2001 include final balloon payments due on August 1, 2001 of \$1,637,320 for 1008 Elmwood Park Blvd. and \$475,000 for 1209 Distributors Row. The lessee has an option to acquire the leased properties at the conclusion of the lease term for the sum of \$1 or any time by prepaying all rents due under the leases.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998**

NOTE 6 - DUE FROM/TO OTHER FUNDS

Due from/to other funds consists of the following interfund receivables/payables at December 31, 1998:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
EDA revolving loan		
special revenue fund	\$ 27,968	\$ -
Jefferson Parish		
HUD 108-2 agency fund	1	-
Special Revenue Fund - EDA		
Revolving Loan	-	27,968
Agency Fund:		
Jefferson Parish HUD 108	6,738	-
Jefferson Parish HUD 108-2	<u>-</u>	<u>6,739</u>
	<u>\$ 34,707</u>	<u>\$ 34,707</u>

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during 1998:

	<u>Balance January 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1998</u>
Land and building (JEDCO "West")	\$ 435,647	\$ -	\$ -	\$ 435,647
Office furniture and equipment	381,740	5,471	3,043	384,168
Leasehold improvements	4,578	-	-	4,578
Vehicles	<u>23,284</u>	<u>-</u>	<u>23,284</u>	<u>-</u>
	<u>\$ 845,249</u>	<u>\$ 5,471</u>	<u>\$ 26,327</u>	<u>\$ 824,393</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 8 - PENSION PLAN

JEDCO's employees are covered by JEDCO's simplified employee pension (SEP) plan and are not subject to social security taxes. JEDCO annually makes a contribution to an IRA account established for each permanent employee. The amount contributed by JEDCO is 6.2% of the employee's total compensation. JEDCO's total contribution under this plan for 1998 was \$37,342 based on a covered payroll of \$605,902. JEDCO's total current year payroll for all employees was \$605,902.

NOTE 9 - NOTES PAYABLE IN AGENCY FUNDS

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

Maturity Date <u>August 1</u>	<u>Series 1991-A</u>		<u>Series 1996-A</u>		<u>Total</u>
	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Principal Amount</u>
1999	8.625%	\$ 340,000	8.12%	\$ 240,000	\$ 580,000
2000	8.65%	1,375,000	8.15%	250,000	1,625,000
2001	8.74%	1,740,000	8.22%	265,000	2,005,000
2002	-	-	8.24%	280,000	280,000
2003	-	-	8.27%	300,000	300,000
2004	-	-	8.24%	320,000	320,000
Interim	-	-	LIBOR	335,000	335,000
		<u>\$3,455,000</u>		<u>\$1,990,000</u>	<u>\$5,445,000</u>

Interest is payable semi-annually on February 1 and August 1 and notes are guaranteed by HUD under its Section 108 program. The \$335,000 of interim financing represents a loan from a fiscal agent bank bearing interest at .2% above the London Interbank Offered Rates (LIBOR).

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 10 - OPERATING LEASE

JEDCO leases the third floor of an office building which it uses for its administrative office and Enterprise Center operations. The lease is considered an operating lease for accounting purposes. The lease term is for ten years beginning in 1995. Lease payments under the lease for the year ended December 31, 1998 were \$133,833. Minimum future annual lease payments required for the five years following December 31, 1998 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
1999	\$ 144,000
2000	144,000
2001	146,553
2002	151,660
2003	151,660
Thereafter	<u>258,767</u>
	<u>\$ 996,640</u>

NOTE 11 - CAPITAL LEASES

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

JEDCO entered into a lease agreement for the purchase of computers. The lease term began December 2, 1997 for a term of 36 months with annual payments of \$12,652.

The following is a schedule of future minimum lease payments at December 31, 1998 recorded in the General Long-Term Debt Account Group:

1999	\$ 27,281
Less amount representing interest	<u>77</u>
Present value of future minimum lease payments	<u>\$ 27,204</u>

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998**

NOTE 12 - LONG-TERM DEBT

During the year ended December 31, 1998, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance January 1, <u>1998</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>1998</u>
Compensated absences	\$ 18,371	\$ 11,269	\$ 1,939	\$ 27,701
Capital leases	29,524	-	2,320	27,204
Loan payable to Jefferson Parish	300,000	-	-	300,000
Advance payment on loan to Jefferson Parish	-	75,000	-	75,000
Mortgage loan	<u>52,827</u>	<u>-</u>	<u>9,267</u>	<u>43,560</u>
	<u>\$ 400,722</u>	<u>\$ 86,269</u>	<u>\$ 13,526</u>	<u>\$ 473,465</u>

The loan payable to Jefferson Parish is a non-interest bearing loan in the original amount of \$500,000. The proceeds of the loan were used for renovation of a building owned by Jefferson Parish and used by JEDCO until the latter part of 1995 for its small business incubator, referred to by JEDCO as the Enterprise Center. This loan was to be paid back over a five-year period ending in 1994, but collection was foreborne by the Jefferson Parish Council in 1992 until JEDCO's Certificates of Indebtedness which were scheduled to mature on December 1, 1996 were paid in full. The Certificates of Indebtedness were issued by JEDCO in 1993 and the proceeds were used to acquire the property used by JEDCO West. Payments of \$75,000 per year for four years were reinstated in 1997 with the acquisition of a loan to pay off the Certificates of Indebtedness and the Jefferson Parish loan will be paid in full in December, 2002.

As stated above, in August 1996, JEDCO borrowed \$110,000 from a local bank and used the proceeds of this loan to pay in full the \$110,000 of Certificates of Indebtedness. In 1997, JEDCO refinanced the note for \$52,827 and paid \$50,000 towards the note. This loan is payable in 60 monthly installments of \$1,027 with an interest rate of 6.25% and is collateralized by the pledge and dedication of the anticipated revenues of JEDCO.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998**

NOTE 12 - LONG-TERM DEBT (CONTINUED)

The annual principal maturities of JEDCO's long-term loans at December 31, 1998 are summarized as follows:

<u>Year ending December 31</u>	<u>Loan payable to Jefferson Parish</u>	<u>Mortgage Loan</u>
1999	\$ 75,000	\$ 9,888
2000	75,000	10,525
2001	75,000	11,201
2002	<u>75,000</u>	<u>11,946</u>
	<u>\$ 300,000</u>	<u>\$ 43,560</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1998

NOTE 13 - COMBINING BALANCE SHEET OF AGENCY FUNDS

The following is the combining balance sheet of the agency funds at December 31, 1998:

	HUD Revolving Loan	HUD Venture Capital Fund	Jefferson Parish HUD 108 Fund	Jefferson Parish HUD 108-2 Fund	Total
Assets:					
Cash and investments	\$ 124,418	\$ 59,467	\$ -	\$ -	\$ 183,885
Notes receivable	208,094	125,201	-	-	333,295
Lease payments receivable	-	-	1,909,690	843,500	2,753,190
Due from Jefferson Parish Department of Community Development	-	-	1,663,713	1,209,862	2,873,575
Due from HUD 108-2 Fund	-	-	<u>6,738</u>	-	<u>6,738</u>
Total assets	<u>\$ 332,512</u>	<u>\$ 184,668</u>	<u>\$ 3,580,141</u>	<u>\$ 2,503,362</u>	<u>\$ 6,150,683</u>
Liabilities:					
Accrued interest payable	\$ -	\$ -	\$ 125,141	\$ 56,623	\$ 181,764
Due to Jefferson Parish Department of Community Development	332,512	184,668	-	-	517,180
Due to General Fund	-	-	-	1	1
Due to HUD 108 Fund	-	-	-	6,738	6,738
Notes payable	-	-	<u>3,455,000</u>	<u>1,990,000</u>	<u>5,445,000</u>
Total liabilities	<u>\$ 332,512</u>	<u>\$ 184,668</u>	<u>\$ 3,580,141</u>	<u>\$ 2,053,362</u>	<u>\$ 6,150,683</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

NOTE 14 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS

The following summarizes the changes in the assets and liabilities of the agency funds during 1998.

	HUD Revolving Loan Fund			
	Balance January 1, 1998	Additions	Reductions	Balance December 31, 1998
Assets:				
Cash and investments	\$ 98,691	\$ 25,727	\$ -	\$ 124,418
Notes receivable	306,619	-	98,525	208,094
Total assets	<u>\$ 405,310</u>	<u>\$ 25,727</u>	<u>\$ 98,525</u>	<u>\$ 332,512</u>
 Liabilities:				
Due to Jefferson Parish Department of Community Development:				
Drawdowns	\$ 279,781	\$ -	\$ -	\$ 279,781
Net income	125,529	-	72,798	52,731
Total liabilities	<u>\$ 405,310</u>	<u>\$ -</u>	<u>\$ 72,798</u>	<u>\$ 332,512</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

**NOTE 14 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS
(CONTINUED)**

	HUD Venture Capital Fund			
	Balance January 1, 1998	Additions	Reductions	Balance December 31, 1998
Assets:				
Cash and investments	\$ 31,933	\$ 27,534	\$ -	\$ 59,467
Notes receivable	144,263	-	19,062	125,201
Total assets	<u>\$ 176,196</u>	<u>\$ 27,534</u>	<u>\$ 19,062</u>	<u>\$ 184,668</u>
 Liabilities:				
Due to Jefferson Parish, Department of Community Development:				
Drawdowns	\$ 146,000	\$ -	\$ -	\$ 146,000
Net income	30,196	8,472	-	38,668
Total liabilities	<u>\$ 176,196</u>	<u>\$ 8,472</u>	<u>\$ -</u>	<u>\$ 184,668</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

**NOTE 14 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS
(CONTINUED)**

	Jefferson Parish HUD 108 Fund			
	Balance January 1, 1998	Additions	Reductions	Balance December 31, 1998
Assets:				
Cash and investments	\$ 12,607	\$ -	\$ 12,607	\$ -
Lease payments receivable	2,010,200	-	100,510	1,909,690
Due from Jefferson Parish HUD 108-2 Agency Fund	-	6,738	-	6,738
Due from Jefferson Parish, Department of Community Development	<u>1,878,391</u>	<u>95,322</u>	<u>310,000</u>	<u>1,663,713</u>
Total assets	<u>\$3,901,198</u>	<u>\$ 102,060</u>	<u>\$ 423,117</u>	<u>\$3,580,141</u>
Liabilities:				
Accrued interest payable	\$ 136,198	\$ 125,141	\$ 136,198	\$ 125,141
Escrow deposits and other notes payable (Series 1991-A)	<u>3,765,000</u>	<u>-</u>	<u>310,000</u>	<u>3,455,000</u>
Total liabilities	<u>\$3,901,198</u>	<u>\$ 125,141</u>	<u>\$ 446,198</u>	<u>\$3,580,141</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1998

**NOTE 14 - CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS
(CONTINUED)**

	Jefferson Parish HUD 108-2 Fund			
	Balance January 1, 1998	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 1998
Assets:				
Cash and investments	\$ 3,323	\$ -	\$ 3,323	\$ -
Lease payments receivable	936,000	-	92,500	843,500
Due from Jefferson Parish Department of Community Development	<u>1,343,301</u>	<u>91,561</u>	<u>225,000</u>	<u>1,209,862</u>
Total assets	<u>\$2,282,624</u>	<u>\$ 91,561</u>	<u>\$ 320,823</u>	<u>\$2,053,362</u>
Liabilities:				
Accrued interest payable	\$ 67,623	\$ 56,623	\$ 67,623	\$ 56,623
Due to General Fund	1	-	-	1
Due to Jefferson Parish HUD 108 Agency Fund	-	6,738	-	6,738
Notes payable (Series 1996-A)	<u>2,215,000</u>	<u>-</u>	<u>225,000</u>	<u>1,990,000</u>
Total liabilities	<u>\$2,282,624</u>	<u>\$ 63,361</u>	<u>\$ 292,623</u>	<u>\$2,053,362</u>

NOTE 15 - CONTRIBUTED SERVICES

The twenty-one members of the Board of Commissioners of JEDCO and members of the Board's various advisory committees serve without compensation. The value of these contributed services is not included in JEDCO's financial statements.

SUPPLEMENTAL INFORMATION

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND
For the Year Ended December 31, 1998

	<u>Actual On GAAP Basis</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Enterprise Center					
Advertising and promotion	\$ 228	\$ -	\$ 228	\$ 1,500	\$ 1,272
Communications	31,500	-	31,500	41,900	10,400
Dues and subscriptions	519	-	519	200	(319)
Furniture and equipment rental	73,389	-	73,389	72,900	(489)
Health benefits and taxes	11,814	-	11,814	13,000	1,186
Office supplies	3,739	-	3,739	8,700	4,961
Miscellaneous	950	-	950	1,100	150
Staff salaries	83,280	-	83,280	83,000	(280)
Travel mileage	<u>2,124</u>	<u>-</u>	<u>2,124</u>	<u>2,000</u>	<u>(124)</u>
Total Enterprise Center	<u>207,543</u>	<u>-</u>	<u>207,543</u>	<u>224,300</u>	<u>16,757</u>
JEDCO "West"					
Building expenditures:					
Custodial and building supplies	5,147	-	5,147	9,400	4,253
General maintenance	16,959	-	16,959	11,300	(5,659)
Insurance	5,332	-	5,332	9,000	3,668
Utilities	<u>17,058</u>	<u>-</u>	<u>17,058</u>	<u>32,500</u>	<u>15,442</u>
	<u>44,496</u>	<u>-</u>	<u>44,496</u>	<u>62,200</u>	<u>17,704</u>
Incubator program expenditures:					
Advertising and promotion	1,570	-	1,570	4,300	2,730
Communications	35,251	-	35,251	44,800	9,549
Contract services	2,829	-	2,829	4,000	1,171
Dues and subscriptions	1,137	-	1,137	300	(837)
Health benefits and taxes	8,686	-	8,686	12,800	4,114
Miscellaneous	3,743	-	3,743	2,800	(943)
Office supplies	11,324	-	11,324	13,900	2,576
Staff salaries	52,035	-	52,035	53,500	1,465
Travel and entertainment	<u>1,950</u>	<u>-</u>	<u>1,950</u>	<u>2,500</u>	<u>550</u>
	<u>118,525</u>	<u>-</u>	<u>118,525</u>	<u>138,900</u>	<u>20,375</u>
Debt service	<u>-</u>	<u>13,702</u>	<u>13,702</u>	<u>13,000</u>	<u>(702)</u>
Total JEDCO "West"	<u>163,021</u>	<u>13,702</u>	<u>176,723</u>	<u>214,100</u>	<u>37,377</u>

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

For the Year Ended December 31, 1998

	Actual On GAAP Basis	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance - Favorable (Unfavorable)
Financing The Future					
Advertising and promotion	\$ 444	\$ -	\$ 444	\$ 2,000	\$ 1,556
Dues and subscriptions	6,065	-	6,065	4,200	(1,865)
Health benefits and taxes	27,787	-	27,787	31,000	3,213
Office and equipment rental	20,464	-	20,464	27,900	7,436
Office supplies	2,719	-	2,719	5,000	2,281
Postage and copying	1,031	-	1,031	2,400	1,369
Staff salaries	220,442	-	220,422	224,000	3,578
Training/seminars	3,087	-	3,087	5,000	1,913
Travel mileage	<u>4,949</u>	<u>-</u>	<u>4,949</u>	<u>7,100</u>	<u>2,151</u>
Total Financing the Future	<u>286,968</u>	<u>-</u>	<u>286,968</u>	<u>308,600</u>	<u>21,632</u>
Port/Transportation					
Advertising	-	-	-	1,000	1,000
Communications	2,986	-	2,986	4,000	1,014
Dues and subscriptions	1,774	-	1,774	2,000	226
Health benefits and taxes	7,311	-	7,311	11,700	4,389
Office and equipment rental	11,419	-	11,419	14,700	3,281
Office supplies	2,530	-	2,530	2,500	(30)
Postage and copying	949	-	949	1,500	551
Project development	-	-	-	5,000	5,000
Staff salaries	64,728	-	64,728	78,000	13,272
Travel mileage	<u>2,874</u>	<u>-</u>	<u>2,874</u>	<u>7,000</u>	<u>4,126</u>
Total Business Recruitment	<u>94,571</u>	<u>-</u>	<u>94,571</u>	<u>127,400</u>	<u>32,829</u>
Business Outreach					
Advertising and promotion	19,080	-	19,080	17,000	(2,080)
Data base analysis	1,304	-	1,304	2,000	696
Health benefits and taxes	12,500	-	12,500	16,600	4,100
Newsletter	4,493	-	4,493	10,000	5,507
Office and equipment rental	13,146	-	13,146	12,200	(946)
Office supplies	6,036	-	6,036	10,500	4,464
Staff salaries	91,355	-	91,355	114,000	22,645
Travel mileage	<u>4,008</u>	<u>-</u>	<u>4,008</u>	<u>11,000</u>	<u>6,992</u>
Total Business Outreach	<u>151,922</u>	<u>-</u>	<u>151,922</u>	<u>193,300</u>	<u>41,378</u>

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

For the Year Ended December 31, 1998

	<u>Actual On GAAP Basis</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance - Favorable</u>
<u>(Unfavorable)</u>					
Administration					
Accounting/audit	\$ 23,474	\$ -	\$ 23,474	\$ 23,300	\$ (174)
Business development	125,175	-	125,175	125,500	325
Commissioners' meetings	2,329	-	2,329	5,000	2,671
Communications	9,749	-	9,749	14,900	5,151
Health benefits and taxes	19,074	-	19,074	18,900	(174)
Insurance	20,623	-	20,623	20,500	(123)
Consultant services	90,233	-	90,233	65,800	(24,433)
Miscellaneous/Sale of fixed Assets	8,170	-	8,170	11,000	2,830
Office and equipment rental	48,950	-	48,950	38,100	(10,850)
Professional development	608	-	608	1,200	592
Seminars/conventions	1,941	-	1,941	2,500	559
Staff salaries	92,907	-	92,907	128,700	35,793
Office supplies	7,741	-	7,741	16,500	8,759
Travel/mileage	<u>2,475</u>	<u>-</u>	<u>2,475</u>	<u>3,500</u>	<u>1,025</u>
Total Administration	<u>453,449</u>	<u>-</u>	<u>453,449</u>	<u>475,400</u>	<u>21,951</u>
Renovations and capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Debt Service - JEDCO "West"					
Interest and fees	4,435	(4,435)	-	-	-
Principal	<u>11,587</u>	<u>(11,587)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service JEDCO "West"	<u>16,022</u>	<u>(16,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$1,373,496</u>	<u>\$ (2,320)</u>	<u>\$1,371,176</u>	<u>\$1,618,100</u>	<u>\$246,924</u>

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
YEAR 2000 DISCLOSURES (UNAUDITED)
For the Year Ended December 31, 1998

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect JEDCO's operations as early as 1999.

JEDCO has completed the awareness, assessment, remediation and validation/testing stages in addressing its Year 2000 compliance status. JEDCO has contacted their computer consultants regarding the Year 2000. In 1997, JEDCO replaced all of its computer equipment and received correspondence from the manufacturer that this equipment is Year 2000 compliant. Due to the nature of JEDCO's operations, they believe that there is little outside exposure to JEDCO should their equipment not be compliant.

Jefferson Parish collects occupational license fees for distribution to JEDCO. Jefferson Parish is responsible for remediating its license collection system.

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. Management cannot assure that JEDCO is or will be Year 2000 ready, that JEDCO's remediation efforts will be successful in whole or in part, or that parties with whom JEDCO's does business will be Year 2000 ready.

REBOWE & COMPANY, CPAs, APC/HANFORD M. HARRISON, CPA
3501 North Causeway Blvd., Suite 810
Metairie, Louisiana 70002
(504)837-9116

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

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

We have audited the general-purpose financial statements of **Jefferson Parish Economic Development Commission ("JEDCO")**, a component unit of Jefferson Parish, Louisiana as of and for the year ended December 31, 1998 and have issued our report thereon dated February 5, 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 **JEDCO'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 **JEDCO'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 amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of JEDCO, in a separate letter dated February 5, 1999.

This report is intended solely for the information and use of the Audit Committee, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Reboue & Company/Hanford M. Harrison

February 5, 1999

MEMORANDUM OF ADVISORY COMMENTS
JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
For the Year Ended December 31, 1998

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REBOWE & COMPANY, CPAs, APC/HANFORD M. HARRISON, CPA
3501 North Causeway Blvd., Suite 810
Metairie, Louisiana 70002
(504)837-9116

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

We have audited the general-purpose financial statements of the **Jefferson Parish Economic Development Commission** ("JEDCO") as of and for the year ended December 31, 1998, and have issued our report thereon dated February 5, 1999. As part of our audit we considered JEDCO's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we became aware of several matters that are opportunities for strengthening JEDCO's internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our findings and recommendations regarding those matters. Our consideration of the internal control over financial reporting has been reported on in a separately issued report entitled *Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated February 5, 1999.

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

This report is intended solely for the information and use of JEDCO's Audit Committee, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Rebowe & Company/Hanford M. Harrison

February 5, 1999

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS
For the Year Ended December 31, 1998**

Status of Prior Year Memorandum of Advisory Comments:

Finding 97-1:

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

Recommendation:

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

Disposition:

Cleared

Finding 97-2:

JEDCO did not have a formal cost allocation plan in effect for fiscal year ended December 31, 1997. This plan is a requirement of the EDA revolving loan program. EDA will allow JEDCO, as well as other EDA grantees, to recover necessary costs incurred under the program from its program income earned on EDA grant proceeds, however, the grantees must have a formal plan in effect by year end. JEDCO was aware that it was not in compliance prior to year end and had notified EDA of its status. EDA has granted a "temporary waiver" of this requirement contingent on JEDCO's submission of a plan. In order to meet this requirement, JEDCO has requested our assistance to produce such a plan. In 1997, JEDCO incurred cost for the EDA loan program totaled \$51,000 of which JEDCO recovered \$44,388 (the total program income for 1997).

Recommendation:

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1998

Disposition:

Cleared

Finding 97-3:

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

<u>Monthly Report</u>	<u>Total Expenses</u>	<u>Meal Expenses</u>
February 1997	\$ 655.98	\$655.98
March 1997	\$1,309.20	\$933.07

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

Recommendation:

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

Disposition:

Cleared

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1998**

Finding 97-4:

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

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

Recommendation:

JEDCO should continue to monitor the Year 2000 problem.

Disposition:

Repeat (See 98-2)

Finding 97-5:

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

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1998**

Recommendation:

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

Disposition:

Cleared

Compliance Finding 97-1:

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

Recommendation:

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

Disposition:

JEDCO has discontinued paying membership due with these organizations. Cleared

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1998**

Current Year Memorandum of Advisory Comments and Corrective Action Plan:

Finding 98-1:

JEDCO invest in certain investments such as short-term certificates of deposits. These investments are bought and redeemed upon the signature of the controller and the executive director and requires no concurrence by the Board of Commissioners.

Recommendation:

All investment decisions should be approved by the Board of Commissioners and activities related to these investments should be documented in the Board minutes.

Corrective Action Plan:

The Board has taken action requiring all investing activities to be Board approved.

Finding 98-2:

We have made limited inquiries of management regarding activities by JEDCO to address the Year 2000 issue and as to whether or not the computer hardware and software utilized by JEDCO is Year 2000 compliant. Our audit of the JEDCO financial statements for the year ended December 31, 1998, did not provide any assurance that JEDCO's computer system or any other systems, such as JEDCO's vendors, and service providers are Year 2000 compliant, nor did we perform any procedures to test whether JEDCO's system or any other systems are Year 2000 compliant or whether the plans and activities of JEDCO are sufficient to address and correct the systems or any other problems that might arise because of the Year 2000. Accordingly, we have not express any opinion or provide any other assurances regarding the Year 2000.

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

Recommendation:

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

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
MEMORANDUM OF ADVISORY COMMENTS (CONTINUED)
For the Year Ended December 31, 1998**

Corrective Action Plan:

JEDCO recently replaced all of its computer equipment with Year 2000 compliant equipment. JEDCO has received assurances from the manufacturer of this equipment that the system is Year 2000 compliant. Jefferson Parish collects occupational license fees on behalf of JEDCO. JEDCO believes that Jefferson Parish is responsible for remediating its collection system.

Finding 98-3:

Louisiana Revised Statute Section 42:1112 prohibits any public servant from participating in a transaction in which he or any member of his immediate family has a substantial economic interest. JEDCO did not have a formal procedure in place to detect and monitor related-party transactions. During our audit we noted no transactions/relationships which we would consider to be a violation.

Recommendation:

JEDCO should implement procedures to detect and monitor related party transactions as defined by Louisiana Revised Statutes similar to procedures currently used by Jefferson Parish.

Corrective Action Plan:

JEDCO will begin implementing similar procedures in 1999.