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**IBERIA INDUSTRIAL
DEVELOPMENT FOUNDATION**

FINANCIAL REPORT

DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8/11/04

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

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**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS**

To the Board of Directors of
Iberia Industrial Development Foundation
New Iberia, Louisiana

We have audited the accompanying statements of financial position of Iberia Industrial Development Foundation (a Louisiana nonprofit corporation) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iberia Industrial Development Foundation as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2004 on our consideration of Iberia Industrial Development Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Activities - Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Broussard, Pucci, Lewis & Breaux, L.L.P.
New Iberia, Louisiana
April 23, 2004

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IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 71,770	\$ 78,019
Certificates of deposit	21,580	21,049
Accounts receivable	-	265
Prepaid expenses	<u>1,393</u>	<u>1,380</u>
Total current assets	<u>\$ 94,743</u>	<u>\$ 100,713</u>
FIXED ASSETS		
Land	\$ 11,000	\$ 11,000
Building	71,530	71,530
Building improvements	24,033	24,033
Equipment	45,547	43,372
Less accumulated depreciation	<u>(56,222)</u>	<u>(48,433)</u>
	<u>\$ 95,888</u>	<u>\$ 101,502</u>
OTHER ASSETS		
Investments	<u>\$ 100</u>	<u>\$ 100</u>
Total assets	<u>\$ 190,731</u>	<u>\$ 202,315</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>2003</u>	<u>2002</u>
LIABILITIES		
Current maturities of long-term debt	\$ 2,929	\$ 2,711
Accounts payable	-	5,000
Accrued payroll taxes	522	1,406
Accrued compensated absences	490	1,940
Rental deposits	200	700
Deferred revenue	<u>2,000</u>	<u>2,000</u>
Total current liabilities	\$ 6,141	\$ 13,757
LONG-TERM DEBT, less current maturities	<u>37,910</u>	<u>40,845</u>
Total liabilities	\$ 44,051	\$ 54,602
NET ASSETS		
Unrestricted	<u>146,680</u>	<u>147,713</u>
Total liabilities and net assets	<u>\$ 190,731</u>	<u>\$ 202,315</u>

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended December 31, 2003

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT:	
Hotel/motel tax revenue	\$ 120,662
Contributions	20,000
Membership revenue	25,350
Interest revenue	675
Program revenue	225
Rent revenue	<u>10,250</u>
Total revenues and other support	<u>\$ 177,162</u>
EXPENSES:	
Program services -	
Business development	\$ 12,437
EIB	5,000
Job development	3,197
Special projects	<u>5,750</u>
Total program services	<u>\$ 26,384</u>
Support services -	
General and administration:	
Advertising	\$ 4,184
Automobile	4,800
Depreciation	7,789
Dues and subscriptions	2,916
Insurance	3,230
Interest	3,213
Miscellaneous	15
Office	7,102
Professional fees	3,819
Repairs and maintenance	7,627
Salaries, benefits and taxes	97,363
Taxes and licenses	10
Telephone	5,262
Utilities	<u>4,481</u>
Total support services	<u>\$ 151,811</u>
Total expenses	<u>\$ 178,195</u>
Change in net assets	\$ (1,033)
Net assets at beginning of year	<u>147,713</u>
Net assets at end of year	<u>\$ 146,680</u>

See Notes to Financial Statements.

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended December 31, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Hotel/motel tax revenue	\$ 122,513	\$ -	\$ 122,513
Contributions	25,000	-	25,000
Membership revenue	29,275	-	29,275
Grant revenue	2,720	-	2,720
Interest revenue	1,052	7	1,059
Program revenue	7,121	-	7,121
Rent revenue	8,505	-	8,505
Miscellaneous	30	-	30
Net assets released from restrictions:			
Satisfaction of purpose restrictions	904	(904)	-
Total revenues and other support	<u>\$ 197,120</u>	<u>\$ (897)</u>	<u>\$ 196,223</u>
EXPENSES:			
Program services -			
Business development	\$ 12,000	\$ -	\$ 12,000
Job development	4,140	-	4,140
Scholarships	868	-	868
Special projects	13,114	-	13,114
Total program services	<u>\$ 30,122</u>	<u>\$ -0-</u>	<u>\$ 30,122</u>
Support services -			
General and administration:			
Advertising	\$ 3,849	\$ -	\$ 3,849
Automobile	4,800	-	4,800
Depreciation	8,685	-	8,685
Dues and subscriptions	2,540	-	2,540
Insurance	2,929	-	2,929
Interest	3,487	-	3,487
Office	7,693	-	7,693
Professional fees	3,456	-	3,456
Repairs and maintenance	537	-	537
Salaries, benefits and taxes	90,997	-	90,997
Taxes and licenses	31	-	31
Telephone	6,895	-	6,895
Travel and conventions	2,277	-	2,277
Utilities	3,874	-	3,874
Total support services	<u>\$ 142,050</u>	<u>\$ -0-</u>	<u>\$ 142,050</u>
Total expenses	<u>\$ 172,172</u>	<u>\$ -0-</u>	<u>\$ 172,172</u>
Change in net assets	\$ 24,948	\$ (897)	\$ 24,051
Net assets at beginning of year	<u>122,765</u>	<u>897</u>	<u>123,662</u>
Net assets at end of year	<u>\$ 147,713</u>	<u>\$ -0-</u>	<u>\$ 147,713</u>

See Notes to Financial Statements.

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,033)	\$ 24,051
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,789	8,685
Changes in assets and liabilities - (Increase) decrease in assets:		
Accounts receivable	265	1,085
Accrued interest receivable	-	38
Prepaid expenses	(13)	(261)
Increase (decrease) in liabilities:		
Accounts payable	(5,000)	(5,925)
Accrued payroll taxes	(884)	156
Accrued compensated absences	(1,450)	400
Rental deposits	(500)	-
Deferred revenue	-	2,000
	<u>-</u>	<u>2,000</u>
Net cash provided by (used in) operating activities	<u>\$ (826)</u>	<u>\$ 30,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	\$ (531)	\$ (665)
Purchases of equipment	<u>(2,175)</u>	<u>(7,287)</u>
Net cash used in investing activities	<u>\$ (2,706)</u>	<u>\$ (7,952)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments from Scholarship Fund, net of interest	\$ -	\$ 897
Principal payments on long-term debt	<u>(2,717)</u>	<u>(2,505)</u>
Net cash used in financing activities	<u>\$ (2,717)</u>	<u>\$ (1,608)</u>
Net increase (decrease) in cash and cash equivalents	\$ (6,249)	\$ 20,669
Cash and cash equivalents, beginning of year	<u>78,019</u>	<u>57,350</u>
Cash and cash equivalents, end of year	<u>\$ 71,770</u>	<u>\$ 78,019</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for interest	<u>\$ 3,213</u>	<u>\$ 3,487</u>
SIGNIFICANT NONCASH FINANCING AND INVESTING TRANSACTIONS:		
Existing note payable refinanced	<u>\$ 41,322</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Iberia Industrial Development Foundation (IDF) is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of promoting industrial and economic development for the Parish of Iberia.

Significant accounting policies:

Cash and cash equivalents:

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

Allowance for doubtful accounts:

IDF considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Fixed assets:

Expenses for the acquisition of fixed assets are capitalized at cost. Similarly, the fair value of donated fixed assets is capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Building and improvements	25 years
Furniture and equipment	5 - 10 years

Maintenance and repairs are expensed as incurred. Expenses which significantly increase asset values or extend useful lives are capitalized.

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

Hotel/motel tax revenue:

Ordinance 87-09-552 of Iberia Parish Council, passed September 9, 1987, called for the imposition of a 2% hotel/motel tax in Iberia Parish for the benefit of IDF. Under an agreement with the same, Iberia Parish Government acts as collecting agent for the tax withholding a 2% fee for administrative purposes.

Contributions:

Included in support is contributions from local governmental bodies as follows:

	<u>2003</u>	<u>2002</u>
City of New Iberia	\$ 5,000	\$ 5,000
Iberia Parish Government	5,000	5,000
Iberia Parish School Board	-	5,000
Port of Iberia	<u>10,000</u>	<u>10,000</u>
	<u>\$ 20,000</u>	<u>\$ 25,000</u>

Membership dues:

Membership dues are recognized as revenues on the calendar year basis. Membership is completely voluntary and dues, currently \$150 annually, are decided by the member-elected board of directors.

Advertising:

Advertising costs are expensed as incurred. Total advertising expense was \$4,184 and \$3,849 for the years ended December 31, 2003 and 2002, respectively. Additionally, during the years ended December 31, 2003 and 2002, IDF recognized \$2,050 and \$2,850, respectively, of revenue and expense from advertising barter transactions.

Federal income taxes:

The Foundation is an exempt organization for federal income tax purposes under Section 501(c)(6) of the Internal Revenue Code. However, certain rental activities of the Foundation are not exempt from income tax as further discussed in Note 3.

Comparative data:

Certain amounts in the 2002 financial statements have been reclassified to the 2003 presentation. Such reclassifications had no material effect on net assets as previously reported.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Concentrations of credit risk:

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and investments. The Foundation places its cash with high quality financial institutions. At December 31, 2003 and 2002, these balances were covered by FDIC insurance. Temporary investments consist of high quality short term investments placed with reputable brokerage firms. At December 31, 2003 and 2002, the uninsured amounts were \$40,552 and \$40,408, respectively.

Note 2. Note Payable

At December 31, 2003, the Foundation has a note payable to a bank totaling \$40,839. The note is payable in monthly installments of \$436 and is secured by a collateral mortgage note. Interest accrues at 4.875%. The note matures on November 3, 2013. Maturities are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 2,929	\$ 2,300	\$ 5,229
2005	3,838	1,391	5,229
2006	3,638	1,591	5,229
2007	3,820	1,409	5,229
2008	4,010	1,219	5,229
2009-2013	<u>22,604</u>	<u>2,892</u>	<u>25,496</u>
	<u>\$ 40,839</u>	<u>\$ 10,802</u>	<u>\$ 51,641</u>

During the year ended December 31, 2003, the Foundation refinanced its note payable which provided for an interest rate reduction from 7.75% to 4.875%.

Note 3. Income Taxes on Unrelated Business Income

The Foundation has unrelated business income as a result of its rental of debt-financed property. However, after considering expenses directly connected with or allocable to the debt-financed property, the result is a net loss. Therefore, there is no provision for income taxes in the financial statements.

Note 4. In-Kind Contributions

The Foundation accepts in-kind contributions in exchange for membership dues. The fair value of contributions received in-kind amounted to \$3,250 and \$4,100 for years ended December 31, 2003 and 2002, respectively. Expenses and related revenue have been recorded in the accompanying financial statements.

Note 5. Concentration

The Foundation's major source of revenue is the hotel/motel tax which accounts for approximately 68% and 62% of total revenues for the years ended December 31, 2003 and 2002, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

	<u>2003</u>	<u>2002</u>
Purpose restrictions accomplished:		
Scholarships awarded	\$ -	\$ 868
Miscellaneous	<u>-</u>	<u>36</u>
	<u>\$ -0-</u>	<u>\$ 904</u>



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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

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To the Board of Directors of
Iberia Industrial Development Foundation
New Iberia, Louisiana

We have audited the financial statements of Iberia Industrial Development Foundation (a Louisiana nonprofit corporation) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Iberia Industrial Development Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 Iberia Industrial Development Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

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* A Professional Accounting Corporation.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the Foundation's board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Broussard, Poché, Lewis & Beany, L.L.P.
New Iberia, Louisiana
April 23, 2004

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2003

We have audited the financial statements of Iberia Industrial Development Foundation as of and for the year ended December 31, 2003, and have issued our report thereon dated April 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No
Reportable Conditions Yes None reported

Compliance

Compliance Material to Financial Statements Yes No

Section II - Financial Statement Findings

2003-1 Segregation of Duties

Finding: The Foundation does not have an adequate segregation of duties. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Foundation may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements
2002-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current status: This same finding is included in the current year's schedule of findings and questioned costs as Finding No. 2003-1. The Foundation has provided as much segregation as possible with the resources available.

Section II. Internal Control and Compliance Material to Federal Awards
Not applicable.

Section III. Management Letter

The prior year's report did not contain a management letter.

SUPPLEMENTARY INFORMATION

IBERIA INDUSTRIAL DEVELOPMENT FOUNDATION

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL
Year Ended December 31, 2003

	<u>Budget</u>	<u>Total Actual</u>	Variance - Favorable (Unfavorable)
REVENUES AND OTHER SUPPORT:			
Hotel/motel tax revenue	\$ 100,000	\$ 120,662	\$ 20,662
Contributions	25,000	20,000	(5,000)
Membership revenue	34,000	25,350	(8,650)
Grant revenue	12,000	-	(12,000)
Interest revenue	1,800	675	(1,125)
Program revenue	4,000	225	(3,775)
Rent revenue	10,200	10,250	50
Total revenues and other support	<u>\$ 187,000</u>	<u>\$ 177,162</u>	<u>\$ (9,838)</u>
EXPENSES:			
Program services -			
Business development	\$ 24,000	\$ 12,437	\$ 11,563
EIB	5,000	5,000	-
Job development	5,800	3,197	2,603
Special projects	3,000	5,750	(2,750)
Total program services	<u>\$ 37,800</u>	<u>\$ 26,384</u>	<u>\$ 11,416</u>
Support services -			
General and administration:			
Advertising	\$ 5,000	\$ 4,184	\$ 816
Automobile	4,800	4,800	-
Depreciation	7,200	7,789	(589)
Dues and subscriptions	1,975	2,916	(941)
Insurance	3,230	3,230	-
Interest	3,285	3,213	72
Miscellaneous	-	15	(15)
Office	8,150	7,102	1,048
Professional fees	4,500	3,819	681
Repairs and maintenance	2,400	7,627	(5,227)
Salaries, benefits and taxes	94,850	97,363	(2,513)
Taxes and licenses	10	10	-
Telephone	6,600	5,262	1,338
Travel and conventions	3,000	-	3,000
Utilities	4,200	4,481	(281)
Total support services	<u>\$ 149,200</u>	<u>\$ 151,811</u>	<u>\$ (2,611)</u>
Total expenses	<u>\$ 187,000</u>	<u>\$ 178,195</u>	<u>\$ 8,805</u>
Change in net assets	<u>\$ -0-</u>	\$ (1,033)	<u>\$ (1,033)</u>
Net assets at beginning of year		<u>147,713</u>	
Net assets at end of year		<u>\$ 146,680</u>	



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LEGISLATIVE AUDITOR

Iberia Industrial Development Foundation

04 JUN 15 AM 11:09

May 11, 2004

Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Iberia Industrial Development Foundation respectfully submits the following corrective action plan for the year ended December 31, 2003.

Name and address of independent public accounting firm:
Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
P. O. Box 9631
New Iberia, Louisiana 70562-9631

Audit period: January 1, 2003 through December 31, 2003

The finding from the 2003 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Section I of the schedule, Summary of Auditor's Reports, does not include findings and is not addressed.

Section II - Financial Statement Findings

2003-1 Segregation of duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should continue to monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Action taken: Due to the small size of the administrative staff, complete segregation of duties is not possible. However, Foundation officials will continue to monitor the situation.

Sincerely,

Iberia Industrial Development Foundation

Michael J. Tarantino
President & CEO