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DOWNTOWN DEVELOPMENT AUTHORITY
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 8-25-04

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INDEPENDENT AUDITORS' REPORT

To The Downtown Development Authority
Lafayette, Louisiana

We have audited the accompanying basic financial statements of Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Downtown Development Authority as of December 31, 2003, and the results of its operations for the year 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 2, 2004, on our consideration of the Authority'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.

Management's Discussion and Analysis on pages 3 through 6 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 express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The budgetary comparison information listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Downtown Development Authority. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Broussard, Loché, Lewis & Breaux, L.L.P.

Lafayette, Louisiana
April 2, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Downtown Development Authority's financial performance provides an overview of Downtown Development Authority's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the Authority's financial statements, which begin on page 10.

I. FINANCIAL HIGHLIGHTS

Downtown Development Authority's net assets increased by \$136,575 or 11% as a result of this year's operations.

Downtown Development Authority's total program revenues were \$98,193 which is the same amount as last year.

Total expenses for Downtown Development Authority during the year ending December 31, 2003 were \$332,633.

II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 10 and 11) provide information about Downtown Development Authority's activities as a whole and present a longer-term view of Downtown Development Authority's finances. Fund financial statements start on page 14. These statements tell how the services were financed in the short-term as well as what remains for future spending.

A. REPORTING DOWNTOWN DEVELOPMENT AUTHORITY AS A WHOLE

1. THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of Downtown Development Authority as a whole begins on page 4. One of the most important questions asked about Downtown Development Authority's finances is, "Is Downtown Development Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Downtown Development Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Downtown Development Authority's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure Downtown Development Authority's financial position or financial health. Over time, increases or decreases in Downtown Development Authority's net assets are one indicator of whether its financial health is improving or deteriorating.

We record the fund maintained by the Downtown Development Authority as governmental activities in the Statement of Net Assets and the Statement of Activities.

B. REPORTING DOWNTOWN DEVELOPMENT AUTHORITY'S MOST SIGNIFICANT FUNDS

1. FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Authority's General Fund, not the Authority as a whole.

All of Downtown Development Authority's expenses are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of Downtown Development Authority's general operations and the expenses paid from this fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future Downtown Development Authority expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in a reconciliation at the bottom of the fund financial statements.

III. DOWNTOWN DEVELOPMENT AUTHORITY AS A WHOLE

The following table reflects the condensed Statement of Net Assets for 2003 with comparative figures from 2002.

TABLE I
NET ASSETS
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Assets:		
Current assets	\$1,372,391	\$1,233,415
Capital assets	<u>88,451</u>	<u>94,376</u>
Total assets	<u>\$1,460,842</u>	<u>\$1,327,791</u>
Liabilities:		
Current liabilities	\$ -	\$ 19,581
Long-term liabilities	<u>79,501</u>	<u>63,444</u>
Total liabilities	<u>\$ 79,501</u>	<u>\$ 83,025</u>
Net assets:		
Invested in capital assets	\$ 88,451	\$ 94,376
Unrestricted	<u>1,292,890</u>	<u>1,150,390</u>
Total net assets	<u>\$1,381,341</u>	<u>\$1,244,766</u>
Total liabilities and net assets	<u>\$1,460,842</u>	<u>\$1,327,791</u>

Net assets of Downtown Development Authority's governmental activities increased by \$136,575 or 11% over the prior year. Unrestricted net assets, the part of net assets that can be used to finance Downtown Development Authority expenses without constraints or other legal requirements increased from \$1,150,390 at December 31, 2002 to \$1,292,890 at December 31, 2003.

The table below provides a summary of the changes in net assets for the year ended December 31, 2003, with comparative figures from 2002.

TABLE II
CHANGE IN NET ASSETS
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Program revenues -		
Operating and capital grants and contributions	\$ 98,193	\$ 98,193
General revenues -		
Property taxes	340,020	315,021
Investment earnings	30,595	38,982
Miscellaneous	400	-
Total revenues	<u>\$ 469,208</u>	<u>\$ 452,196</u>
Expenses:		
General governmental	\$ 11,154	\$ 10,660
Economic development	<u>321,479</u>	<u>395,549</u>
Total expenses	<u>\$ 332,633</u>	<u>\$ 406,209</u>
Increase in net assets	<u>\$ 136,575</u>	<u>\$ 45,987</u>

During the fiscal year ended December 31, 2003, program revenues remained the same.

Expenses, excluding depreciation expense of \$5,925, decreased by \$73,576 or approximately 18%. The majority of the decrease is due to architectural fees for the Acadiana Center for the Arts project which was incurred in 2002.

IV. GENERAL FUND BUDGETARY HIGHLIGHTS

The Downtown Development Authority's General Fund budget was not revised during the 2003 fiscal year. All items were within the budgeted appropriations and no revisions were required.

Grant proceeds of \$60,000 were not budgeted for the 2003 fiscal year as the grant had not been awarded at the time the budget was prepared. The variance in interest was due to total funds not being expended as budgeted with the fiscal year, therefore, earning more interest than expected.

There was a positive variance in the capital project development appropriation due to funds not expended for the development seed funds portion of the appropriation, ACA operating and exhibits and some CPN funds. The marketing/business development line item also had a positive variance as appropriations for the economic development specialist were not expended in 2003 as well as some information and services appropriations.

The positive variance in the beginning fund balance was due to appropriated funds which were not expended in the 2002 fiscal year for property acquisition-development seed.

V. CAPITAL ASSETS

At the end of 2003, Downtown Development Authority had \$88,451 invested in capital assets. This amount represents a net decrease of \$5,925, or 6% over last year.

The decrease was entirely attributable to depreciation expense as there were no additions to capital assets during the fiscal year ended December 31, 2003.

VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor considered when preparing the fiscal year 2004 budget was the revenue derived from the special assessment. The special assessment proceeds are the major revenue source to the General Fund, making up approximately 88% of the revenue in the 2004 fiscal year budget. This revenue has remained fairly constant over the years and is budgeted as such for 2004.

VII. CONTACTING THE DOWNTOWN DEVELOPMENT AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the funds maintained by Downtown Development Authority and to show Downtown Development Authority's accountability for the money it receives. If you have any questions or need additional financial information, contact Downtown Development Authority, Executive Director, at 735 Jefferson Street, Suite 204, Lafayette, Louisiana 70501.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2003

ASSETS	
Cash on hand	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,041,920
Taxes receivable	106,382
Due from other governmental agencies	223,939
Capital assets:	
Non-depreciable	21,000
Depreciable, net	<u>67,451</u>
 Total assets	 <u><u>\$ 1,460,842</u></u>
LIABILITIES	
Long-term liabilities:	
Portion due or payable within one year - Accrued compensated absences	\$ 8,074
Portion due or payable after one year - Accrued compensated absences	<u>71,427</u>
 Total liabilities	 <u>\$ 79,501</u>
NET ASSETS	
Invested in capital assets	\$ 88,451
Unrestricted	<u>1,292,890</u>
Total net assets	<u>\$ 1,381,341</u>
 Total liabilities and net assets	 <u><u>\$ 1,460,842</u></u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Function/Program	Expenses	Program Revenues		Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
				Governmental Activities
Governmental activities:				
General government	\$ 11,154	\$ -	\$ -	\$ (11,154)
Economic development	321,479	38,193	60,000	(223,286)
Total governmental activities	<u>\$ 332,633</u>	<u>\$ 38,193</u>	<u>\$ 60,000</u>	<u>\$ (234,440)</u>
General revenues:				
Taxes -				
Property taxes				\$ 340,020
Investment earnings				30,595
Miscellaneous				400
Total general revenues				<u>\$ 371,015</u>
Change in net assets				\$ 136,575
Net assets, beginning				<u>1,244,766</u>
Net assets, ending				<u><u>\$ 1,381,341</u></u>

See Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2003

	<u>General Fund</u>
ASSETS	
Cash on hand	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,041,920
Taxes receivable	106,382
Due from other governmental agencies	<u>223,939</u>
Total assets	<u>\$ 1,372,391</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Deferred revenue	<u>\$ 343,957</u>
 Fund balance:	
Unreserved -	
Designated for subsequent year's expenditures	\$ 567,331
Undesignated	<u>461,103</u>
Total fund balance	<u>\$ 1,028,434</u>
Total liabilities and fund balance	<u>\$ 1,372,391</u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2003

Total fund balance - governmental fund		\$ 1,028,434
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 21,000	
Buildings, net of \$10,732 accumulated depreciation	60,815	
Equipment, net of \$24,783 accumulated depreciation	<u>6,636</u>	
		88,451
All of the Authority's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the fund.		
		343,957
Long-term liabilities applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.		
Balances at December 31, 2003 are:		
Compensated absences		<u>(79,501)</u>
Total net assets of governmental activities		<u>\$ 1,381,341</u>

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GOVERNMENTAL FUND

For the Year Ended December 31, 2003

	<u>General Fund</u>
Revenues:	
Taxes - ad valorem	\$ 313,004
Intergovernmental	38,193
Investment earnings	30,595
Miscellaneous	<u>60,400</u>
Total revenues	<u>\$ 442,192</u>
Expenditures:	
Current -	
General government	\$ 11,154
Economic development	<u>299,497</u>
Total expenditures	<u>\$ 310,651</u>
Net change in fund balance	\$ 131,541
Fund balance, beginning	<u>896,893</u>
Fund balance, ending	<u><u>\$ 1,028,434</u></u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

Net change in fund balance - governmental fund	\$ 131,541
The change in net assets reported for governmental activities in the statement of activities is different because:	
The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current year. There were no capital outlays in the current period.	
	(5,925)
Revenue in the statement of activities that does not provide current resources is not reported as revenue in the fund.	27,016
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. The adjustment here relates to the adjustment for accrued compensated absences in the current period.	<u>(16,057)</u>
Change in net assets of governmental activities	<u>\$ 136,575</u>

DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Downtown Development Authority have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Reporting entity:

The Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, was created by the Louisiana Legislature to implement various plans to aid and encourage both private and public development of the Lafayette Centre Development District. Funding is provided by a repayment of a loan made under a UDAG grant and an ad valorem tax approved by the voters of the District. The tax began in 1993 and will continue for fifteen years.

Basis of presentation:

The Authority's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities of the Authority. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in two parts - invested in capital assets and unrestricted.

NOTES TO FINANCIAL STATEMENTS

The government-wide statement of activities reports both the gross and net cost of each of the Authority's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds. The Authority has only one fund, its General Fund. The General Fund is the Authority's general operating fund. It is used to account for all of the financial resources of the Authority.

Basis of accounting:

Government-wide financial statements -

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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.

NOTES TO FINANCIAL STATEMENTS

The Authority considers property taxes as "available" in the year following the assessment, when the majority of the taxes are collected.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on all capital assets, excluding land and improvements, is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	20
Equipment	5 - 10

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated absences:

Employees of the Authority earn vacation pay in varying amounts ranging from eight hours per month to 16 hours per month, depending upon length of service. At the end of each year, employees may carry forward vacation time earned but not taken with the maximum allowable carryover of unused vacation time being equal to one year's accumulated vacation time. Subject to the above limitation, unused vacation is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation.

NOTES TO FINANCIAL STATEMENTS

Sick leave is accumulated at the rate of 12 days per year, and any unused sick leave may be carried forward without limitation. No sick leave is paid upon resignation. Employees separated due to retirement or death are paid for all accumulated sick leave at the hourly rates being earned by that employee at separation.

In the government-wide statements, the Authority accrues accumulated unpaid vacation and sick leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets - Consists of capital assets net of accumulated depreciation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets."

Fund statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary data:

Budgeting policy -

An annual budget, prepared on a basis consistent with generally accepted accounting principles as applied to governmental units, is adopted for the General Fund. The budget is proposed by the Executive Director and adopted by the Board. It is then sent to the Lafayette City-Parish Consolidated Government Council for approval.

NOTES TO FINANCIAL STATEMENTS

Any amendments must be approved by the Board and the Lafayette City-Parish Consolidated Government Council. All appropriations lapse at the end of the fiscal year.

All budgeted amounts presented as supplementary information reflect the original budget and the final amended budget (which is the same as the original because there were no revisions during the year).

Note 2. Deposits and Investments

Downtown Development Authority deposits its cash in the Lafayette City-Parish Consolidated Government's Consolidated Cash Account for investment and disbursement purposes. The Lafayette City-Parish Consolidated Government holds the funds in its account in the name of the Authority. At October 31, 2003, the Lafayette City-Parish Consolidated Government's fiscal year end, the Government's account was covered by federal depository insurance or by collateral held by the Government's agent in the Government's name.

At December 31, 2003, \$1,041,920 of cash and investments were being held by the Lafayette City-Parish Consolidated Government and the Authority had \$150 of cash on hand. Information related to fair value of the investments owned by the Authority at December 31, 2003, as required by GASB No. 31, was not available. Therefore, they are reported at cost.

Note 3. Ad Valorem Taxes

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

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 Sheriff. The taxes are remitted to the Authority net of deductions for Pension Fund contributions.

For the year ended December 31, 2003, taxes were levied on property with assessed valuations totaling \$33,772,375. The millage was 10.36 for the year ended December 31, 2003.

Total taxes levied, exclusive of homestead exemptions, was \$343,958 for 2003. Taxes receivable at December 31, 2003 totaled \$106,382, all of which is considered collectible.

NOTES TO FINANCIAL STATEMENTS

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

Note 4. Long-term Debt

During the year ended December 31, 2003, the following changes occurred in the liability reported as long-term obligations.

	Balance December 31, 2002	Increases	Decreases	Balance December 31, 2003
Compensated absences	\$ 63,444	\$ 16,057	\$ -0-	\$ 79,501

Note 5. Compensation of Authority Members

No compensation was paid to Authority members during the year ended December 31, 2003.

Note 6. Employee Retirement System

Municipal Employees' Retirement Systems (MERS)

Plan description:

Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, or at any age with 20 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. All benefits are established by state statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. The current rate was 8% until July 1, 2003 at which time it increased to 11%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contributions to MERS for the years ended December 31, 2003, 2002 and 2001 were \$10,053, \$7,823 and \$6,680, respectively, equal to the required contribution each year.

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 21,000	\$ -0-	\$ -0-	\$ 21,000
Capital assets being depreciated -				
Building	\$ 71,547	\$ -	\$ -	\$ 71,547
Equipment	31,419	-	-	31,419
Total capital assets being depreciated	\$ 102,966	\$ -0-	\$ -0-	\$ 102,966
Less: accumulated depreciation for:				
Building	\$ (7,154)	\$ (3,578)	\$ -	\$ (10,732)
Equipment	(22,436)	(2,347)	-	(24,783)
Total accumulated depreciation	\$ (29,590)	\$ (5,925)	\$ -0-	\$ (35,515)
Total capital assets being depreciated, net	\$ 73,376	\$ (5,925)	\$ -0-	\$ 67,451
Governmental activities capital assets, net	\$ 94,376	\$ (5,925)	\$ -0-	\$ 88,451

Depreciation expense was charged to functions as follows:

Economic development	\$ 5,925
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REQUIRED SUPPLEMENTARY INFORMATION

DOWNTOWN DEVELOPMENT AUTHORITY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes - ad valorem	\$ 308,309	\$ 308,309	\$ 313,004	\$ 4,695
Intergovernmental	38,193	38,193	38,193	-
Interest	10,000	10,000	30,595	20,595
Miscellaneous	-	-	60,400	60,400
Total revenues	<u>\$ 356,502</u>	<u>\$ 356,502</u>	<u>\$ 442,192</u>	<u>\$ 85,690</u>
Expenditures:				
Current -				
General government:				
Charges for collection of taxes	\$ 10,660	\$ 10,660	\$ 11,154	\$ (494)
Economic development:				
Personnel costs	129,826	129,826	130,154	(328)
Vehicle subsidy leases	-	-	162	(162)
Supplies and materials	3,755	3,755	2,352	1,403
Travel and meetings	4,700	4,700	3,523	1,177
Telephone and utilities	5,240	5,240	2,219	3,021
Printing and postage	2,175	2,175	1,087	1,088
Equipment maintenance	1,500	1,500	-	1,500
Other insurance premiums	1,000	1,000	520	480
Rent	3,100	3,100	3,096	4
Capital project development	248,353	248,353	67,777	180,576
Supplemental services	111,900	111,900	65,184	46,716
Contractual services	6,500	6,500	2,364	4,136
Marketing/business development	113,000	113,000	18,341	94,659
Other	3,100	3,100	2,718	382
Total expenditures	<u>\$ 644,809</u>	<u>\$ 644,809</u>	<u>\$ 310,651</u>	<u>\$ 334,158</u>
Net change in fund balance	\$ (288,307)	\$ (288,307)	\$ 131,541	\$ 419,848
Fund balance, beginning	<u>723,592</u>	<u>723,592</u>	<u>896,893</u>	<u>173,301</u>
Fund balance, ending	<u>\$ 435,285</u>	<u>\$ 435,285</u>	<u>\$1,028,434</u>	<u>\$ 593,149</u>

See Notes to Financial Statements.



BROUSSARD, POCHÉ, LEWIS & BREAU, L.L.P.

C E R T I F I E D P U B L I C A C C O U N T A N T S

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

Other Offices:

Crowley, LA
(337) 783-0650
Opelousas, LA
(337) 942-5217
Abbeville, LA
(337) 898-1497
New Iberia, LA
(337) 364-4554
Church Point, LA
(337) 684-2855

To The Downtown Development Authority
Lafayette, Louisiana

We have audited the financial statements of Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated April 2, 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 the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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. 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.

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breau, CPA*
Fayette T. Dupré, CPA*
Mary A. Castille, CPA*
Joey Breau, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breau, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Broussard, Locke, Lewis & Proulx, L.L.P.

Lafayette, Louisiana

April 2, 2004

DOWNTOWN DEVELOPMENT AUTHORITY

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

We have audited the financial statements of Downtown Development Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated April 2, 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 X No
Reportable Conditions ___ Yes X None Reported

Compliance

Compliance Material to Financial Statements ___ Yes X No

Section II - Financial Statement Findings

No matters were reported.

DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULE OF PRIOR FINDINGS

For the Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

None reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

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