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**SICC FACILITIES CORPORATION
FINANCIAL REPORT
JUNE 30, 2004**

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 Clerk's Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 10-20-04



BROUSSARD, FOCHE, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SLCC Facilities Corporation
Lafayette, Louisiana

We have audited the accompanying statements of financial position of SLCC Facilities Corporation in conformity with organizational law as of June 30, 1984 and 1983 and the related statements of cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. These 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 aspects, the financial position of SLCC Facilities Corporation as of June 30, 1984 and 1983, and the changes in 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 a report dated August 19, 1984, on our consideration of SLCC Facilities Corporation'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.

Boussard, Poché, Lewis & Breaux, LLP

Lafayette, Louisiana
August 10, 1984

SLOC FACILITIES CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Receivables	\$ -	\$ 18,583
RESTRICTED ASSETS		
Cash	\$ 3,950,924	\$ 18,438,323
PROPERTY AND EQUIPMENT		
Capitalized interest costs	\$ 3,388,843	\$ 488,780
Construction in progress	<u>7,481,877</u>	<u>482,867</u>
Total property and equipment	\$ 10,870,720	\$ 971,647
OTHER ASSETS		
Good leasehold costs, net of accumulated amortization	\$ 121,841	\$ 488,387
Total assets	<u>\$ 14,794,504</u>	<u>\$ 17,753,851</u>
LIABILITIES		
CURRENT LIABILITIES		
PAYABLE FROM RESTRICTED ASSETS		
Accounts payable	\$ 887,315	\$ -
Retainage payable	313,548	-
Accrued interest payable	<u>178,208</u>	<u>178,208</u>
	\$ 1,378,871	\$ 178,208
LONG-TERM LIABILITIES		
Long-term debt, net of original issue discount	\$ 17,374,427	\$ 17,575,783
Total liabilities	<u>\$ 18,753,298</u>	<u>\$ 17,753,851</u>

See Notes to financial statements.

SICO FACILITIES CORPORATION
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (8,138,888)	\$ (480,842)
Bond issue costs capitalized	-	(148,840)
Investment income received	47,818	83,888
Capitalized interest paid	(780,250)	(321,888)
Increase in accounts receivable	<u>33,880</u>	<u>133,888</u>
Net cash used in investing activities	<u>\$ (8,838,540)</u>	<u>\$ (802,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	<u>\$ -</u>	<u>\$ 17,388,888</u>
Net cash provided by financing activities	<u>\$ -</u>	<u>\$ 17,388,888</u>
Net increase in cash	\$ 18,549,348	\$ 16,586,014
Cash, beginning of year	<u>18,459,333</u>	<u>-</u>
Cash, end of year	<u>\$ 3,910,014</u>	<u>\$ 16,586,014</u>

See Notes to Financial Statements.

SECO FACILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

SECO Facilities Corporation (the "Corporation") is a Louisiana nonprofit corporation chartered in December 2001. Its purpose is to promote, assist and benefit the mission of the South Louisiana community college.

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting.

Significant accounting policies:

Allowance for doubtful accounts:

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

Restricted cash:

The Corporation maintains money market balances required for financing the costs of the development, design, construction and equipping of a new campus and related facilities (collectively, the "Facilities") for students, faculty and staff of the South Louisiana Community College, funding a debt service reserve fund, paying capitalized interest on the bonds, and paying costs of issuance of the bonds, including the premium for the Bond Insurance Policy. The funds are held in trust and can only be disbursed in accordance with the trust agreement by the trustee.

These money market funds are not bank deposits or obligations, are not guaranteed by the bank in trust and are not insured by the FDIC, the Federal Reserve Board, or any other government agency. The funds are in the name of the bank in trust and not held in the name of SECO Facilities Corporation. Such short term investments are categorized as Category 1, unsecured and unregistered for which the securities are held by the broker or dealer, or by the trust department or agent but not in the entity's name. These funds are reflected as restricted cash on the statement of financial position.

Cash and cash equivalents:

For the purposes of the statement of cash flows, the Corporation considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Federal Income Taxes:

The Corporation qualifies for an exemption from Federal income tax under Section 541(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Property and equipment:

Purchased property and equipment is recorded at cost at the date of acquisition. Upon completion of the construction of the facilities, depreciation will be computed by the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Building and improvements	10

Interest on debt issued to finance the construction of the facilities has been capitalized as a part of the project. Investment earnings on temporary investments earned during the construction phase are netted against capitalized interest. Accordingly, bond cost and bond discount amortization during the construction phase are netted against capitalized interest. All construction costs as of June 30, 2004 are included in construction in progress. The Corporation has capitalized interest totaling \$1,308,642 at June 30, 2004. Amortization on capitalized interest will be consistent with depreciation methods used for the facility.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 5. Long-Term Debt

Revenue bonds, with an aggregate principal amount of \$17,840,000, were issued by the Lafayette Public Trust Financing Authority and the proceeds were loaned to the Corporation pursuant to a loan agreement dated October 1, 2001. The purchase price of the bonds was \$17,388,865 which represents the original stated value of the bonds, less an underwriter's discount of \$147,189, an original issue discount of \$189,310 and bond insurance premiums of \$189,800. As June 30, 2004 and 2003, the unamortized bond discount was \$265,575 and \$276,219, respectively. The bonds bear interest at rates that range between 3.25 and 4.75%, depending on maturity. The average interest rate on the debt issuance is 4.35%.

NOTES TO FINANCIAL STATEMENTS

Aggregate maturities required on long-term debt, including interest of \$13,878,282 are as follows at June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ -	\$ 748,278	\$ 748,278
2006	400,000	750,388	1,150,388
2007	478,000	748,888	1,226,888
2008	498,000	718,490	1,216,490
2009	508,000	718,380	1,226,380
2010-2014	3,058,000	3,328,881	6,386,881
2020-2029	3,478,000	2,614,889	6,092,889
2030-2034	3,848,000	1,771,348	5,619,348
2035-2039	3,448,000	678,507	4,126,507
	<u>\$17,848,000</u>	<u>\$13,318,601</u>	<u>\$31,166,601</u>

cash payments for interest during the years ended June 30, 2004 and 2003 was \$748,278 and \$831,000, respectively.

Note 3. Facilities Lease Agreement

The Corporation entered into an agreement to lease the Facilities to the Board of Supervisors of the Louisiana Community and Technical College System (the "Board"). The rental payments under this lease are to be paid semiannually (March 31 and September 30) and include a base rental equal to the sum of the principal of, premium, if any, and interest due and payable on the bonds on the following April 1 or October 1. The future minimum lease payments to be received as base rental payments are the amounts as reflected in Note 2, above. In addition to the base rental, the Board will pay additional rental of any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation, on behalf of the Board, and/or by the Board or SLOS in the management, operation, ownership, and/or maintenance of the Facilities.

Note 4. Ground Lease Agreement

The Corporation entered into an agreement effective October 18, 2001 to lease the land on which the facilities will be constructed from the Board. The lease term expires on October 1, 2018. The rent shall be due and paid annually in advance in the sum of \$1 per year.

NOTES TO FINANCIAL STATEMENTS

Note 5. Non-cash Transactions

The original issue discount of \$185,719 and bond issuance costs of \$250,188 were deducted directly from the bond proceeds when issued in the 2003 fiscal year. The bond discount and bond issuance costs are being amortized over the term of the bonds using the interest method. As a result, amortization of the original issue discount and the bond issuance costs for the fiscal year ended June 30, 2004 was \$19,149 and \$45,754, respectively, and \$9,142 and \$19,143, respectively, for the June 30, 2003 fiscal year. The amortization is included in capitalized interest costs.

Accrued interest payable was recorded in the amounts of \$100,000 at June 30, 2004 and 2003 for the portion of the scheduled October 1, interest payments. The interest accrual is included in capitalized interest costs.

Note 6. Accounts Receivable

The amount reported as accounts receivable at June 30, 2003 represents an invoice for rating services that was mistakenly paid twice and was repaid in the 2004 fiscal year.

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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**

To the Board of Directors
SLCC Facilities Corporation
New Iberia, Louisiana

We have audited the financial statements of SLCC Facilities Corporation in nonprofit organization as of and for the year ended June 30, 2004, and have issued our report thereon dated August 10, 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 SLCC Facilities Corporation'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 these 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 SLCC Facilities Corporation'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 also to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all material weaknesses 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 financial statements being audited any error and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, others within the organization, Federal auditing agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bransford, Peltz, Lewis & Bransford, LLP

Lafayette, Louisiana
August 10, 2024

ELCC FACILITIES CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

We have audited the financial statements of ELCC Facilities Corporation as of and for the year ended June 30, 2004, and have issued our report thereon dated August 18, 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 June 30, 2004 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

There were no findings reported.

SLAC FACILITIES CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2004

Section I. Internal Control and Compliance Material to the Financial Statements
Not applicable.

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

Section III. Management Letter
Not applicable.