

**QUACHITA ENTERPRISE CORPORATION**  
**STATUS OF PRIOR YEAR FINDINGS**  
**DECEMBER 31, 1996**

The following is a summary of the status of material prior year findings included in the independent auditors' reports on internal control and compliance dated April 16, 1996 covering Laffey, Hoffman & Moore's examination of the financial statements of the Corporation as of and for the year ended December 31, 1996.

**Material Findings - Internal Control**

**Finding:**

The Corporation had not filed all of its payroll tax returns in accordance with statutory requirements and payroll tax deposits were frequently insufficient or made after the required date.

**Status:**

Payroll tax returns were filed as required, however the timeliness of payroll tax deposits is reported as finding 1 in 1995.

**Finding:**

There was a significant conflict in accounting dates regarding the preparation of checks, recording them in the accounting records and reconciling the bank statement.

**Status:**

Cleared in 1996.

**Material Findings - Compliance**

**Finding:**

The Corporation had not filed all of its payroll tax returns in accordance with statutory requirements and payroll tax deposits were frequently insufficient or made after the required date.

**Status:**

Payroll tax returns were filed as required, however the timeliness of payroll tax deposits is reported as a finding in 1995.

## **Oxalis Enterprise Corporation**

### **Payroll Taxes**

#### **Finding**

Payroll tax deposits for the corporation are required to be made by the fifteenth of each month for the previous month's liability. We noted several payroll tax deposits were not made in accordance with these statutory requirements. Therefore, the corporation was assessed penalties for these delinquencies. During 1996, the Corporation procured the services of a firm of certified public accountants to prepare the payroll tax returns; however, the Corporation retained the responsibility for making the required deposits by the required dates.

#### **Recommendation**

Management and personnel responsible for making payroll tax deposits should mark on their calendar the due dates for all payroll tax deposits and payroll tax returns for the entire calendar year. This would provide two people the means to verify the timeliness of the payroll tax deposits and filing of payroll tax returns.

#### **Response**

Management will insure that appropriate calendars are marked and checked to ascertain that payroll tax deposits are made when due and that payroll tax returns are filed when required.

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We considered this material instance of noncompliance in forming our opinion on whether the Corporation's financial statements as of and for the year ended December 31, 1996 are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated March 24, 1997, on these financial statements.

This report is intended for the management of the Corporation, other agencies granting funds to the Corporation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



March 24, 1997

**LUFFEY, HUFFMAN & MONROE**

Certified Public Accountants

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

**Omachita Enterprise Corporation  
Monroe, Louisiana**

We have audited the financial statements of Omachita Enterprise Corporation (the Corporation) as of and for the year ended December 31, 1996 and have issued our report thereon dated March 24, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance 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.

Compliance with laws, regulations, contracts and grants applicable to the Corporation is the responsibility of the Corporation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following material instance of noncompliance.

## **Quachita Enterprise Corporation**

### **2. Cash Receipts**

#### ***Finding***

In our test of accounts receivable, we noted that a check from a local government for over \$24,000 was received by the Corporation prior to December 31, 1996 but not deposited until January, 1997. This check was received just prior to or during the Christmas holiday when the offices of the Corporation were closed. Further, duplicate deposit ticket copies are retained by the Corporation for retaining sources of cash receipts. We noted an illegible duplicate deposit ticket that contained cash received from several sources included in the deposit ticket total. Since the duplicate deposit ticket was not legible, the sources of the cash receipts could not be readily identified.

#### ***Recommendation***

Management should establish procedures for timely deposit of cash receipts which would operate even in times that the offices of the Corporation are closed for an extended period of time. In addition, care should be taken in the preparation of deposit slips to make identification of resource providers easier to determine.

#### ***Response***

Deposits will be made at least two times each week, on Wednesday and Friday, if any amounts have been received to be deposited. In the future we will insure that all resource providers are properly identified and are legible on the deposit slips.

### **3. Funds Due to Others**

#### ***Finding***

We noted the amounts in the limited subsidiary listing for the general ledger funds held for others account did not agree with the balance of this account in the general ledger. These funds were collected from various sources for an advertising campaign that is to be run at some date in the future. After the campaign was deferred, some of the monies that had been collected were returned to the contributors. When this money was returned it was not taken out of the limited listing. Also, there was some uncertainty about whose monies were sent back and whose monies were kept.

#### ***Recommendation***

We recommend that when monies are collected for a project such as this one, that management train and monitor personnel to ensure that accurate limited subsidiary records are maintained and are posted on a timely basis to reflect contributions received and contributions returned and the subsidiary record be reconciled to the general ledger each month.

## **Omaha Enterprise Corporation**

### **Response**

All monies collected in the future for various projects will be kept in a subsidiary ledger that will be reconciled to the general ledger on a monthly basis.

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A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptably low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe reportable condition number 1, described above to be a material weakness. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the Corporation for the year ended December 31, 1996.

This report is intended for the management of the Corporation, other agencies granting funds to the Corporation and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Ruffin Huffman & Moore*

March 24, 1997

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

**Ouachita Enterprise Corporation**  
Monroe, Louisiana

We have audited the financial statements of Ouachita Enterprise Corporation (the Corporation) as of and for the year ended December 31, 1996 and have issued our report thereon dated March 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance 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.

The management of the Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Corporation for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation, and we assessed control

**QUACHITA ENTERPRISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1996**

**Note 3 - Unconditional Promises to Give**

Unconditional promises to give consist of the following at December 31, 1996:

	Current	Subsequent
City of Monroe	\$ 41,671	\$ 0
City of West Monroe	12,507	0
Ouachita Parish Police Jury	4,159	98,000
Other	75	0
	\$ 58,412	\$ 98,000

**Note 4 - Operating Leases**

At December 31, 1996, the Corporation leased office space and a vehicle under noncancelable operating leases. Future minimum lease payments under these leases are \$830 in 1997.

**Note 5 - Concentration of Funding Sources/Unconditional Promises to Give**

Approximately 91% of the revenue recognized in 1996 were from the three local governments, being the City of Monroe, the City of West Monroe and the Ouachita Parish Police Jury. Approximately 99% of the unconditional promises to give at December 31, 1996 were from the above three funding sources.

QUACHTA ENTERPRISE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

**Income Taxes**

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(30) of the Internal Revenue Code.

**Accounting Measurements**

The Corporation adopted Statements of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations* effective January 1, 1996. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature and/or existence of any donor-imposed restrictions. The Corporation has recognized the cumulative effect of adoption of this SFAS in the accompanying statement of activities. The adjustment of \$50,000 represents unconditional promises to give received in December, 1995. SFAS 116 requires that such contributions be reported as temporary restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restriction. Assuming this statement had been applied retroactively, the Corporation's change in net assets for 1996 would have been an increase of \$28,000. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows. As permitted by this new statement, the Corporation has discontinued its use of fund accounting for financial reporting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1996 or 1995.

**Note 3 - Funds Due To Others**

Funds Due To Others represents monies collected specifically for an advertising campaign. Since the advertising campaign has been postponed and the monies collected are subject to being sent back to the contributors if this advertising campaign is ultimately canceled, the Corporation is holding these funds in an agency capacity and, accordingly, there is no effect on net assets of the Corporation.



**OUACHITA ENTERPRISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1996**

**Note 1 - Summary of Significant Accounting Policies**

**Organization**

The Ouachita Enterprise Corporation (the Corporation) is a non-profit organization which was incorporated on April 20, 1989 for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita."

**Basis of Accounting**

The financial statements of the Corporation are presented on the accrual basis of accounting. The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements to the reader.

**Revenue Recognition**

Support from local governmental entities is paid throughout each entity's fiscal year. It is the Corporation's policy to recognize this support in the period declared.

**Furniture and Equipment**

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets which are generally eight years.

**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 these estimates.

QUACHITA ENTERPRISE CORPORATION  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 1998

<b>Cash Flows From Operating Activities</b>	
Increase in Net Assets	\$ 22,000
Adjustments to Reconcile Increase in Net Assets To Net Cash Used by Operating Activities:	
Depreciation	3,738
Changes in assets and liabilities:	
Unconditional Promises to Give	(52,155)
Prepaids and Other	1,089
Accounts Payable	(2,781)
Payroll Taxes Payable	(10,248)
Funds Due To Others	23,500
Total Adjustments	<u>(78,967)</u>
Net Cash Used by Operating Activities	<u>(56,967)</u>
 Cash at Beginning of Year	 <u>65,403</u>
 <b>CASH AT END OF YEAR</b>	 <b><u>\$ 8,437</u></b>

The accompanying notes are an integral part of these statements.

**GUACHITA ENTERPRISE CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 1988**

**Unrestricted Net Assets**

Support	
City of Monroe	\$ 100,000
City of West Monroe	25,000
Bivensville	11,000
Sims	3,200
Grants	1,900
Other Income	443
Interest Income	732
<b>Total Unrestricted Support</b>	<u>142,300</u>
Net Assets Released From Restrictions	
Ouachita Parish Police Jury Funding	50,000
<b>Total Unrestricted Support and Reclassifications</b>	<u>192,300</u>

**Expenses**

Auto Insurance	1,469
Auto Lease	2,311
Car Allowance	1,300
Community Development	4,644
Depreciation	3,736
Dr. Staff Study	3,230
Dues and Subscriptions	2,350
Equipment Maintenance	723
Existing Business Development	1,618
Industrial Prospecting	4,529
Industry Appreciation Committee	15,675
Health Insurance	5,189
Workers Compensation Insurance	890
Legal and Professional	8,404
Meetings	7,304
Miscellaneous	1,905
Office Supplies	6,642
Penalties	1,288
Postage	1,854
Rent	10,200
Salaries and Payroll Taxes	109,250
Scholarships	2,837
Telephone	85,116
Travel	4,812
<b>Total Expenses</b>	<u>218,389</u>

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# OUACHITA ENTERPRISE CORPORATION

Financial Statements  
Year Ended December 31, 1996

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 April 9, 1997

QUACHTA ENTERPRISE CORPORATION

DECEMBER 31, 1996

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Ouachita Enterprise Corporation  
Monroe, Louisiana

We have audited the accompanying statement of financial position of **Ouachita Enterprise Corporation** (the Corporation) as of December 31, 1996 and the related statements of activities and cash flows for the year 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 audits.

We conducted our audit in accordance with generally accepted auditing standards, and 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 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 the Corporation at December 31, 1996 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 24, 1997 on our consideration of the Corporation's internal control structure and a report dated March 24, 1997 on its compliance with laws and regulations.

As further discussed in Note 1 to the financial statements, the Corporation changed its method of accounting for contributions, its method of financial reporting and financial statement presentation effective January 1, 1996.



March 24, 1997

## **Quachita Enterprise Corporation**

risk 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 structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

### **1. Payroll Taxes**

#### ***Finding***

Payroll tax deposits for the corporation are required to be made by the fifteenth of each month for the previous month's liability. We noted several payroll tax deposits were not made in accordance with these statutory requirements. Therefore, the corporation was assessed penalties for these delinquencies. During 1996, the Corporation procured the services of a firm of certified public accountants to prepare the payroll tax returns; however, the Corporation retained the responsibility for making the required deposits by the required dates.

#### ***Recommendation***

Management and personnel responsible for making payroll tax deposits should mark on their calendar the due dates for all payroll tax deposits and payroll tax returns for the entire calendar year. This would provide two people the means to verify the timeliness of the payroll tax deposits and filing of payroll tax returns.

#### ***Response***

Management will insure that appropriate calendars are marked and checked to ascertain that payroll tax deposits are made when due and that payroll tax returns are filed when required.

**OUACHITA ENTERPRISE CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 1996**

**ASSETS**

<b>Current Assets</b>	
Cash	\$ 55,437
Unconditional Promises to Give:	
Unrestricted	98,412
Funding for next fiscal year	98,000
Prepaid Expenses	608
Total Current Assets	<u>216,457</u>
 <b>Furniture and Equipment</b>	
Furniture and Equipment	24,588
Less Accumulated Depreciation	(18,844)
Net Furniture and Equipment	<u>5,744</u>
 <b>TOTAL ASSETS</b>	 <b>\$ <u>218,195</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts Payable	\$ 1,850
Payroll Taxes Payable	7,838
Funds Due to Others	25,500
Total Current Liabilities	<u>35,188</u>
 <b>Net Assets</b>	
Unrestricted	93,025
Temporarily Restricted	98,000
Total Net Assets	<u>193,025</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ <u>218,195</u></b>

The accompanying notes are an integral part of this statement.



QUACHITA ENTERPRISE CORPORATION  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 1996

Decrease in Unrestricted Net Assets	(26,000)
Temporarily Restricted Net Assets	
Quachita Parish Police Jury Funding for 1997	99,000
Net Assets Released From Time Restrictions	
Quachita Parish Police Jury Funding	(50,000)
	48,000
Increase in Temporarily Restricted Net Assets	48,000
Increase in Net Assets Before Cumulative Effect Adjustment	22,000
Net Assets at Beginning of Year, as previously reported	111,005
Cumulative Effect of a Change in Accounting Principle	50,000
	161,005
Net Assets at Beginning of Year, as restated	161,005
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 183,005</b>

The accompanying notes are an integral part of this statement.