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OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

**Component Unit Financial Statements, Supplemental Information
and Independent Auditors' Reports**

As of and For the Year Ended December 31, 1999

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 JUL 26 2000

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)

COMPONENT UNIT FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999

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Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA
Francis J. Huffman, CPA
L. Fred Monroe, CPA
Esther Alleberry, CPA
Carolyn A. Clarke, CPA

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Ouachita Community Enhancement Zone, Inc.
Monroe, Louisiana**

We have audited the component unit financial statements of **Ouachita Community Enhancement Zone, Inc. (OCEZ)**, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 1999, as identified in the accompanying Table of Contents. These financial statements are the responsibility of OCEZ's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of OCEZ as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards* we have also issued our report dated June 20, 2000, on our consideration of OCEZ's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**Ouachita Community Enhancement Zone, Inc.
Monroe, Louisiana**

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary information listed as Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of OCEZ. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.



(A Professional Accounting Corporation)

June 20, 2000

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
MONROE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP - GENERAL LONG-TERM OBLIGATIONS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Assets			
Cash	\$ 29,410	\$ -	\$ 29,410
Interest Receivable	2,313	-	2,313
Investment in loan participation (Note 3)	42,931	-	42,931
Due from other governments (Note 4)	38,276	-	38,276
Equipment	2,531	-	2,531
Accumulated Depreciation	(1,266)	-	(1,266)
Amount to be provided for Accrued compensated absences	-	3,538	3,538
TOTAL ASSETS	\$ 114,195	\$ 3,538	\$ 117,733
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 10,990	\$ -	\$ 10,990
Accrued Salaries and Wages	3,224	-	3,224
Accrued compensated absences (Note 7)	-	3,538	3,538
Total Liabilities	14,214	3,538	17,752
Fund Equity			
Fund Balance - unreserved	99,981	-	99,981
Total Fund Equity	99,981	-	99,981
TOTAL LIABILITIES AND FUND EQUITY	\$ 114,195	\$ 3,538	\$ 117,733

The accompanying notes are an integral part of this statement.

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
MONROE, LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Federal Grants	\$ 581,867	\$ 383,582	\$ (198,285)
Other Gifts, Donations and Grants	16,890	102,411	85,521
Miscellaneous Revenue	2,850	2,799	(51)
Total Revenues	601,607	488,792	(112,815)
Expenditures			
General Government - Economic Development:			
Economic Opportunity	198,721	200,558	(1,837)
Revolving Loan Guarantee	107,500	2,071	105,429
Workforce Preparedness Development	114,050	102,632	11,418
Youth Build Program	10,071	71	10,000
On-Site Job Skills Training	16,150	-	16,150
Incubator Project	41,300	5,196	36,104
Innovative Neighborhood Network	32,084	28,475	3,609
Homeownership	110,900	-	110,900
Placement	-	2,246	(2,246)
Americorps	50,512	50,510	2
Total Expenditures	681,288	391,759	289,529
Excess (Deficiency) of Revenues Over Expenditures	(79,681)	97,033	176,714
Fund Balance at Beginning of Year	2,948	2,948	-
FUND BALANCE AT END OF YEAR	\$ (76,733)	\$ 99,981	\$ 176,714

The accompanying notes are an integral part of this statement.

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

INTRODUCTION

The Ouachita Community Enhancement Zone, Inc. (OCEZ) was incorporated October 15, 1996 by various citizens of Ouachita Parish, Louisiana. Its Board of Directors is elected from its membership and one additional board member is appointed by each of the City of Monroe, the City of West Monroe, the Ouachita Parish School Board, the Monroe City School Board and the Ouachita Parish Police Jury. The corporation is a tax-exempt private non-profit organization pursuant to section 501(c)(3) of the Internal Revenue Code. The purpose of the organization is to develop and implement programs that empower Enterprise Community residents spiritually, economically, socially, educationally and culturally, as well as to assume their civic responsibilities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

Although it is a not-for-profit corporation, the accompanying component unit financial statements of the OCEZ have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units as permitted under GAAP. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury (the Police Jury) is the reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (the Police Jury); (b) organizations for which the reporting entity is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the primary government to impose its will on that organization, or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority, but are fiscally dependent on the primary government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Ouachita Parish Police Jury and OCEZ have entered into a Cooperative Endeavor Agreement under which the Police Jury provides funding from a Federal grant to the OCEZ. The OCEZ, as subrecipient, carries out the economic development activities specified in the grant award. The Police Jury approves OCEZ's budget, advances operating funds to the OCEZ and maintains the payroll and accounting records for OCEZ. Although the OCEZ is governed by a separate board, the OCEZ has fiscal dependency on the Police Jury and therefore it is considered a component unit of the Ouachita Parish Police Jury reporting entity.

The accompanying financial statements present information only on the funds maintained by the OCEZ and do not present information on the Police Jury, the general governmental services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The accounts of the OCEZ are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

activities are controlled. OCEZ operates one governmental fund type, the General Fund, which is used as the general operating fund to account for all financial resources.

D. ACCOUNT GROUP

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds. The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

F. BUDGETING PRACTICES

Preliminary budgets based on the modified accrual basis of accounting are prepared annually by OCEZ. The proposed budget is reviewed by the Police Jury's Budget Committee and revised as deemed necessary. The proposed budget is included in the public hearing process conducted by the Police Jury for its proposed budgets. The budgets are adopted during the Police Jury's selected December meeting. The budgetary data included in the accompanying financial statements includes the originally adopted budget and any amendments thereto.

G. PROPERTY AND EQUIPMENT

The Police Jury has utilized federal awards of \$29,408 to purchase property and equipment for OCEZ. Those fixed assets are owned and maintained by the Police Jury but are used by OCEZ. Other property and equipment are recorded at cost or

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

estimated fair value when donated. Expenditures greater than \$500 are capitalized. All other expenditures are expensed as incurred. The cost of assets retired or otherwise removed and the related accumulated depreciation are eliminated from the accounts in the year of removal, with the resulting gain or loss credited or charged to operations. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets.

H. 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.

I. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 2 - CASH AND CASH EQUIVALENTS

The Police Jury maintains cash and investment accounts from funds received pursuant to a Federal Grant that are used to finance the operating mission of the OCEZ. These deposits are stated at cost, which approximates market, on the books of the Police Jury. Under state law, these deposits (or the resulting book balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Note 3 - INVESTMENT IN LOAN PARTICIPATION

Consistent with its mission and grant agreements, OCEZ from time to time makes funds available to qualified businesses through loan guarantee and loan participation

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

agreements. During the year ended December 31, 1999 OCEZ purchased a 75% participation in a commercial loan. The loan is due over periods ranging from 36 to 84 months at a variable rate of interest and is secured by the business assets acquired and the personal guaranty of the borrower. OCEZ receives its share of principal and interest payments remitted by the borrower to the loan servicer, the Enterprise Corporation of the Delta, who has retained the balance of the loan. Interest income from this investment for the year ended December 31, 1999 was \$1,368.

Note 4 - DUE FROM OTHER GOVERNMENTS

Due From Other Governments consisted of the following at December 31, 1999:

Due from Ouachita Parish Police Jury	<u>\$ 38,276</u>
--------------------------------------	------------------

Note 5 - RETIREMENT PROGRAM

All permanent employees of OCEZ working at least 28 hours per week are eligible to participate in a retirement program under a plan administered by a third party. No distributions may be requested by an employee before the employee attains the age of 59 ½ years unless the employee has separated from the service of OCEZ, incurred a disability, or encountered certain financial hardship. The plan provides for distributions of the assets of the participant account by a lump-sum payment, installment payments over a period certain not to exceed the life expectancy of the employee or the joint and last survivor life expectancy of the employee and his or her beneficiary, or by the purchase and distribution of an annuity contract providing annuity payments over the life of the employee and his or her spouse.

Funding Policy. Employees covered by the Plan contribute 9.50 percent of their annual covered salaries and OCEZ contributes at an actuarially determined rate. The current actuarially determined rate is 7.75 percent of annual covered payroll. OCEZ's contributions to the Plan for the years ended December 31, 1999 and 1998 were \$10,872 and \$7,384, respectively.

Note 6 - COMPENSATED ABSENCES

OCEZ has adopted the same compensated absence policies as the Police Jury. The amount of each type of leave earned by employees is dependent upon length of service

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

of that employee, ranging from 40 hours of leave for employees with less than two years of service up to a maximum of 160 hours of leave for an employee with twenty or more years of service. Employees are allowed to carry forward all accrued unused sick leave to succeeding calendar years. Unused accrued annual leave may be carried forward to succeeding years to a maximum of 320 hours.

An employee permanently separated from employment as a result of voluntary resignation, discharge, retirement, or death shall receive a terminal payment for annual leave earned. This terminal payment shall be computed on the basis of the employee's hourly rate of pay at the time of his separation. This payment shall be made to the estate of the employee separated by death. Employees who have completed 3 consecutive years of full-time employment shall receive a terminal payment for 25% to 50% of accrued sick leave based on their hourly rate of pay at the time of separation, not to exceed 480 hours. At December 31, 1999, employees had earned and accumulated annual leave totaling \$3,538 and unused sick leave totaling \$8,633.

Note 7 - SUMMARY OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS

	Balance 01/01/99	Net Increase	Balance 12/31/99
Compensated Absences	\$ 1,808	\$ 1,730	\$ 3,538

Note 8 - RELATED PARTY TRANSACTIONS

During the year, OCEZ paid \$9,000 to the Ouachita Parish Police Jury for services rendered in connection with accounting, payroll, payment of invoices, and other administrative matters.

Note 9 - NONMONETARY TRANSACTIONS

During most of the year, OCEZ's office facilities were located in a building that is owned by a local financial institution. The office space, utilities, and use of certain items of furniture, fixtures, and equipment were being utilized by OCEZ at no cost. The estimated fair value of these non-monetary transactions has not been determined.

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 1999

Note 10 - RISK FINANCING ACTIVITIES

Through its primary government (the Police Jury), OCEZ participates in the Parish Government Risk Management Agency, a public entity risk pool providing group health and life insurance programs. In addition, OCEZ participates in the self insurance program created by the Police Jury for the purpose of self funding potential insurance losses for property and vehicle insurance, workers compensation and comprehensive general liability claims. The self insurance plan is administered by a third party, with claims in excess of the self-insured amount of \$530,000 being paid from the internal service funds. The Police Jury is using internal service funds to account for its risk financing activities. At December 31, 1999 the balance available in the self insurance funds to pay liabilities if and when they arise is approximately \$2,045,000.

Note 11 - COMMITMENTS AND CONTINGENCIES

In March of 1998, OCEZ entered into a partnership agreement, renewable annually, with North Louisiana Area Health Education Center to educate and train minor, unmarried parents who are classified as non-custodial welfare recipients. Under the terms of this agreement, OCEZ will fund up to 50% of salary and benefits for a case manager and provide other non-financial resources.

In May 1998, OCEZ entered into a cooperative agreement with the City of West Monroe to establish and operate an individual development account program for residents within Census Tract 56. This program will create a mechanism that encourages and supports individual asset accumulation for use as a down payment on first time home purchases. This agreement provides that OCEZ will contribute cash of \$12,200 and provide other nonfinancial program support.

OCEZ is contingently liable as guarantor to Enterprise Corporation of the Delta for a commercial loan. This loan has an outstanding balance of \$5,400 at December 31, 1999.

SUPPLEMENTAL INFORMATION

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
 (A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
 MONROE, LOUISIANA
 SCHEDULE OF EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 1999

Programs	Personnel Services	Operating Services	Contractual Services	Stipends	Materials & Supplies	Travel,		Capital Outlay	Totals
						Tuition & Other	Tuition & Other		
Economic Opportunity	\$ 120,200	\$ 21,733	\$ 35,514	-	\$ 6,410	\$ 6,795	\$ 9,906	\$ 200,558	
Revolving Loan Guarantee	-	114	-	-	-	1,957	-	2,071	
Workforce Preparedness Development	48,193	1,507	39,037	9,350	3,649	896	-	102,632	
Youth Build Program	-	-	-	-	-	71	-	71	
On-Site Job Skills Training	-	-	-	-	-	-	-	-	
Incubator Project	-	-	3,807	500	542	347	-	5,196	
Innovative Neighborhood Network	27,486	609	20	-	315	45	-	28,475	
Homeownership	-	-	-	-	-	-	-	-	
Placement	-	23	2,194	-	-	29	-	2,246	
Americorps	21,357	7	6,000	17,234	1,265	4,647	-	50,510	
Total Expenditures	\$ 217,236	\$ 23,993	\$ 86,572	\$ 27,084	\$ 12,181	\$ 14,787	\$ 9,906	\$ 391,759	

**OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
 (A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
 MONROE, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass-Through Grantor/Program Title	CFDA Number	Expenditures
Pass Through Program: U. S. Department of Housing and Urban Development/ Louisiana Department of Social Services/ <i>Empowerment Zone</i>	14.244	\$ 340,647
Pass Through Program: Corporation for National and Community Service/Louisiana Service Commission/AmeriCorps	94.006	<u>42,935</u>
TOTAL		\$ <u>383,582</u>

The accompanying notes are an integral part of this statement.

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 1999

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activities of all Federal awards of the Ouachita Community Enhancement Zone, Inc. (OCEZ). The OCEZ reporting entity is defined in Note 1 to the OCEZ's financial statements. All Federal awards passed through other government agencies are included on the schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the OCEZ's financial statements.

Note 3 – Reconciliation of Total Expenditures to Schedule of Expenditures of Federal Awards

Total Expenditures per Financial Statements	\$ 391,759
Less: Depreciation Expense	(633)
Other Local Funds	<u>(7,544)</u>
Total Expenditures per Schedule of Expenditures of Federal Awards	\$ <u>383,582</u>

Note 4 – Notes Receivable

OCEZ made direct loans during the year ended December 31, 1999 of \$45,244; in addition, OCEZ is guarantor for another loan with an outstanding balance of \$5,400 at December 31, 1999.

OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Summary of Auditors Results:

- 1) The audit report on the Ouachita Community Enhancement Zone, Inc. (OCEZ) as of and for the fiscal year ended December 31, 1999 was unqualified;
- 2) No reportable conditions were noted in the audit of the financial statements of the OCEZ;
- 3) The audit of the financial statements did not disclose instances of noncompliance which are considered to be material to the component unit financial statements of the OCEZ;
- 4) No reportable conditions in the internal control over major programs were reported in the audit of the OCEZ;
- 5) The auditors' report on OCEZ's compliance with requirements applicable to each major program was unqualified;
- 6) The audit of OCEZ's compliance with requirements applicable to each major program did not disclose any findings required to be reported under the provisions of OMB Circular A-133 Section .510(a);
- 7) The major Federal program for purposes of the report on compliance with the requirements applicable to major programs was Empowerment Zone (CFDA No. 14.244);
- 8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000; and,
- 9) OCEZ qualified as a low-risk auditee under the provisions of OMB Circular A-133 section .530.

There were no findings related to the financial statements which are required to be reported under Government Auditing Standards.

There are no findings or questioned costs for Federal awards, including those specified by OMB Circular A-133.

**OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)
Monroe, Louisiana**

SUMMARY STATUS OF PRIOR YEAR FINDINGS

The following is a summary of the status of the prior year findings included in Luffey, Huffman & Monroe's report on internal control over financial reporting and compliance dated May 7, 1999 covering our examination of the financial statements of the Ouachita Community Enhancement Zone, Inc. as of and for the year ended December 31, 1998:

There were no Prior Year Findings.

***REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133***



Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA
Carolyn A. Clarke, CPA

**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**

**To the Board of Directors
OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
Monroe, Louisiana**

We have audited the component unit financial statements of the **Ouachita Community Enhancement Zone, Inc. (OCEZ)** as of and for the year ended December 31, 1999, and have issued our report thereon dated June 20, 2000. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether OCEZ's component unit 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 OCEZ's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit 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 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 component unit 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.

**Ouachita Community Enhancement Zone, Inc.
Monroe, Louisiana**

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 for the information of management of OCEZ, Federal awarding agencies and pass-through entities, other entities granting funds to OCEZ and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

June 20, 2000

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Board of Directors
OUACHITA COMMUNITY ENHANCEMENT ZONE, INC.
Monroe, Louisiana**

Compliance

We have audited the compliance of the **Ouachita Community Enhancement Zone, Inc.** (OCEZ) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended December 31, 1999. OCEZ's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of OCEZ's management. Our responsibility is to express an opinion on OCEZ's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about OCEZ's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on OCEZ's compliance with those requirements.

In our opinion, OCEZ complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 1999.

**Ouachita Community Enhancement Zone, Inc.
Monroe, Louisiana**

Internal Control Over Compliance

Management of OCEZ is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered OCEZ's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material *in relation to a major Federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management of OCEZ, Federal awarding agencies and pass-through entities, other entities granting funds to OCEZ and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

June 20, 2000