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**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT**

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Release Date SEP 11 1996

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
New Orleans Business and Industrial District  
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of New Orleans Business and Industrial District (NOBID) as of and for the year ended December 31, 1995, as listed in the Table of Contents. These general purpose financial statements are the responsibility of NOBID'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, and 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.

**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Commissioners  
New Orleans Business and Industrial District

We have audited the general purpose financial statements of New Orleans Business and Industrial District (NOBID) for the year ended December 31, 1995 and have issued our report thereon dated April 15, 1996.

In planning and performing our audit of the general purpose financial statements of New Orleans Business and Industrial District (NOBID), we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

In accordance with Government Auditing Standards, as part of our audit, we are required to report to you reportable conditions and material weaknesses. A reportable condition is a significant deficiency in internal controls. A material weakness is a more serious reportable condition that is of such magnitude that it could potentially result in a material misstatement of the financial statements. By definition, all material weaknesses are reportable conditions. Not all reportable conditions, however, are material weaknesses. This management letter reflects some of our suggestions regarding improvements to the NOBID's internal control structure and efficiency. Our aim in this letter is to provide constructive, realistic and an independent view on topics such as organization and efficiency, fiscal matters, and uses of resources.

During our audit we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies and are included in the accompanying Schedule of Current Year Comments and Status of Prior Year Comments.

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Commissioners  
New Orleans Business and Industrial District

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

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

April 15, 1996



APPENDIX A

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
SCHEDULE OF CURRENT YEAR COMMENTS  
DECEMBER 31, 1995**

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1. PAYROLL TAXES

We noted during our audit that federal payroll tax deposits were not made on a timely basis resulting in excessive penalty and interest assessments.

We recommend that NOBID immediately take steps to ensure that federal payroll tax deposits are timely made to authorized depositories as required by the Internal Revenue Service.

2. BOARD OF COMMISSIONERS MEETINGS

We noted during our 1995 audit that four (4) meetings of the Board of Commissioners were not held due to lack of quorums.

Since the powers of NOBID vest with the Board of Commissioners, we recommend the Board meetings be attended by the required number of Commissioners to constitute a quorum. This will allow all necessary business to be appropriately acted upon.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
STATUS OF PRIOR YEAR COMMENTS  
DECEMBER 31, 1995**

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1. FIXED ASSET SUBSIDIARY LEDGER

We noted during our audit that NOBID does not maintain a detailed fixed asset subsidiary ledger.

We recommend that NOBID establish procedures for maintaining a detailed subsidiary ledger for all capital assets purchased. This ledger should detail at a minimum for each fixed asset category (i.e. building, land, furniture, and equipment) a description, historical cost, location and date of purchase of the capital asset. Also, we recommend that NOBID take a physical inventory of fixed assets to support amounts recorded in the subsidiary ledger.

Current Status

We noted during our 1995 audit that NOBID had not established or implemented procedures for maintaining fixed asset subsidiary records. Although NOBID has a listing of general fixed assets acquired, such listing does not include date of purchase and initial cost. Also NOBID had not taken a physical inventory of fixed assets as of December 31, 1995.

2. CAPITALIZATION POLICIES

During our audit of fixed assets we noted that NOBID does not have written policies for identifying capital expenditures.

We recommend that NOBID establish written capitalization policies to identify expenditures costing \$500.00 or more with a life expectancy of one (1) year or more to be capitalized in the general fixed account group.

Current Status

We noted during our 1995 audit that NOBID had to established written capitalization policies as recommended.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
STATUS OF PRIOR YEAR COMMENTS  
DECEMBER 31, 1995**

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3. UNTIMELY DEPOSITS

We noted during our testwork of cash receipts that NOBID did not deposit cash receipts on a timely basis in all instances.

We recommend that NOBID review and adhere to its current procedures to ensure that all cash received is deposited immediately upon receipt.

Current Status

We noted during our 1995 audit that all tested cash receipts were timely deposited.



**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
New Orleans Business and Industrial District  
Page 2

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of New Orleans Business and Industrial District, New Orleans, Louisiana as of December 31, 1995, 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 a report dated April 15, 1996 on our consideration of NOBID's internal control structure and a report dated April 15, 1996 on its compliance with laws and regulations.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

April 15, 1996

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
COMBINED BALANCE SHEET --  
GOVERNMENTAL FUND (GENERAL FUND) AND ACCOUNT GROUP  
DECEMBER 31, 1995**

	<u>Governmental Fund Type - General Fund</u>	<u>Account Group - General Fixed Assets</u>	<u>Total (Memorandum Only-Note 2)</u>
<b><u>ASSETS</u></b>			
<b>Assets:</b>			
Cash (NOTE 3)	\$445,567	\$ -0-	\$ 445,567
Due from City of New Orleans, net (NOTE 9)	183,225	-0-	183,225
Accounts receivable	206	-0-	206
Funds available - City of New Orleans (NOTE 5)	46,063	-0-	46,063
Furniture and fixtures (NOTE 6)	-0-	51,458	51,458
Automobile (NOTE 6)	-0-	13,716	13,716
Building improvements (NOTE 6)	-0-	3,375	3,375
Building (NOTES 6 and 8)	-0-	2,738,972	2,738,972
Other assets	<u>2,566</u>	<u>-0-</u>	<u>2,566</u>
 Total assets	 <u>\$677,627</u>	 <u>\$2,807,521</u>	 <u>\$3,485,148</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$111,085	\$ -0-	\$ 111,085
Payroll taxes payable and accrued expenses	12,996	-0-	12,996
Other liabilities	<u>2,270</u>	<u>-0-</u>	<u>2,270</u>
 Total liabilities	 <u>126,351</u>	 <u>-0-</u>	 <u>126,351</u>
<b>Fund equity:</b>			
Investment in general fixed assets (NOTE 6)	-0-	2,807,521	2,807,521
 Fund balance: Unreserved/undesignated	 <u>551,276</u>	 <u>-0-</u>	 <u>551,276</u>
 Total fund equity	 <u>551,276</u>	 <u>2,807,521</u>	 <u>3,358,797</u>
 Total liabilities and fund equity	 <u>\$677,627</u>	 <u>\$2,807,521</u>	 <u>\$3,485,148</u>

The accompanying notes are an integral part of these  
financial statements.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1995**

REVENUES

Taxes (NOTE 4)	\$ 259,852
Grant revenues (NOTE 8)	2,959,252
Rental income (NOTE 7)	233,883
Tenant fees, including utilities	71,420
Other revenues	2,134
Interest income	<u>4,109</u>
 Total revenues	 <u>3,530,650</u>

EXPENDITURES

Planning and administration:	
Salaries	155,312
Payroll taxes	11,891
Employee insurance	19,472
Insurance	21,561
Rents and leases (NOTE 10)	21,846
Telephone	9,505
Automobile expenses	1,454
Capital outlays (NOTES 6 and 8)	2,742,114
Bank charges	594
Repairs and maintenance	16,008
Professional services	13,178
Utilities	76,965
Janitorial services	7,236
Penalties and interest	13,674
Media information:	
Promotions	44,249
Dues and subscriptions	3,019
Postage	2,023
Professional services	45,068
Office supplies	7,936
Printing	2,057
Photographic supplies	2,263
Research and development	1,844
District sanitation:	
Sites improvement	<u>37,984</u>
 Total expenditures	 <u>3,257,253</u>
 Excess of revenues over expenditures	 273,397
 Fund balance-beginning of year	 <u>277,879</u>
 Fund balance-end of year	 <u>\$ 551,276</u>

The accompanying notes are an integral part of these  
financial statements.

# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 1995

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Introduction

The New Orleans Business and Industrial District (NOBID) is a 7,000 acre Louisiana Enterprise Zone created by the Louisiana Legislature to attract new business and industry through incentives such as sales, use and property tax benefits. NOBID also encompasses a 92-acre Foreign Trade Zone which provides additional savings on duty fees.

In 1992, a special project referred to as the "Enterprise Center" (the Center) was initiated in an effort to promote economic growth in the City of New Orleans, by promoting business and industrial development in the district. The Center includes the following components designed to improve the development environment in New Orleans East:

- o Industrial/service based incubator;
- o Advanced technology institute; and
- o College extension programs.

NOBID is used to account for the operations of the district. Its financing sources are derived principally from the proceeds of 20 mills, or \$20 per \$1,000 of assessed value, which is levied on all property within the district for the purpose of constructing roads, sewerage, drainage, water supply systems and other infrastructure improvements to facilitate industrial development.

The Board of Commissioners is composed of twelve (12) members. Board members serve without compensation.

#### Basis of Presentation

NOBID is a special municipal district that was created under Louisiana Revised Statute 33:4701, as amended on June 28, 1995. Through NOBID's Board of Commissioners, NOBID has the power to acquire, construct, improve, maintain, and operate projects and to provide additional municipal services within the district. The Board of Commissioners is composed of twelve (12) members appointed by various organizations and public officials. Board members serve without compensation.

Under GASB Statement No. 14, NOBID is considered a primary government and does not include any component units. NOBID has powers to incur debt, issue bonds, and



# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

December 31, 1995

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Basis of Presentation, Continued

sue and be sued. Also, the Board of Commissioners have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. NOBID is currently seeking an opinion from the State of Louisiana's Attorney General on its independence from the City of New Orleans. These financial statements include all of the funds and account groups and activities considered to be part of or controlled by NOBID.

#### Fund Accounting

The accounts of NOBID are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. 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 activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type and one broad fund category as follows:

#### Governmental Fund Type

This is the fund type through which most governmental functions typically are financed. The following fund is used by NOBID.

##### General Fund -

The General Fund is the general operating fund of NOBID. It is used to account for all financial resources except those required to be accounted for in another fund or account group.

##### General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.



# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

December 31, 1995

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Fund Accounting, Continued

##### Basis of Accounting

The General Fund is accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Property tax collections are considered "measurable" when in the hands of the collecting agency and are recognized as revenue at this time.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

##### Budgetary Data

NOBID follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year, NOBID is required to prepare a budget and submit it to the Board of Commissioners for approval.
2. Upon review and completion of all actions necessary to finalize and implement the budget, it is then adopted by the Board of Commissioners prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Commissioners.
4. All budgetary appropriations lapse at the end of each fiscal year.

# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

December 31, 1995

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Fund Accounting, Continued

#### Budgetary Data, Continued

5. NOBID did adopt a 1995 budget for 1994 carryover grant funds to be used for the Enterprise Center's operations. The amount of prior year carried over funds to 1995 totaled \$220,281. See Note 8.

### NOTE 2 - TOTAL COLUMN ON COMBINED BALANCE SHEET - OVERVIEW

The total column on the combined balance sheet - overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present the financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

### NOTE 3 - CASH

For reporting purposes, cash includes cash in bank and money market accounts. Under state law, NOBID may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, NOBID may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As reflected in the balance sheet, NOBID recorded cash totaling \$445,567 at December 31, 1995. Cash is stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 1995, NOBID has \$451,460 in deposits (collected bank balances). These deposits are secured from risk by \$283,549 of federal deposit insurance. The remaining balance of \$167,911 is not secured by the pledge of securities and is a credit risk.

# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

December 31, 1995

NOTE 4 - TAX REVENUES

Tax revenues represent the amount of property tax assessments collected by the City of New Orleans. Presently, the tax is 20 mills, or \$20 per \$1,000 of assessed value, which is levied on all property within the district for the purpose of constructing roads, sewerage, drainage, water supply systems and other infrastructure improvements to facilitate industrial development.

During the year ended December 31, 1995, tax revenues collected by the City of New Orleans on the New Orleans Business and Industrial District was \$259,852.

NOTE 5 - FUNDS AVAILABLE - CITY OF NEW ORLEANS

As of December 31, 1995, NOBID had \$46,063 available from the City of New Orleans. Below is the activity which took place during the year ended December 31, 1995.

Balance of funds available at December 31, 1994		\$ 12,578
Tax revenues collected during 1995		<u>259,852</u>
Total funds available		<u>272,430</u>
Less:		
Amounts received from City of New Orleans		( <u>226,367</u> )
Balance of funds available at December 31, 1995		<u>\$ 46,063</u>

NOTE 6 - CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in fixed assets is as follows:

<u>Description</u>	<u>January 1, 1995</u>	<u>Additions</u>	<u>December 31, 1995</u>
Furniture and equipment	\$48,316	\$ 3,142	\$ 51,458
Automobile	13,716	-0-	13,716
Building	-0-	2,738,972	2,738,972
Building improvements	<u>3,375</u>	<u>-0-</u>	<u>3,375</u>
	<u>\$65,407</u>	<u>\$2,742,114</u>	<u>\$2,807,521</u>

# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

December 31, 1995

### NOTE 7 - OPERATING LEASE

NOBID has entered into rental agreements with tenants which require monthly rental payments. These rental agreements expire on various dates during 1996.

### NOTE 8 - GRANT REVENUES

The City of New Orleans in 1993 authorized \$400,000 in funding to NOBID from its Economic Development Fund for the purpose of development of the New Orleans Business and Industrial District Board of Commissioners Enterprise Center. During the year ended December 31, 1995, NOBID earned \$220,280 in grant revenues. At December 31, 1995, actual grant expenditures were as follows:

<u>Expenditures</u>	<u>Actual</u>
Salaries	\$ 42,341
Payroll taxes	3,269
Employee insurance	2,658
Rents and leases	21,846
Telephone	2,238
Capital outlays	811
Bank charges	5
Promotions	13,016
Dues and subscriptions	420
Professional services	28,877
Office supplies	3,194
Printing	529
Utilities	55,215
Sites improvements	34,877
Janitorial services	7,236
Postage	250
Photographic supplies	2,162
Repairs and maintenance	<u>1,336</u>
Total	<u>\$220,280</u>

Also, NOBID received grant revenues of \$538,972 from the City of New Orleans and \$2,200,000 from the State of Louisiana which were utilized to purchase a building totaling \$2,738,972. This facility was previously rented by NOBID under terms of an operating lease.



# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

December 31, 1995

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### NOTE 9 - DUE FROM CITY OF NEW ORLEANS

The following is a summary of net due from City of New Orleans at December 31, 1995:

<u>Description</u>	<u>AMOUNT</u>
Due from Economic Development Trust Fund Grant-Enterprise Center	\$230,000
Due to Economic Development Trust Fund Grant-Landbanking	<u>(46,775)</u>
Net due from City of New Orleans	<u>\$183,225</u>

### NOTE 10 - LEASE OF FACILITY

For the period January 1, 1995 to March 17, 1995, NOBID as lessee was obligated under the terms of an operating facility lease. Lease expenses incurred during that period totaled \$21,846.

### NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of all significant financial instruments have been determined by the organization utilizing available market information and appropriate valuation methodologies. The organization considers the carrying amounts of cash and accounts receivable to be fair value.



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

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To the Board of Commissioners  
New Orleans Business and Industrial District  
New Orleans, Louisiana

We have audited the general purpose financial statements of New Orleans Business and Industrial District (NOBID), for the year ended December 31, 1995, and have issued our report thereon dated April 15, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of NOBID 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.

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

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**(CONTINUED)**

To the Board of Commissioners  
New Orleans Business and Industrial District

In planning and performing our audit of the general purpose financial statements of NOBID for the year ended December 31, 1995, 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 have been in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of NOBID in a separate letter dated April 15, 1996.

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

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(CONTINUED)

To the Board of Commissioners  
New Orleans Business and Industrial District

This report is intended solely for the use of management and the Office of the Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by NOBID is a matter of public record.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

April 15, 1996

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

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To the Board of Commissioners  
New Orleans Business and Industrial District  
New Orleans, Louisiana

We have audited the general purpose financial statements of New Orleans Business and Industrial District (NOBID) as of and for the year ended December 31, 1995, and have issued our report thereon dated April 15, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

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



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

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**(CONTINUED)**

To the Board of Commissioners  
New Orleans Business and Industrial District

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

However, we noted immaterial instances of noncompliance that are described in the accompanying schedule of findings and recommendations.

This report is intended solely for the use of management and the Office of the Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by NOBID is a matter of public record.

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

April 15, 1996



# NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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## 1. SECURITY FOR DEPOSITS

During our cash test work, we noted that cash (bank balance) in deposit accounts at December 31, 1995 exceeded the amount secured by federal deposit insurance of \$100,000 by \$167,911. However, an agreement was not entered into with the bank holding these deposits to provide the market value of pledged securities plus federal deposit insurance that must at all times equal the amount of deposit with the bank.

### Recommendation

We recommend that NOBID establish policies and procedures to comply with the State of Louisiana statutes which require the amount of the security (federal deposit insurance plus pledged securities) be equal, at all times, to 100% of the amount on deposit to the credit of each depositing authority.

## 2. BUDGET ADOPTION

We noted during our audit that NOBID did not adopt a comprehensive budget presenting a complete financial plan of all general fund activities for the 1995 fiscal year as required by Louisiana laws affecting budgeting. Enterprise Center activities, in particular, were not budgeted.

We recommend that NOBID establish and implement procedures to ensure that all general fund activities are included in a comprehensive annual budget.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
EXIT CONFERENCE**

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The audit report was discussed at a meeting held on June 27, 1996  
and attended by:

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT**

- Mr. Joseph M. Bistes, President
- Mr. Emanuel Smith, Finance Committee Chairman
- Mr. Dwayne Smith, Finance Committee Member
- Mr. Dennis Best, Finance Committee Member

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

- Mr. Michael B. Bruno, Managing Partner
- Mr. Larry Jones, Supervisor

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

April 15, 1996