

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Central City Economic Opportunity Corporation (CCEOC)**, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Auditors' Responsibility, Continued

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of CCEOC's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCEOC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCEOC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of CCEOC as of December 31, 2018, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019 on our consideration of CCEOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCEOC's internal control over financial reporting and compliance.

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 10, 2019

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current Assets:	
Cash (NOTE 2)	\$ 36,165
Grants receivable (NOTE 4)	119,163
Investment (NOTES 5 and 12)	<u>105,864</u>
Total current assets	<u>261,192</u>
Noncurrent Assets:	
Property, building and equipment, net (NOTE 7)	114,603
Investment in real estate (NOTE 9)	<u>270,000</u>
Total noncurrent assets	<u>384,603</u>
Total assets	<u>\$645,795</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued liabilities	\$ 25,820
Compensated absences (NOTE 8)	27,113
Deferred revenue	<u>1,216</u>
Total current liabilities	<u>54,149</u>
Noncurrent Liabilities:	
Note payable (NOTE 9)	250,000
Compensated absences (NOTE 8)	<u>16,791</u>
Total noncurrent liabilities	<u>266,791</u>
Total liabilities	<u>320,940</u>

COMMITMENTS AND CONTINGENCIES (NOTES 15 and 16)

Net Assets:	
Without donor restrictions	<u>324,855</u>
Total net assets	<u>324,855</u>
Total liabilities and net assets	<u>\$645,795</u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>
OPERATING ACTIVITIES:	
Federal grants (NOTE 10)	\$1,375,495
Net fundraising revenue	5,858
In-kind revenue (NOTE 11)	<u>623,054</u>
Total operating income	<u>2,004,407</u>
EXPENSES:	
Program services	2,041,565
Supporting services	<u>33,389</u>
Total operating expenses	<u>2,074,954</u>
Change in net assets from operating activities	<u>(70,547)</u>
NON-OPERATING ACTIVITIES:	
Contributions	3,236
Other income	<u>30,868</u>
Change in net assets from non-operating activities	<u>34,104</u>
Change in net assets from operating and non-operating activities	<u>(36,443)</u>
Net assets, beginning of year	<u>361,298</u>
Net assets, end of year	<u>\$ 324,855</u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 844,535	\$ 1,637	\$ 846,172
Fringe benefits	146,424	4,093	150,517
In-kind expenses (NOTE 11)	623,054	-0-	623,054
Professional fees	59,101	2,144	61,245
Supplies	157,963	15,670	173,633
Telephone	31,925	-0-	31,925
Occupancy	51,407	1,364	52,771
Insurance	72,965	-0-	72,965
Repairs and maintenance	21,437	-0-	21,437
Equipment	3,421	-0-	3,421
Depreciation	-0-	7,756	7,756
Other	<u>29,333</u>	<u>725</u>	<u>30,058</u>
Total	<u>\$2,041,565</u>	<u>\$33,389</u>	<u>\$2,074,954</u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (36,443)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	7,756
Changes in assets and liabilities:	
Decrease in grants receivable	63,139
Increase in accounts payable and accrued liabilities	7,803
Decrease in compensated absences	(1,833)
Decrease in due to funding source	(4,880)
Decrease in deferred revenue	<u>(14,303)</u>
Net cash provided by operating activities	<u>21,239</u>
 CASH FLOWS USED IN INVESTING ACTIVITIES:	
Purchase of investments	<u>(938)</u>
Cash used in investing activities	<u>(938)</u>
Net increase in cash	20,301
Cash, beginning of year	<u>15,864</u>
Cash, end of year	<u>\$ 36,165</u>

The accompanying notes are integral part of these financial statements.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Central City Economic Opportunity Corporation (CCEOC) was organized to promote and develop economic opportunity to those in need of increased economic opportunity; to promote the education and welfare of the people of the community; and to form special interest groups as it deems necessary to solve special problems of the community.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of **CCEOC** are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, **CCEOC** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash equivalents. At December 31, 2018, **CCEOC** had no cash equivalents.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Presentation of Financial Statements

CCEOC's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of CCEOC are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CCEOC are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CCEOC's. CCEOC's board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CCEOC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Deferred Revenues

Deferred revenues arise when resources are received by CCEOC before it has a legal claim to them. In subsequent periods, when CCEOC has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Allocation of Expenses

The costs of providing CCEOC's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Depreciation	Square footage
Other	Time and effort

Revenue Recognition

For financial reporting, CCEOC recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Receivables

CCEOC considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CCEOC's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

Property and Equipment

CCEOC records property and equipment at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method.

It is the policy of CCEOC to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

Investment in Real Estate

Real estate held for investment is carried at cost not to exceed estimates of net realizable value determined on an individual project basis.

Fair Values of Financial Investments

Cash and cash equivalent amounts reported in the statement of financial position approximate fair value because of the short maturities of those investments.

Income Taxes

CCEOC is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is made in the accompanying financial statements. Should CCEOC's tax status be challenged in the future, CCEOC's 2015, 2016 and 2017 tax years are open for examination by the Internal Revenue Service.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this update are effective for annual financial standards issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

CCEOC implemented the new pronouncement in the accompanying financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK:

At December 31, 2018 the carrying amount of CCEOC's deposits was \$36,165 and the collected bank balance was \$52,936. The cumulative collected bank balance at December 31, 2018 is covered by federal deposit insurance up to \$250,000. Custodial credit risk is the risk that, in the event of a failure by the financial institution, CCEOC's deposits may not be returned to it. At December 31, 2018, CCEOC's deposits were fully insured against credit risk.

NOTE 3 - ECONOMIC DEPENDENCY:

During the year ended December 31, 2018, CCEOC received approximately 83% of its Federal grants Total Community Action, Inc. (TCA) through a pass-through federal award. If the amount of revenues received from TCA were to fall below contract levels, CCEOC's operating results could be adversely affected.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable at December 31, 2018 consisted of the following:

New Orleans Council on Aging, Inc.	\$ 17,436
Total Community Action, Inc.	92,584
State of Louisiana Department of Education	<u>9,143</u>
	<u>\$119,163</u>

NOTE 5 - INVESTMENT:

At December 31, 2018, CCEOC's investment consists of one 12-month certificate of deposit that matures March 23, 2020. The investment is presented on the financial statements at fair value. Carrying value is estimated to approximate fair value. See NOTE 12 for additional discussion.

NOTE 6 - LIQUIDITY:

CCEOC's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	\$ 36,165
Investment	105,864
Grants receivable	<u>119,163</u>
	<u>\$261,192</u>

CCEOC's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position.

As part of CCEOC's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, CCEOC invests cash in excess of projected requirements in investments.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT:

Property, building, and equipment at December 31, 2018 consisted of the following:

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Retirement</u>	Balance December 31, <u>2018</u>
Land	\$ 79,050	\$ -0-	\$-0-	\$ 79,050
Building	77,566	-0-	-0-	77,566
Vehicles	160,443	-0-	-0-	160,443
Furniture and office equipment	<u>45,892</u>	<u>-0-</u>	<u>-0-</u>	<u>45,892</u>
	362,951	-0-	-0-	362,951
Less: accumulated depreciation	<u>(240,592)</u>	<u>(7,756)</u>	<u>-0-</u>	<u>(248,348)</u>
	<u>\$ 122,359</u>	<u>\$(7,756)</u>	<u>\$-0-</u>	<u>\$ 114,603</u>

Depreciation expense for the year ended December 31, 2018 was \$7,756.

NOTE 8 - COMPENSATED ABSENCES:

CCEOC records annual leave earned but not used by employees in the period in which leave is earned. At December 31, 2018, accrued leave totaled \$43,904 which consisted of the following classification:

<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
<u>\$27,113</u>	<u>\$16,791</u>	<u>\$43,904</u>

The noncurrent portion due within a year is \$-0-.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - NOTE PAYABLE:

The note payable at December 31, 2018 consisted of the following:

Note payable to City of New Orleans, at a 3% interest rate, due December, 2021. The note is secured by a second mortgage on real estate, the Handleman building, costing \$270,000.	<u>\$250,000</u>
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The note payable to City of New Orleans does not start to accrue interest until **CCEOC** transfers the property to an entity that qualifies for the historic tax credit and the transferee borrows a minimum of \$2,500,000 on a non-recourse basis to develop the Handleman building.

The aggregate maturities of the note payable are as follows:

<u>Year Ending December 31,</u>	
2019	\$ -0-
2020	-0-
2021	<u>250,000</u>
	<u>\$250,000</u>

NOTE 10 - GRANT REVENUE:

Grant revenue consisted of the following sources for the year ended December 31, 2018:

Total Community Action, Inc.:	
Head Start Program	\$1,139,061
New Orleans Council on Aging, Inc.:	
Title III B Supportive Services	84,908
Senior Citizen Services	37,144
State of Louisiana Department of Education:	
Food Service Program	<u>114,382</u>
	<u>\$1,375,495</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - IN-KIND CONTRIBUTIONS AND COSTS RECOGNIZED:

As a condition of a grant received by CCEOC, CCEOC must provide a portion of the costs of the program. To satisfy this condition, the funding agency accepts in-kind contributions from volunteers and certain other contributions. The accompanying statement of activities includes in-kind contributions in revenues and expenses. During the year ended December 31, 2018, in-kind contributions were recognized for the following:

Volunteer services	<u>\$623,054</u>
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NOTE 12 - FAIR VALUE MEASUREMENT:

Financial Accounting Standards Board (FASB) and the Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below:

FAIR VALUE MEASUREMENT AT REPORTING DATE

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Certificate of deposit	<u>\$105,864</u>	<u>\$-0-</u>	<u>\$-0-</u>

The assumptions to estimate fair value are as follows:

Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of the instruments.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - PENSION PLAN:

CCEOC sponsors a defined contribution employee pension plan covering all employees 21 years or older who have worked for CCEOC a minimum of one year. CCEOC decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. There were no pension contributions for the year ended December 31, 2018.

NOTE 14 - RISK MANAGEMENT:

CCEOC is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which CCEOC carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 15 - REVOLVING LINE OF CREDIT:

On December 5, 2018, CCEOC entered into a revolving line of credit agreement with a bank for any amount up to \$100,000. The line of credit carries an interest rate of 2.10% and interest on the unpaid principal is payable monthly. All outstanding principal plus unpaid interest is due and payable on December 5, 2019.

At December 31, 2018, no draws had been made against the line of credit. The line of credit is secured by CCEOC's certificate of deposit.

NOTE 16 - CONTINGENCIES:

CCEOC is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to CCEOC. These examinations may result in required refunds by CCEOC to agencies and/or program beneficiaries.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 17 - PER DIEM FOR DIRECTORS:

During the year ended December 31, 2018, no board member received per diem in his/her capacity as a Director.

NOTE 18 - SUBSEQUENT EVENTS:

CCEOC is required to evaluate events or transactions that may have occurred after the statement of financial position date for potential recognition or disclosure in the financial statements. CCEOC performed such an evaluation through June 10, 2019, the date which financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date that required recognition or disclosure.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of **Central City Economic Opportunity Corporation (CCEOC)** as of and for the year ended December 31, 2018, and have issued our report dated June 10, 2019 which contained an unmodified opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for the purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. The information in Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule I is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Other Matters, Continued

Other Supplementary Information

The other supplementary information, comprised of the Combining Statements of Activities (Schedule II), Functional Expenses (Schedule III) and the Schedule of Compensation, Benefits and Other Payments to Executive Director (Schedule IV) is presented for the purpose of additional analysis and is not a required part of the financial statements . Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Also, the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information (Schedules II, III and IV) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 10, 2019

SCHEDULE I

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>PROGRAM</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Total Community Action, Inc.:		
Head Start Program	93.600	\$1,139,061
Passed through New Orleans Council on Aging, Inc.:		
Title III B Supportive Services	93.633	<u>84,908</u>
Total U. S. Department of Health and Human Services		<u>1,223,969</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through State of Louisiana:		
Department of Education:		
Food Service Program	10.558	<u>114,382</u>
Total U.S. Department of Agriculture		<u>114,382</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through New Orleans Council on Aging, Inc.:		
Senior Citizen Services	14.218	<u>37,144</u>
Total U.S. Department of Housing and Urban Development		<u>37,144</u>
Total Federal Awards		<u>\$1,375,495</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes all federal activity of CCEOC for the year ended December 31, 2018 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CCEOC has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Head Start Program</u>	<u>Senior Citizen Program</u>	<u>Food Service Program</u>	<u>Community Development Block Grant</u>	<u>General</u>	<u>Total</u>
OPERATING ACTIVITIES:						
Federal grants	\$1,139,061	\$ 84,908	\$114,382	\$37,144	\$ -0-	\$1,375,495
Net funding revenue	-0-	5,858	-0-	-0-	-0-	5,858
In-kind revenue	<u>623,054</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>623,054</u>
Total operating income	<u>1,762,115</u>	<u>90,766</u>	<u>114,382</u>	<u>37,144</u>	<u>-0-</u>	<u>2,004,407</u>
EXPENSES:						
Program services	1,762,115	104,455	137,851	37,144	-0-	2,041,565
Supporting services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>33,389</u>	<u>33,389</u>
Total expenses	<u>1,762,115</u>	<u>104,455</u>	<u>137,851</u>	<u>37,144</u>	<u>33,389</u>	<u>2,074,954</u>
Change in net assets from operating activities	<u>-0-</u>	<u>(13,689)</u>	<u>(23,469)</u>	<u>-0-</u>	<u>(33,389)</u>	<u>(70,547)</u>

See Independent Auditors' Report on Supplementary Information.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINING STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Head Start Program</u>	<u>Senior Citizen Program</u>	<u>Food Service Program</u>	<u>Community Development Block Grant</u>	<u>General</u>	<u>Total</u>
NON-OPERATING ACTIVITIES:						
Contributions	\$ -0-	\$ 3,236	\$ -0-	\$ -0-	\$ -0-	\$ 3,236
Other revenue	<u>-0-</u>	<u>4,110</u>	<u>-0-</u>	<u>-0-</u>	<u>26,758</u>	<u>30,868</u>
Total non-operating income	<u>-0-</u>	<u>7,346</u>	<u>-0-</u>	<u>-0-</u>	<u>26,758</u>	<u>34,104</u>
Change in net assets from operating and non-operating activities before operating transfer in (out)	<u>-0-</u>	<u>(6,343)</u>	<u>(23,469)</u>	<u>-0-</u>	<u>(6,631)</u>	<u>(36,443)</u>
OPERATING TRANSFER - IN (OUT):						
Transfers in (out)	<u>-0-</u>	<u>6,343</u>	<u>23,469</u>	<u>-0-</u>	<u>(29,812)</u>	<u>-0-</u>
Total operating transfer in (out)	<u>-0-</u>	<u>6,343</u>	<u>23,469</u>	<u>-0-</u>	<u>(29,812)</u>	<u>-0-</u>
Change in net assets from operating and non-operating activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(36,443)</u>	<u>(36,443)</u>
Net assets, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>361,298</u>	<u>361,298</u>
Net assets, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$324,855</u>	<u>\$ 324,855</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**CENTRAL CITY ECONOMIC CORPORATION
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Headstart		Senior Citizen Program		Food Service Program		Community Development Block Grant		General		Totals (Memorandum Only)	
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services
Salaries	\$ 734,090	\$ -0-	\$ 58,846	\$ -0-	\$ 26,571	\$ -0-	\$25,028	\$ -0-	\$ -0-	\$ 1,637	\$ 844,535	\$ 1,637
Fringe benefits	136,497	-0-	5,365	-0-	2,303	-0-	2,259	-0-	-0-	4,093	146,424	4,093
In-Kind expenses	623,054	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	623,054	-0-
Professional fees	46,760	-0-	3,760	-0-	2,200	-0-	6,381	-0-	-0-	2,144	59,101	2,144
Supplies	46,166	-0-	1,544	-0-	106,777	-0-	3,476	-0-	-0-	15,670	157,963	15,670
Telephone	30,002	-0-	1,923	-0-	-0-	-0-	-0-	-0-	-0-	-0-	31,925	-0-
Occupancy	51,407	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,364	51,407	1,364
Insurance	58,867	-0-	14,098	-0-	-0-	-0-	-0-	-0-	-0-	-0-	72,965	-0-
Repairs and maintenance	20,297	-0-	1,140	-0-	-0-	-0-	-0-	-0-	-0-	-0-	21,437	-0-
Equipment	2,221	-0-	1,200	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,421	-0-
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,756	-0-	7,756
Other	<u>12,754</u>	<u>-0-</u>	<u>16,579</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>725</u>	<u>29,333</u>	<u>725</u>
Total expenses	<u>\$1,762,115</u>	<u>\$ -0-</u>	<u>\$104,455</u>	<u>\$ -0-</u>	<u>\$137,851</u>	<u>\$ -0-</u>	<u>\$37,144</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$33,389</u>	<u>\$2,041,565</u>	<u>\$33,389</u>

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

SCHEDULE IV

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF COMPENSATION , BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2018**

Executive Director Name: Lisa S. Mazique

<u>Purpose</u>	<u>Amount</u>
Salary	\$68,447
Benefits - payroll taxes	5,077
Benefits - medical insurance	3,694
Benefits - life insurance	<u>198</u>
	<u>\$77,416</u>

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

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

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

We have audited 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 of America, the financial statements of **Central City Economic Opportunity Corporation (CCEOC)** as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise **CCEOC's** financial statements, and have issued our report thereon dated June 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CCEOC's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **CCEOC's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **CCEOC's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of CCEOC's financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCEOC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of CCEOC's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCEOC's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 10, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Report on Compliance for Major Federal Program

We have audited **Central City Economic Opportunity Corporation's (CCEOC)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on **CCEOC's** major federal program for the year ended December 31, 2018. **CCEOC's** major federal program is identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for CCEOC's major federal program based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title II of the United States *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and *the Uniform Guidance* 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 CCEOC'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 on compliance for its major federal program. However, our audit does not provide a legal determination of CCEOC's compliance.

Opinion on Major Federal Program

In our opinion, CCEOC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *the Uniform Guidance* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002. Our opinion on CCEOC's major federal program is not modified with respect to these matters.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

CCEOC's Response to Findings

CCEOC's response to the noncompliance findings identified in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". CCEOC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

Report on Internal Control Over Compliance

Management of CCEOC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered CCEOC's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with *the Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCEOC's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in CCEOC's internal control over compliance that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance, Continued

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *the Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 10, 2019

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>the Uniform Guidance</i> ?	Yes

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Headstart Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings and Questioned Costs

No financial statement findings and questioned costs reported during the year ended December 31, 2018.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs

Reference Number

2018-001

Federal Award Program

Headstart Program (see Schedule of Expenditures of Federal Awards).

Criteria

Section III of the Cooperative Endeavor Agreement (CEA) between Total Community Action, Inc. (TCA) and CCEOC states in part "The Delegate shall maintain successful recruitment and full enrollment at its funded enrollment as stated in SECTION I, "Services to be Rendered" above, of eligible children and appropriate average daily attendance rate. A minimum average daily attendance of 85% of the enrolled children is required".

Condition (Attendance Level)

The executed contract between CCEOC and TCA (grantor) for the year ended December 31, 2018, required the maintenance of a 85% attendance level for its enrolled students in its Head Start Program. At various periods during the year the attendance level was below the required 85%.

Management provided us with its documented analysis of some of the specific reasons for student attendance levels.

Questioned Costs

None.

Context

Total expenditures of federal awards for the year ended December 31, 2018 were \$1,375,495.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2018-001

Effect or Potential Effect

Noncompliance with its contractual agreement.

Cause

Various external factors that impacted enrolled student attendance.

Recommendation

Management should continue its outreach efforts toward activities to facilitate enrolled student attendance pursuant to the requirements of Subsection 1, 2 and 3 of the CEA.

Management's Response and Planned Corrective Action

CCEOC will continue in concert with its Family Service workers to perform outreach efforts to facilitate student attendance.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2018-002

Federal Award Program

Headstart Program (see Schedule of Expenditures of Federal Awards).

Criteria

The Davis Bacon Act requires that:

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 should pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area;
- o Contracts in excess of \$100,000 pay employees one and one half (1 -1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period;
- o Weekly payment of employees; and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2018-002

Condition (Davis Bacon Act)

Based on our review of a construction contract executed during 2018, we noted where the required "Statements of Certification" and related payroll records due within the seven (7) day window of the payroll date were not submitted to CCEOC by the contractor.

Questioned Costs

None.

Context

Total federal awards expended for the Headstart Program year ended December 31, 2018 were \$1,139,061.

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act.

Cause

Initial construction contract requiring compliance with the reporting requirements of the Davis Bacon Act.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2018-002

Recommendation

We recommend that management revisit with its policies and procedures to address the requirements of the Davis Bacon Act.

Management's Response and Planned Corrective Action

Management will provide staff with the necessary training to address the compliance requirements of the Davis Bacon Act with its contractors and/or subcontractors when applicable.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year Award Findings and Questioned Costs

Reference Number

2017-001

Federal Award Program

Title III B Supportive Services (see Schedule of Expenditures of Federal Awards).

Criteria

Section III of the Cooperative Endeavor Agreement (CEA) between Total Community Action, Inc. (TCA) and CCEOC states in part "The Delegate shall maintain successful recruitment and full enrollment at its funded enrollment as stated in SECTION I, "Services to be Rendered" above, of eligible children and appropriate average daily attendance rate. A minimum average daily attendance of 85% of the enrolled children is required".

Condition

The executed contract between CCEOC and TCA (grantor) for the year ended December 31, 2017, required the maintenance of a 85% attendance level for its enrolled students in its Head Start Program. At various periods during the year the attendance level was below the required 85%.

Management provided us with its documented analysis of some of the specific reasons for student attendance levels.

Questioned Costs

None.

Context

Total expenditures of federal awards for the year ended December 31, 2017 was \$1,394,662.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-001

Effect or Potential Effect

Noncompliance with its contractual agreement.

Cause

Various external factors that impacted enrolled student attendance.

Recommendation

Management should continue its outreach efforts toward activities to facilitate enrolled student attendance pursuant to the requirements of Subsection 1, 2 and 3 of the CEA.

Current Status

Unresolved. See current year's finding reference number 2018-001.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

EXIT CONFERENCE

An exit conference was held with representatives of **Central City Economic Opportunity Corporation**. Management is in agreement with the contents of the reports. Those persons who participated in the discussions are as follows:

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

Lisa S. Mazique

-- Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA

-- Partner

Sherina Clavier, CPA

-- Manager



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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

Management of **Central City Economic Opportunity Corporation (CCEOC)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **CCEOC** as of and for the year ended December 31, 2018, we considered **CCEOC's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **CCEOC's** internal control. Accordingly, we do not express an opinion on the effectiveness of **CCEOC's** internal control.

During our audit, we became aware of other matters that provide an opportunity for **CCEOC** to strengthen its internal control and operating efficiency.

We previously reported on **CCEOC's** internal control in our report dated June 10, 2019. This letter does not affect our report dated June 10, 2019 on the financial statements of **CCEOC**.

We will review the status of these other matters during our next engagement. We have already discussed these other matters with **CCEOC's** personnel, and we will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters
2018

Our discussion of current year's other matters follows:

Reference Number

OM 2018-001

Criteria

Management of CCEOC is responsible for the design, implementation and operation of internal control to ensure that accounting transactions are properly supported to achieve reliability of financial reporting.

Condition

Our testing of internal control processes over cash receipts and disbursement transactions revealed the following conditions:

- In six (6) of thirteen (13) transactions reviewed, we noted no specific documented evidence of the business purpose. CCEOC's current purchase requisition form requires the inscription of the business purpose to include the program and/or department being charged.
- CCEOC's three (3) bank account reconciliations reviewed for the month of December 2018, revealed inscribed dates to evidence review and approval of December 31, 2018 instead of the date of actual review and approval.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-001

Condition, Continued

- For eight (8) of twenty-five (25) cash disbursement transactions reviewed, we noted no documented evidence of the mathematical verification of the paid amount. It is our understanding through discussions with management that the verification was performed but not documented in writing.
- For three (3) of four (4) deposit transactions reviewed, we noted no documented evidence of the date of receipt to verify the timeliness in deposit of said funds.
- In all four (4) cash collection transactions reviewed, we noted no evidence of per-numbered receipts issued and accounted for in the cash reconciliation process. Management was unable to locate copies of the receipts or a system generated report to support receipts issued.

Context

Total operating revenues and expenses for the year ended December 31, 2018 were \$2,004,407 and \$2,074,954, respectively.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-001

Effect or Potential Effect

The potential risk of misappropriation of assets.

Cause

Size of personnel coupled with the level of operations.

Recommendation

Management should continue to assess its current practices to ensure compliance with established internal control processes and related documentation requirements.

Management's Response and Planned Corrective Action

Management will provide staff with additional training to minimize, if not eliminate, the referenced conditions. Anticipated completion date is September 30, 2019.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-002

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions. Further, such a system should ensure the safeguarding of assets.

Condition

Considering the personnel size of CCEOC's operations, the elements of an effective segregation of duties are not practical and/or cost effective.

Context

Total operating revenues and expenses for the year ended December 31, 2018 were \$2,004,407 and \$2,074,954, respectively.

Effect or Potential Effect

The potential risk for misappropriation of assets.

Cause

Size of personnel coupled with the level of operations.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-002

Recommendation

Management should re-evaluate and assess areas for segregation of duties in its custodial and recordation functions. Further, management should consider opportunities for the implementation of offsetting controls.

Management's Response and Planned Corrective Action

Management will continue to provide the necessary level of oversight. Further, assessment of the current internal control will be performed to implement offsetting controls where feasible.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters
2017

The status of prior year's other matters follows:

Reference Number

OM 2017-001

Criteria

Management of CCEOC is responsible for the design, implementation and operation of internal control to ensure that accounting transactions are properly supported.

Condition

In testing reconciling items for the operating account, we noted seven (7) old outstanding checks greater than 6 months old totaling \$11,229. Upon inquiry, we found that these items were duplicates and other errors that needed to be voided. Four (4) of the outstanding checks totaling \$4,880 had been claimed for reimbursement.

Context

Total revenues for the year ended December 31, 2017 were \$2,242,095 and total expenses were \$2,281,264.

Effect or Potential Effect

CCEOC's grant reimbursement requests for 2017 were overstated due to duplicate or invalid disbursements for the following amounts and programs:

Head Start	\$4,200
CDBG	<u>680</u>
	<u>\$4,880</u>

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-001

Cause

Lack of an established procedures to ensure that old outstanding reconciling items are resolved timely.

Recommendation

We recommend that management enhance its oversight over the preparation of bank reconciliations and ensure that old outstanding items are investigated and resolved on a timely basis.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2017

Reference Number

OM 2017-002

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

Currently, CCEOC does not have a formally adopted cost allocation policy.

Context

Total expenses for the year ended December 31, 2017 were \$2,281,264.

Effect or Potential Effect

The potential for mis-allocation of program cost.

Cause

Lack of an established procedure to ensure the periodic review and development of required policy.

Recommendation

Management should develop for board adoption a formal allocation policy.

Current Status

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2017

Reference Number

OM 2017-004

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

Our review of CCEOC's month and year end closing processes revealed the need for management to ensure completeness of month and year end cutoff processes to ascertain the completeness in accounting for all financial transactions.

Context

Total revenues and expenses for the year ended December 31, 2017 were \$2,242,095 and \$2,281,264, respectively.

Effect or Potential Effect

The potential for incomplete financial reporting.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-004

Cause

Lack of an established system in place to ensure completeness in closing processes.

Recommendation

Management should revisit with the financial reporting processes to ensure its completeness in executed transactions.

Current Status

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

CCEOC's response to the other matters identified in our audit is described in the accompanying report on other matters related to internal control under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". We did not audit CCEOC's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the management of CCEOC, its Board of Directors, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 10, 2019

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2018



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors
Central City Economic Opportunity Corporation
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by **Central City Economic Opportunity Corporation (CCEOC)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUP) for the year ended December 31, 2018. **CCEOC's** management is responsible for those control and compliance identified in the SAUP.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures and related findings to the SAUP are as follows:

Written Policies and Procedures

1. Procedure

We obtained CCEOC's written policies and procedures and observed that the policies and procedures addressed each of the following categories and sub-categories:

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

1. Procedure, Continued

- c) Disbursements, including processing, reviewing, and approving.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

- d) Receipts including receiving, recording, and preparing deposits. Also, policies and procedures should include management actions to determine the completeness of all collections for each type of revenue.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

- e) Payroll/Personnel including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

- f) Contracting including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

1. Procedure, Continued

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

- g) Credit and fuel cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

- h) Travel and travel related expense reimbursement including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Finding

CCEOC's board at its November 14, 2018 meeting adopted a revised operational policies and procedures to address the referenced category and subcategories. Further, at its January 18, 2019 board meeting it adopted a revised payroll policies and procedures.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Board or Finance Committee

2. Procedure

We obtained and inspected Board minutes for the year ended December 31, 2018 and:

- a) We observed that the Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

Finding

No exceptions noted.

- b) We observed that the Board minutes referenced financial activity relating to the public funds compromised more than 10% of CCEOC's collection during the year ended December 31, 2018.

Finding

CCEOC's board minutes reflected the presentation by its fee accountant, its monthly financial statements to include discussions held by Board members in attendance.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Bank Reconciliations

3. Procedure

We obtained a listing of bank accounts for the year ended December 31, 2018 to include an identification of CCEOC's main operating account from management and management's representation that the listing is complete.

Finding

No exceptions noted.

4. Procedure

From the listing provided by management, we selected CCEOC's main operating and remaining two (2) bank accounts.

Finding

No exceptions noted

5. Procedure

Using the selection from item 4 above, we randomly selected for each account, one month's bank statement and reconciliation and observed that:

- a) Bank reconciliations included evidence that they were prepared within two (2) months of the related statement closing date (initialed and dated).

Finding

No exceptions noted.

- b) Bank reconciliation included evidence that a member of management/board member who does not handle cash, post ledgers or issue checks reviewed each bank reconciliation (initialed and dated).

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Bank Reconciliations, Continued

5. Procedure, Continued

Finding

No exceptions noted.

A review of the bank account reconciliations revealed inscribed dates to evidence review and approval of December 31, 2018 instead of the date of actual review and approval.

- c) Management documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, where applicable.

Finding

No exceptions noted.

Collections

6. Procedure

We obtained a listing of deposit sites for the year ended December 31, 2018 where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We selected CCEOC's only deposit site.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

7. Procedure

For the deposit site selected, we obtained a listing of CCEOC's collection location and management's representation that the listing is complete. We selected the only collection location for the deposit site, obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at the collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Finding

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Finding

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

7. Procedure, Continued

Finding

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding

No exceptions noted.

8. Procedure

We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Finding

No exceptions noted.

9. Procedure

We randomly selected two (2) deposit dates for each of the three (3) bank accounts selected for procedure #4 under "Bank Reconciliations". We obtained supporting documentation for each of the six (6) deposits and :

- a) We observed that receipts are sequentially pre-numbered.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

9. Procedure, Continued

Finding

For the sample of six (6) transactions selected with noted no pre-numbered receipts attached.

Management's Response

Management is currently exploring the ability to generate sequentially pre-numbered receipts using its existing software system.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Finding

CCEOC was unable to provide sequentially pre-numbered receipts or a system generated report of such.

Management's Response

Management is currently exploring the ability to generate sequentially pre-numbered receipts using its existing software system.

- c) Traced the deposit slip total to the actual deposit per the bank statement.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

9. Procedure, Continued

- d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Finding

CCEOC's current documentation trail does not facilitate the performance of the referenced procedure.

Management's Response

Management will revisit with its current collection documentation trail to ensure its completeness in collection activities that include dates.

- e) Traced actual deposit per the bank statement to the general ledger.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

10. Procedure

We obtained a listing of locations that process payments for the year ended December 31, 2018 and management's representation that the listing is complete. We selected the only location.

Finding

No exceptions noted.

11. Procedure

For the location selected under #10 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties and observed that job duties are properly segregated such that:

- a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Finding

No exceptions noted.

- b) At least two (2) employees are involved in processing and approving payments to vendors.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases), Continued

11. Procedure, Continued

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Finding

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Finding

No exceptions noted.

12. Procedure

For each location selected under #10 we, obtained the CCEOC's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five (5) disbursements for each location, obtain supporting documentation for each transaction and:

- a) We observed that the disbursement matched the related original invoice/billing statement.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases), Continued

12. Procedure, Continued

- b) We observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #11, as applicable.

Finding

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards

13. Procedure

We obtain from management a listing of all active credit cards, and fuel cards for the year ended December 31, 2018, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

Finding

No exceptions noted.

14. Procedure

Using the listing prepared by management, we randomly selected all cards that were used during the year ended December 31, 2018. We randomly selected one (1) month statement or combined statement for each card, and obtained supporting documentation, and:

- a) We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchased, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards, Continued

14. Procedure, Continued

Finding

No exceptions noted.

- b) We observed that finance charges and late fees were not assessed on the selected statements.

Finding

Noted the payment of finance charges due to the maintenance of a revolving balance.

Management's Response

CCEOC operates under a cost reimbursement basis with funding sources. As such, the maintenance of a revolving balance is a part of its cash flow management.

15. Procedure

Using the monthly statements or combined statements under #14 above, excluding fuel cards, we randomly selected ten (10) transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Finding

We noted the absence of the business purpose inscription on the purchase requisition form in six (6) of the thirteen (13) transactions selected for testing.

Management's Response

Management will enhance its oversight in the future over the completeness in all prepared purchase requisitions.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Contracts

16. Procedure

We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the year ended December 31, 2018 that the listing is complete. We randomly selected five (5) contracts from the listing, and:

- a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Finding

No exceptions noted.

- b) We observed that the contract was approved by the governing body/board, if required by policy, where applicable.

Finding

No exceptions noted.

- c) If the contract was amended (e.g., change order), observed that the original contract terms provided for such an amendment.

Finding

No exceptions noted.

- d) We randomly selected one (1) payment from the year ended December 31, 2018 for each of the five (5) contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

Contracts, Continued

16. Procedure, Continued

Finding

No exceptions noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those compliance and control areas identified in the SAUP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those compliance and control areas identified in the SAUP, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

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CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 10, 2019