

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 12, 2018 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

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 12, 2018

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets:

Cash (NOTE 2)	\$ 15,864
Grants receivable (NOTE 4)	182,302
Investment (NOTE 5)	<u>104,926</u>
Total current assets	<u>303,092</u>

Noncurrent Assets:

Property building and equipment, net (NOTE 6)	122,359
Investment in real estate	<u>270,000</u>
Total noncurrent assets	<u>392,359</u>

Total assets	<u>\$ 695,451</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued liabilities	\$ 18,017
Due to funding source	4,880
Compensated absences (NOTE 7)	28,175
Deferred revenue	<u>15,519</u>
Total current liabilities	<u>66,591</u>

Noncurrent Liabilities:

Note payable (NOTE 8)	250,000
Compensated absences (NOTE 7)	<u>17,562</u>
Total noncurrent liabilities	<u>267,562</u>

Total liabilities	<u>334,153</u>
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COMMITMENTS AND CONTINGENCIES (NOTES 15 and 16)

Net Assets:

Unrestricted	<u>361,298</u>
Total net assets	<u>361,298</u>

Total liabilities and net assets	<u>\$ 695,451</u>
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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, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE:			
Federal grants (NOTE 9)	\$ 1,394,662	\$ -	\$ 1,394,662
Contributions	4,631	-	4,631
Fundraising income	5,207	-	5,207
In-kind revenue (NOTE 10)	794,891	-	794,891
Other income	42,704	-	42,704
Net assets released from restrictions	<u>43,320</u>	<u>(43,320)</u>	<u>-</u>
 Total revenues	 <u>2,285,415</u>	 <u>(43,320)</u>	 <u>2,242,095</u>
EXPENSES:			
Program services	2,217,042	-	2,217,042
Supporting services	<u>64,222</u>	<u>-</u>	<u>64,222</u>
 Total expenses	 <u>2,281,264</u>	 <u>-</u>	 <u>2,281,264</u>
 Change in net assets	 4,151	 (43,320)	 (39,169)
Net assets, beginning of year	<u>357,147</u>	<u>43,320</u>	<u>400,467</u>
 Net assets, end of year	 <u>\$ 361,298</u>	 <u>\$ -</u>	 <u>\$ 361,298</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, 2017

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 874,555	\$ 9,045	\$ 883,600
Fringe benefits	167,743	2,780	170,523
In-kind expenses (NOTE 10)	794,891	-	794,891
Professional fees	56,764	6,138	62,902
Supplies	142,959	19,306	162,265
Telephone	24,817	-	24,817
Occupancy	47,010	-	47,010
Insurance	35,787	1,400	37,187
Repairs and maintenance	42,341	5,500	47,841
Equipment	6,039	-	6,039
Depreciation	-	7,756	7,756
Other	24,136	12,297	36,433
	<u>\$ 2,217,042</u>	<u>\$ 64,222</u>	<u>\$ 2,281,264</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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (39,169)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	7,756
Changes in assets and liabilities:	
Decrease in grants receivable	4,534
Increase in investment	(999)
Decrease in accounts payable and accrued liabilities	(46,455)
Increase in compensated absences	8,791
Increase in due to funding source	4,880
Increase in deferred revenue	<u>15,519</u>
Net cash used in operating activities	<u>(45,143)</u>
Net decrease in cash	(45,143)
Cash, beginning of year	<u>61,007</u>
Cash, end of year	<u>\$ 15,864</u>

The accompanying notes are an 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, 2017, **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. Accordingly, the net assets of CCEOC are classified to present the following classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The net asset categories and changes therein are classified as follows:

Unrestricted Net Assets - Contributions and other revenue and expenses for the general operation of its program.

Temporarily Restricted Net Assets - Contributions and other revenue specifically authorized by the donor or grantor to be used for specific purposes.

Permanently Restricted Net Assets - Contributions subject to donor imposed stipulations that neither expire by the passage of time, nor can be fulfilled and removed by actions of CCEOC pursuant to those stipulations. At December 31, 2017, CCEOC did not have any permanently restricted net assets.

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.

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.

Grant revenue is recognized as it is earned in accordance with approved contracts.

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:

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 2014, 2015 and 2016 tax years are open for examination by the Internal Revenue Service.

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

NOTE 2 - CONCENTRATION OF CREDIT RISK:

At December 31, 2017 the carrying amount of CCEOC's deposits was \$15,864 and the collected bank balance was \$45,675. The cumulative collected bank balance at December 31, 2017 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, 2017, CCEOC's deposits were fully insured against credit risk.

NOTE 3 - ECONOMIC DEPENDENCY:

During the year ended December 31, 2017, CCEOC received approximately 51% of its total revenues from Total Community Action, Inc. (TCA) through a pass-through federal award. If the amount of revenues received from TCA were fall below contract levels, CCEOC's operating results could be adversely affected.

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable at December 31, 2017 consist of the following:

New Orleans Council on Aging, Inc.	\$ 28,068
Total Community Action, Inc.	146,090
State of Louisiana Department of Education	<u>8,144</u>
	<u>\$182,302</u>

NOTE 5 - INVESTMENT:

At December 31, 2017, CCEOC's investment consists of one 12-month certificate of deposit that matures March 23, 2019. The investment is presented on the financial statements at fair value. Carrying value is estimated to approximate fair value.

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

NOTE 6 - PROPERTY, BUILDING AND EQUIPMENT:

Property, building, and equipment at December 31, 2017 consists of the following:

Land	\$	79,050
Building		77,566
Vehicles		160,443
Furniture and office equipment		<u>45,892</u>
		362,951
Less: accumulated depreciation		<u>(240,592)</u>
		<u>\$122,359</u>

Depreciation expense for the year ended December 31, 2017 was \$7,756.

NOTE 7 - COMPENSATED ABSENCES:

CCEOC records annual leave earned but not used by employees in the period in which leave is earned. At December 31, 2017, accrued leave totaled \$45,737 which consists of the following classification:

<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
<u>\$28,175</u>	<u>\$17,562</u>	<u>\$45,737</u>

NOTE 8 - NOTE PAYABLE:

The notes payable at December 31, 2017 consists 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.

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

NOTE 8 - NOTE PAYABLE, CONTINUED:

The aggregate maturities of the note payable are as follows:

Year Ending December 31,

2018	\$ -0-
2019	-0-
2020	-0-
2021	<u>250,000</u>
	<u>\$250,000</u>

NOTE 9 - GRANT REVENUE:

Grant revenue consists of the following sources for the year ended December 31, 2017:

Total Community Action, Inc.:	
Head Start Program	\$1,152,905
New Orleans Council on Aging, Inc.:	
Title III B Supportive Services	91,612
Senior Citizen Services	36,459
State of Louisiana Department of Education:	
Food Service Program	<u>113,686</u>
	<u>\$1,394,662</u>

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

NOTE 10 - 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, 2017, in-kind contributions were recognized for the following:

Volunteer services	<u>\$794,891</u>
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NOTE 11 - 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>\$104,926</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 12 - 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, 2017.

NOTE 13 - 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 14 - REVOLVING LINE OF CREDIT:

On December 5, 2017, 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 3% and interest on the unpaid principal is payable monthly. All outstanding principal plus unpaid interest is due and payable on December 5, 2018.

At December 31, 2017, no draws had been made against the line of credit. The line of credit is secured by CCEOC's certificate of deposit.

NOTE 15 - COMMITMENT:

CCEOC leases its administrative and program offices under a non-cancellable lease with an original one-year lease term ending December 31, 2017, and which automatically renews for a period of one year unless a 45-day notice is given by either party. Future minimum lease payments under the above lease total \$24,000 for 2018.

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

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.

NOTE 17 - PER DIEM FOR DIRECTORS:

During the year ended December 31, 2017, 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 12, 2018, 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.

NOTE 19 - 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 is currently assessing the impact of this new pronouncement on its financial statements.

SUPPLEMENTAL INFORMATION



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**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, 2017, and have issued our report dated June 12, 2018 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

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

Other Matters, Continued

Other Supplementary Information

The other supplementary information, the Combining Statement of Activities (Schedule II) and the Schedule of Compensation, Benefits and Other Payments to Executive Director (Schedule III) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 and III) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 12, 2018

SCHEDULE I

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<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	\$ 1,152,905
Passed through New Orleans Council on Aging, Inc.:		
Title III B Supportive Services	93.633	<u>91,612</u>
Total U.S. Department of Health and Human Services		<u>1,244,517</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through State of Louisiana:		
Department of Education:		
Food Service Program	10.558	<u>113,686</u>
Total U.S. Department of Agriculture		<u>113,686</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through New Orleans Council on Aging, Inc.:		
Senior Citizen Services	14.218	<u>36,459</u>
Total U.S. Department of Housing and Urban Development		<u>36,459</u>
Total Federal Awards		<u>\$ 1,394,662</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes all federal activity of CCEOC for the year ended December 31, 2017 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 basic 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, 2017

	Head Start Program	Senior Citizen Program	Food Service Program	Community Development Block Grant	Dryades YMCA Restoration	Mercy Corps	General	Total
REVENUE								
Federal grants	\$ 1,152,905	\$ 91,612	\$ 113,686	\$ 36,459	\$ -	\$ -	\$ -	\$ 1,394,662
Contributions	-	4,631	-	-	-	-	-	4,631
Fundraising income	-	5,207	-	-	-	-	-	5,207
In-kind revenue	794,891	-	-	-	-	-	-	794,891
Other revenue	5,500	3,812	-	-	-	-	33,392	42,704
Net assets released from restrictions	-	(29,975)	-	-	(3,315)	(10,030)	43,320	-
	<u>1,953,296</u>	<u>75,287</u>	<u>113,686</u>	<u>36,459</u>	<u>(3,315)</u>	<u>(10,030)</u>	<u>76,712</u>	<u>2,242,095</u>
EXPENSES								
Salaries	761,172	57,371	27,227	28,785	-	-	9,045	883,600
Fringe benefits	146,833	14,440	2,426	4,044	-	-	2,780	170,523
In-kind expense	794,891	-	-	-	-	-	-	794,891
Professional fees	46,108	5,590	1,984	3,082	-	-	6,138	62,902
Supplies	43,044	9,750	89,617	548	-	-	19,306	162,265
Telephone	22,932	1,885	-	-	-	-	-	24,817
Occupancy	47,010	-	-	-	-	-	-	47,010
Insurance	31,794	3,993	-	-	-	-	1,400	37,187
Repairs and maintenance	36,085	6,256	-	-	-	-	5,500	47,841
Equipment	6,039	-	-	-	-	-	-	6,039
Depreciation	-	-	-	-	-	-	7,756	7,756
Other	11,888	12,248	-	-	-	-	12,297	36,433
	<u>1,947,796</u>	<u>111,533</u>	<u>121,254</u>	<u>36,459</u>	<u>-</u>	<u>-</u>	<u>64,222</u>	<u>2,281,264</u>
Change in net assets	5,500	(36,246)	(7,568)	-	(3,315)	(10,030)	12,490	(39,169)
Operating transfers in (out)	(5,500)	6,271	7,568	-	-	-	(8,339)	-
Net assets, beginning of year	-	29,975	-	-	3,315	10,030	357,147	400,467
Net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,298	\$ 361,298

See Independent Auditors' Report on Supplementary information.

SCHEDULE III

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED DECEMBER 31, 2017**

Executive Director Name: Lisa S. Mazique

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 64,709
Benefits - life insurance	360
Benefits - hospitalization	3,400
Reimbursements	600
	<hr/>
	\$ 69,069
	<hr/>

See Independent Auditors' Report on Supplementary Information.



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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 Commissioners
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 the governmental activities, the business type activities, each major fund, the aggregate discretely presented component unit information, and the aggregate remaining funds of **Central City Economic Opportunity Corporation (CCEOC)** as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise **CCEOC's** basic financial statements, and have issued our report thereon dated June 12, 2018.

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 opinions 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 12, 2018



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

To the Board of Commissioners
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's)** 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, 2017. CCEOC's major federal program are 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *the Uniform Guidance* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2017-001. Our opinion on CCEOC's major federal program is not modified with respect to this matter.

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 finding identified in our audit is 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 12, 2018

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

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	Title III B Supportive Services
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings and questioned costs reported during the year ended December 31, 2017.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Section III - Federal 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, 2017

Section III - Federal 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.

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, 2017

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

No prior year's findings and questioned costs were reported for the year ended December 31, 2017.

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2017



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**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 fiscal period January 1, 2017 through December 31, 2017. **CCEOC's** management is responsible for those compliance and control areas 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 to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

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

Finding

The proposed written Operating Policies and Procedures Manual currently used by CCEOC is pending formal board approval. Based on our review, we noted policies and procedures to address budget planning, preparation, adoption, monitoring and amendments.

- 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 proposed Operating Policies and Procedures Manual currently is pending formal board approval. The reference manual specifically address the use of purchase requisitions and purchase orders for purchase greater than \$3,000 but does not define controls to ensure compliance with the public bid law where applicable, and retention of documents from procurement activities.

Management's Response

CCEOC will incorporate into its Operating Policies and Procedures controls to ensure compliance with the public bid law where applicable, and retention documents needed from procurement activities to attain compliance.

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

Written Policies and Procedures, Continued

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

Finding

CCEOC's referenced Operating Policies and Procedures Manual, specifically addresses the processing, reviewing and approving of all cash disbursements.

- d) Receipts including receiving, recording, and preparing deposits.

Finding

CCEOC's referenced Operating Policies and Procedures Manual addresses the administration of receipts to include receiving, recording and preparing deposits.

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

Finding

CCEOC's referenced Operating Policies and Procedures Manual addresses payroll/personnel to include payroll processing, review and approval at all required levels.

- 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.

Finding

CCEOC's referenced Operating Policies and Procedures Manual does not specifically address the types of services requiring written contracts, standard terms and conditions, legal review, approval process and monitoring.

Management's Response

CCEOC will incorporate into its Operating Policies and Procedures types of services requiring written contracts, standard terms and conditions, legal review, approval process and monitoring to attain compliance.

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

Written Policies and Procedures, Continued

- g) Credit 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 referenced Operating Policies and Procedures Manual does not specifically address required approvers and monitoring usage. Selected individuals are designated as cardholders.

Management's Response

CCEOC will incorporate into its Operating Policies and Procedures required approvers and usage monitoring to attain compliance.

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

Finding

CCEOC's current travel reimbursement policies and procedures do not specifically define dollar threshold by category of expense and required approvers.

Management's Response

CCEOC will incorporate into its Operating Policies and Procedures dollar thresholds by category of expense and required approvers for travel related expenses to attain compliance.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read CCEOC's ethics policy.

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

Written Policies and Procedures, Continued

Finding

Not applicable.

- j) Debt service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Finding

Not applicable.

Board or Finance Committee

2. Procedure

We obtained and reviewed Board minutes for the fiscal period to determine whether:

- a) 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

CCEOC's board met with a quorum pursuant to Article V of its bylaws which calls for meeting every other month.

- b) the Board minutes referenced or included monthly budget-to-actual comparisons on CCEOC's funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

Board or Finance Committee, Continued

Finding

The board meetings included discussion of financial statements by its fee accountant. Noted no budget to actual reports.

Management's Response

CCEOC will incorporate a monthly review process into its Operating Policy and Procedures to budget to actual reporting.

- c) The minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Finding

The board meetings included non-budgetary financial information such as program outcomes, etc.

Bank Reconciliations

3. Procedure

We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

Finding

No exceptions noted.

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

Bank Reconciliations, Continued

4. Procedure

From the listing provided by management, we selected CCEOC's three (3) bank accounts and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

Finding

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

Finding

No exceptions noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Finding

No documented evidence to reflect the performance of research of the outstanding reconciling items.

Management's Response

CCEOC will incorporate a monthly review process into its Operating Policy and Procedures to timely review bank reconciliations and ensure outstanding items are resolved timely.

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

Cash Collections

5. Procedure

We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Finding

No exceptions noted.

6. Procedure

From the listing provided by management, we selected CCEOC's only cash collection location and:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) to determine whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Finding

CCEOC provided no documented evidence of bond insurance coverage for its two (2) cash collectors; one (1) of the collectors also has responsibility for depositing funds; CCEOC does not utilize a cash register or drawer.

Management's Response

CCEOC has initiated quotes from its insurer to obtain bonds for employees who collect cash. As a small operation, separation of duties is challenging, yet all funds collected by administration are verified by Accounting and prepared for deposit, prior to being returned to Administration for deposit.

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

Cash Collections, Continued

- b) Obtained existing written documentation (e.g. sequentially numbered receipts system report, reconciliation worksheets, policy) to determine whether CCEOC has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Finding

CCEOC's fee accountant is charged with the responsibility of reconciling all collections through the general ledger system.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - 1) Using CCEOC's collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

Finding

Based on our review of the month of January 2017 deposits, we noted the untimely deposit of collected funds. Funds were deposited within timelines between one (1) to fifty-three (53) days.

Management's Response

CCEOC programs and staff enter vacation mode at the end of the calendar year, often delaying/slowing activity. CCEOC will ensure year-end collections and deposits are timely to attain compliance.

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

Cash Collections, Continued

- 2) Using sequentially numbered receipts system reports, or other related collection documentation, verify that the daily cash collections are completely supported by documentation and report any exceptions.

Finding

No exceptions noted.

7. Procedure

We obtained existing written documentation (e.g. policy manual, written procedure) to determine whether CCEOC has a process specifically defined (identified as such by CCEOC) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Finding

CCEOC's current practice requires the fee accountant to determine completeness of all collections.

Disbursements – General (excluding credit card, debit, fuel and P-cards purchases or payments)

8. Procedure

We obtained CCEOC's check register for the year ended December 31, 2017. We obtained management's representation that its check register population was complete.

Finding

No exceptions noted.

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

Disbursements - General (excluding credit card debit, fuel and P-cards purchases or payments), Continued

9. Procedure

Using the disbursement population from #8, we randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction to determine whether:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Finding

For selected transactions, we noted no purchase orders or requisitions used to initiate the procurement.

Management's Response

CCEOC has initiated a requisition process for 2018 and will incorporate same into its Operating Policy and Procedures to attain compliance.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Finding

CCEOC's current practice does not involve the use of purchase orders.

Management's Response

CCEOC has initiated a requisition process for 2018 and will incorporate same into its Operating Policy and Procedures to attain compliance.

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

Disbursements – General (excluding credit card debit, fuel and P-cards purchases or payments), Continued

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Finding

Payments were processed using approved invoices.

Management's Response

CCEOC acknowledges as a small operation, separation of duties is challenging all vendor payment requests are initiated independently of the individual processing payments and all vendor payment approvals are performed independently of the person processing payments.

10. Procedure

We reviewed CCEOC's documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the person responsible for processing payments is prohibited from adding vendors to CCEOC's purchasing/disbursement system.

Finding

The individual responsible for processing payments also has the ability to add new vendors.

Management's Response

CCEOC acknowledges as a small operation, separation of duties is challenging; all vendor payment requests are initiated independently of the individual processing payments and all vendor payment approvals are performed independently of the person processing payments.

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

Disbursements – General (excluding credit card debit, fuel and P-cards purchases or payments), Continued

11. Procedure

We reviewed CCEOC's documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who makes the final authorization for disbursements have no responsibility for initiating or recording purchases.

Finding

No exceptions noted.

12. Procedure

We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

Finding

No exceptions noted.

13. Procedure

We inquired of the individual with a signature stamp whether his or her signature is maintained under his or her control or is used only with his or her knowledge and consent. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

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

Disbursements – General (excluding credit card debit, fuel and P-cards purchases or payments), Continued

Finding

CCEOC signs all checks manually. Further, checks are in the control of the signer until mailed.

Credit Cards

14. Procedure

We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards and we obtained management's representation that the listing is complete.

Finding

No exceptions noted.

15. Procedure

Using the listing prepared by management, we selected the only two (2) credit cards maintained and used during the fiscal period, and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for the card to determine whether:

- a) there is evidence that the monthly statement and supporting documentation were 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, Continued

Finding

No exceptions noted.

- b) finance charges and/or late fees were assessed on the selected statements.

Finding

Noted the assessment of finance charges and late fees on the credit cards maintained by CCEOC.

Management's Response

CCEOC acknowledges as a grant funded entity without significant cash reserves, reimbursement delays from granting agencies created unavoidable delays periodically, CCEOC will continue to submit, request and seek timely reimbursements to pay cards used for operational costs timely.

16. Procedure

Using the monthly statements selected under #15 above, we obtained supporting documentation for all transactions for the selected card.

- a) We reviewed each transaction to determine whether the transaction is supported by:
 - 1) An original itemized receipt (i.e., identifies precisely what was purchased)

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

Credit Cards, Continued

Finding

CCEOC maintains original receipts for its purchases.

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Finding

Noted no documented business/public purpose.

Management's Response

- 3) Other documentation that may be required by written policy (e.g. purchase order, written authorization).

Finding

Not applicable.

- b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with CCEOC's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes).

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

Credit Cards, Continued

Finding

In one (1) instance, we noted a purchase totaling \$23,617 procured without the benefit of the requirements of the bid law.

Management's Response

CCEOC will incorporate into its Operating Policies and Procedures controls to ensure compliance with the public bid law where applicable and retention documents needed from procurement activities to attain compliance.

- c) For each transaction, we compared CCEOC's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Finding

No exceptions noted.

Travel and Expense Reimbursement

17. Procedure

We obtained the check register for the year ended December 31, 2017 and filtered for travel reimbursements. We obtained management's representation that the check register population is complete.

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

Travel and Expense Reimbursement, Continued

Finding

No exceptions noted.

18. Procedure

We obtained CCEOC's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) to determine whether there are any amounts that exceed GSA rates.

Finding

No exceptions noted.

19. Procedure

Using the proceeding transactions from #17, we selected the only individual who incurred travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of the selected person, including the supporting documentation, and chose the largest travel expense for the selected person to review in detail. For the travel expense selected:

- a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

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

Travel and Expense Reimbursement, Continued

Finding

No exceptions noted.

b) We determined whether each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

Finding

No exceptions noted.

2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Finding

No exceptions noted.

3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Finding

Not applicable.

c) We compared CCEOC's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

Finding

No exceptions noted.

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

Travel and Expense Reimbursement, Continued

Procedure, Continued

- d) We determined whether each expense and related documentation were reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding

No exceptions noted.

Contracts

20. Procedure

We obtained a listing of all contracts in effect during the fiscal period and obtained the check register for the year ended December 31, 2017 and filtered for contract payments. We obtained management's representation that the check register population is complete.

Finding

No exceptions noted.

21. Procedure

Using the listing above, we selected five (5) contract vendors that were paid the most money during the fiscal period, and excluding purchases on state contract and payments to the practitioner. We obtained the related contracts and paid invoices and:

- a) We determined whether there is a formal/written contract that supports the services arrangement and the amount paid.

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

Contracts, Continued

Finding

No exceptions noted.

b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether CCEOC complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Finding

Not applicable.

- 2) If no, we obtained supporting contract documentation to determine whether CCEOC solicited quotes as a best practice.

Finding

Noted no documented quotes for the procured services.

Management's Response

CCEOC will document quotes for procured services to attain compliance.

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

Contracts, Continued

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

Finding

No exceptions noted.

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

Finding

No exceptions noted.

- e) We obtained and reviewed contract documentation and board minutes to determine whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Finding

No board approval required nor noted pursuant to CCEOC policy.

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

Payroll and Personnel

22. Procedure

We obtained a listing of employees with their related salaries. We randomly selected five (5) employees, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period to determine whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Finding

No exceptions noted.

- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period to determine whether those changes were approved in writing and in accordance with written policy.

Finding

No exceptions noted.

23. Procedure

We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee. Within that pay period, we randomly selected twenty-five (25) employees on payroll to determine whether:

- a) all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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

Payroll and Personnel, Continued

Finding

No exceptions noted.

- b) there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

Finding

No exceptions noted.

- c) there is written documentation that **CCEOC** maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

Finding

No exceptions noted.

24. Procedure

We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the only termination payment (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the employee. We reviewed the termination payment to determine whether they was made in strict accordance with policy and/or contract and approved by management.

Finding

No exceptions noted.

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

Payroll and Personnel, Continued

25. Procedure

We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period to determine whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Finding

No exceptions noted.

Ethics

26. Procedure

Using the five (5) randomly selected employees from procedure #22 under "Payroll and Personnel" caption, we obtained ethics compliance documentation from management to determine whether CCEOC maintained documentation to demonstrate that required ethics training was completed. We also reviewed the employee files for the employees selected to determine whether there was a signed verification of having read the ethics policy included in the file.

Finding

Not applicable.

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

Ethics, Continued

27. Procedure

We inquired of management whether any alleged ethics violations were reported to CCEOC during the fiscal period and, if applicable, reviewed documentation demonstrating that management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with CCEOC's ethics policy.

Finding

No ethics violations were reported to management during the period under review.

Debt Service

28. Procedure

If debt was issued during the fiscal period, we obtained supporting documentation from CCEOC to determine whether State Bond Commission approval was obtained.

Finding

Not applicable.

29. Procedure

If CCEOC had outstanding debt during the fiscal period, we obtained supporting documentation from CCEOC and report whether CCEOC made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Finding

Not applicable.

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

Debt Service, Continued

30. Procedure

If CCEOC had tax millages relating to debt service, we obtained supporting documentation to determine whether millage collections exceeded debt service payments by more than 10% during the fiscal period.

Finding

Not applicable.

Other

31. Procedure

We inquired of management whether CCEOC had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether CCEOC reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

Finding

No misappropriation of public funds or assets were reported during the period under review.

32. Procedure

We observed CCEOC's premises and website to determine whether CCEOC posted the notice required by R.S. 24:523.1.

Finding

No exceptions noted.

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

Other, Continued

33. Procedure

If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

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

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana**

June 12, 2018



Member

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Alcide J. Tervalon, Jr., CPA
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**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, 2017, 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.

We previously reported on **CCEOC's** internal control in our report dated June 12, 2018. This letter does not affect our report dated June 12, 2018 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
2017

Our discussion of current 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)

Current 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.

Management's Response and Planned Corrective Action

CCEOC will incorporate a monthly review process into its Operating Policy and Procedures to timely review bank reconciliations and ensure outstanding items are resolved timely.

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

(CONTINUED)

Current 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.

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

(CONTINUED)

Current Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-002

Management's Response and Planned Corrective Action

CCEOC will develop a formal allocation policy for board adoption.

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

(CONTINUED)

Current Year's Other Matters, Continued
2017

Reference Number

OM 2017-003

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 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 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
2017

Reference Number, Continued
OM 2017-003

Recommendation

Management should continue to 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

CCEOC will continue to evaluate and assess areas for segregation of duties in its custodial and recordation functions.

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

(CONTINUED)

Current 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.

Effect or Potential Effect

The potential for incomplete financial reporting.

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

(CONTINUED)

Current 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.

Management's Response and Planned Corrective Action

CCEOC will establish a system to ensure completeness of the year end closing process.

**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 12, 2018