

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CCEOC** as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **CCEOC** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Responsibilities of Management to 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCEOC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued; including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCEOC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 30, 2022 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 30, 2022

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets:	
Cash (NOTE 2)	\$ 212,966
Contribution receivable (NOTE 4)	130,782
Employee advance (NOTE)	192
Investment (NOTES 5 and 14)	106,021
Accrued interest receivable (NOTE 20)	<u>25,441</u>
Total current assets	<u>475,402</u>
Noncurrent Assets:	
Property, building and equipment, net (NOTE 7)	91,335
Accrued interest receivable (NOTE 20)	404,933
Note receivable (NOTE 19)	<u>539,000</u>
Total noncurrent assets	<u>1,035,268</u>
Total assets	<u>\$1,510,670</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable vendors	\$ 15,622
Salaries payable	23,702
Payroll taxes and withholdings	4,884
Compensated absences-current portion (NOTE 8)	19,734
Deferred Revenue (NOTE 18)	210,000
Note payable (NOTE 9)	<u>250,000</u>
Total current liabilities	<u>523,942</u>
Noncurrent Liabilities:	
Compensated absences-non-current portion (NOTE 8)	<u>18,025</u>
Total noncurrent liabilities	<u>18,025</u>
Total liabilities	<u>541,967</u>

COMMITMENTS AND CONTINGENCIES (NOTES 14 and 15)

Net Assets:	
Without donor restrictions	<u>968,703</u>
Total net assets	<u>968,703</u>
Total liabilities and net assets	<u>\$1,510,670</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, 2021

	<u>Without Donor Restrictions</u>
OPERATING ACTIVITIES:	
Contributions:	
Federal and other (NOTE 10)	\$1,335,066
Donations	<u>6,160</u>
Total operating income	<u>1,341,226</u>
EXPENSES:	
Program services	1,524,317
Supporting services	<u>24,410</u>
Total operating expenses	<u>1,548,727</u>
Change in net assets from operating activities	<u>(207,501)</u>
NON-OPERATING ACTIVITIES:	
Interest income	25,547
Other income	<u>344,841</u>
Change in net assets from non-operating activities	<u>370,388</u>
Change in net assets from operating and non-operating activities	162,887
Net assets, beginning of year	<u>805,816</u>
Net assets, end of year	<u>\$ 968,703</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, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 919,457	\$ -0-	\$ 919,457
Fringe benefits	132,545	-0-	132,545
Professional fees	68,625	6,046	74,671
Supplies	153,368	2,177	155,545
Telephone	47,099	-0-	47,099
Occupancy	41,929	-0-	41,929
Insurance	55,955	-0-	55,955
Postage and shipping	250	-0-	250
Repairs and maintenance	47,803	3,333	51,136
Software	12,314	-0-	12,314
Automobile	29,894	-0-	29,894
Depreciation	-0-	7,756	7,756
Printing	10,528	-0-	10,528
Other	<u>4,551</u>	<u>5,097</u>	<u>9,648</u>
Total	<u>\$1,524,318</u>	<u>\$24,409</u>	<u>\$1,548,727</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$162,887
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,756
Changes in assets and liabilities:	
Decrease in contribution receivable	46,546
Increase in accounts payable vendors	12,325
Increase in compensated absences	3,825
Increase in salaries payable	7,108
Decrease in payroll taxes and withholdings	(5,740)
Increase in accrued interest receivable	(25,441)
Decrease in refundable advance	(178,840)
Increase in deferred revenues	<u>210,000</u>
Net cash provided by operating activities	<u>240,426</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investment	<u>(106)</u>
Cash used in investing activities	<u>(106)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payoff of line of credit	<u>(27,354)</u>
Cash used by financing activities	<u>(27,354)</u>
Net increase in cash	212,966
Cash, beginning of year	<u>-0-</u>
Cash, end of year	\$ <u>212,966</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, 2021, **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

The Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which established standards for external financial reporting by not-for-profit organizations. The primary objective of this update was to make certain improvements to the current reporting practices of not-for-profit entities. CCEOC has implemented the requirements of this update in the accompanying 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. 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 contributions for which donor-imposed time and/or purpose restrictions have not been met.

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
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 without donor restrictions or with donor restriction 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Contribution Receivable

CCEOC considers receivables 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.

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.

Property and equipment acquired using the Headstart Program funds are accounted for pursuant to 45 C.F.R. §75.316. As such, and based on CCEOC's contractual obligation with Total Community Action, Inc. regarding real property and equipment, all acquisitions are expensed in the year of acquisition.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Note Receivable

Note receivable is recorded based on value received. Allowance for uncollectible amounts is based on periodic evaluation by management of the related risk to include other economic factors.

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 2017, 2018 and 2019 tax years are open for examination by the Internal Revenue Service.

Recent Pronouncements:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. The revised implementation date voted on by the FASB for ASU 2016-02 will now be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. CCEOC has not assessed the potential impact of this guidance on its financial statements.

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

NOTE 2 - CASH:

At December 31, 2021 the carrying amount of **CCEOC's** deposits was \$212,966 and the collected bank balance was \$271,853. The cumulative collected bank balance at December 31, 2021 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, 2021, **CCEOC's** executed bank balance was not fully insured against credit risk.

NOTE 3 - ECONOMIC DEPENDENCY:

During the year ended December 31, 2021, **CCEOC** received approximately 84% of its Federal grants from 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.

NOTE 4 - CONTRIBUTION RECEIVABLE:

Contribution receivable at December 31, 2021 consisted of the following:

Food Service Program	\$ 5,197
Total Community Action, Inc.	100,023
Community Development Block Grant	<u>25,562</u>
	<u>\$130,782</u>

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

NOTE 5 - INVESTMENT:

At December 31, 2021, CCEOC's investment of \$106,021 consists of one 12-month certificate of deposit that matures March 23, 2023 at an interest rate of 1.0%. The investment is presented on the financial statements at fair value. Carrying value is estimated to approximate fair value. See NOTE 13 for additional discussion.

NOTE 6 - AVAILABILITY AND LIQUIDITY:

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

Investment	\$ 106,021
Contribution receivable	<u>130,782</u>
Total financial assets	236,803
Less payable	<u>(313,942)</u>
Net	<u>\$(77,139)</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. Further, CCEOC has a secured line of credit for any amount up to \$100,000.

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

NOTE 7 - PROPERTY, BUILDING AND EQUIPMENT, NET:

Property, building, and equipment at December 31, 2021 consisted of the following:

	Balance January 1, 2021	Addition	Retirement	Balance December 31, 2021
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>(263,860)</u>	<u>(7,756)</u>	<u>-0-</u>	<u>(271,616)</u>
	<u>\$ 99,091</u>	<u>\$(7,756)</u>	<u>\$-0-</u>	<u>\$ 91,335</u>

Depreciation expense for the year ended December 31, 2021 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, 2021, accrued leave totaled \$37,759 which consisted of the following classification:

	Current	Noncurrent	Total
Beginning	\$ 22,716	\$11,218	\$ 33,934
Addition	23,020	13,815	36,835
Deduction	<u>(26,002)</u>	<u>(7,008)</u>	<u>(33,010)</u>
Ending	<u>\$ 19,734</u>	<u>\$ 18,025</u>	<u>\$ 37,759</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:

Note payable at December 31, 2021 consisted of the following:

Note payable to City of New Orleans, at a 3% interest rate, due December, 2021. The note for \$539,000 is secured by a second mortgage on real estate, the Handleman building.	\$250,000
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The note payable to the 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.

Management of **CCEOC** is currently exploring its buy out options. See notes 19 and 20 for further discussion. Further, **CCEOC** is in negotiations with the City of New Orleans regarding the referenced note payable for \$250,000.

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

NOTE 10 - CONTRIBUTIONS-FEDERAL AND OTHER:

Contributions from Federal and other consisted of the following sources for the year ended December 31, 2021:

Total Community Action, Inc.:	
Head Start Program	\$1,114,901
New Orleans Council on Aging, Inc.:	
Title III B Supportive Services	82,908
Community Development Block Grant	86,277
State of Louisiana Department of Education:	
Food Service Program	<u>48,980</u>
Total Federal	1,333,066
Total other	<u>2,000</u>
Grand total	<u>\$1,335,066</u>

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

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>106,021</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.

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, 2021.

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

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 - LINE OF CREDIT:

On December 5, 2019, 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, 2021.

At December 31, 2021, no draws have been made against the line of credit. The line of credit is secured by CCEOC's certificate of deposit.

NOTE 15 - 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 16 - PER DIEM FOR DIRECTORS:

During the year ended December 31, 2021, no board member received per diem in his/her capacity as a Director.

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

NOTE 17 - 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 30, 2022, 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 18 - DEFERRED REVENUE:

On October 7, 2021, **CCEOC** and the Louisiana Department of Economic Development executed a cooperative agreement for economic development, educational housing and public safety initiatives. Total amount is \$1,050,000 with an advance payment of \$210,000.

NOTE 19 - NOTE RECEIVABLE:

On February 1, 2005, **CCEOC** expanded a promissory note for value received with Handelman Associates I, L.L.C. (debtor) who promised to pay in the order of **CCEOC** the principal sum of \$539,000, together with interest accruing on the unpaid balance from the date hereof until the date of maturity at the rate of 4.72% per annum, payable as follows:

Debtor agrees to make annual payments by February 1, 2047 of each year beginning 2007, equal to the lesser of (a) 100% of the Net Free Cash Flow from the rental real estate operations of debtor in the year immediately preceding such February 1 or (b) \$29,332. This promissory note is an unsecured obligation. See NOTE 19 for additional discussion.

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

NOTE 20 - ACCRUED INTEREST RECEIVABLE:

At December 31, 2021 the outstanding balance of the loan of \$539,000 described in NOTE 19 has cumulative accrued interest amounted to \$430,374. Interest of \$25,441 was earned on the loan during 2021 and the remaining balance of \$404,933 through December 31, 2020.

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, 2021, and have issued our report dated June 30, 2022 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 30, 2022

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

<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	\$1,114,901
Passed through New Orleans Council on Aging, Inc.:		
Title III B Supportive Services	93.633	<u>82,980</u>
Total U. S. Department of Health and Human Services		<u>1,197,809</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through State of Louisiana:		
Department of Education:		
Food Service Program	10.558	<u>48,980</u>
Total U.S. Department of Agriculture		<u>48,980</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through New Orleans Council on Aging, Inc.:		
Senior Citizen Services	14.218	<u>86,277</u>
Total U.S. Department of Housing and Urban Development		<u>86,277</u>
Total Federal Awards		<u>\$1,333,066</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes all federal activity of CCEOC for the year ended December 31, 2021 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, 2021**

	<u>Head Start Program</u>	<u>Senior Citizen Program</u>	<u>Food Service Program</u>	<u>Community Development Block Grant (CBDG)</u>	<u>General</u>	<u>Total</u>
OPERATING ACTIVITIES:						
Contributions:						
Federal and other	\$ 1,114,901	\$ 82,908	\$ 48,980	\$ 86,277	\$ 2,000	\$ 1,335,066
Donations	<u>-0-</u>	<u>6,160</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,160</u>
Total operating income:	<u>1,114,901</u>	<u>89,068</u>	<u>48,980</u>	<u>86,277</u>	<u>2,000</u>	<u>1,341,226</u>
EXPENSES:						
Program services	1,114,901	90,011	51,677	86,277	181,451	1,524,317
Supporting services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>24,410</u>	<u>24,410</u>
Total expenses:	<u>1,114,901</u>	<u>90,011</u>	<u>51,677</u>	<u>86,277</u>	<u>205,861</u>	<u>1,548,727</u>
Change in net assets from operating activities:	<u>-0-</u>	<u>(943)</u>	<u>(2,697)</u>	<u>-</u>	<u>(203,861)</u>	<u>(207,501)</u>
NON-OPERATING ACTIVITIES:						
Interest Income	-0-	-0-	-0-	-0-	25,547	25,547
Other Revenue	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>344,841</u>	<u>344,841</u>
Total Non-Operating Income:	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>370,388</u>	<u>370,388</u>
Change in net assets from operating and non-operating activities before operating transfer-in (out):	<u>-0-</u>	<u>(943)</u>	<u>(2,697)</u>	<u>-0-</u>	<u>166,527</u>	<u>162,887</u>
OPERATING TRANSFER-IN (OUT):						
Transfer In	-0-	7,103	2,697	-0-	(9,799)	-0-
Transfer Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating transfer in (out):	<u>-0-</u>	<u>7,103</u>	<u>2,697</u>	<u>-0-</u>	<u>(9,799)</u>	<u>-0-</u>
Change in net assets from operating and non-operating activities:	<u>-0-</u>	<u>6,160</u>	<u>-0-</u>	<u>-0-</u>	<u>156,728</u>	<u>162,887</u>
Net assets, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>805,816</u>	<u>805,816</u>
Net assets, end of the year	<u>-0-</u>	<u>\$ 6,160</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 962,544</u>	<u>\$ 968,703</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>		<u>CDBG</u>		<u>Head Start</u>		<u>Food Services</u>		<u>Senior Citizen</u>		<u>Totals (Memorandum Only)</u>	
	<u>Program Services</u>	<u>Supportive Services</u>	<u>Program Services</u>	<u>Supportive Services</u>								
Expenses												
Salaries	\$ 147,711	-0-	\$ 28,628	-0-	\$ 662,172	-0-	\$ 27,043	-0-	\$ 53,903	-0-	\$ 919,457	-0-
Fringe Benefits	12,144	-0-	6,036	-0-	107,904	-0-	2,068	-0-	4,392	-0-	132,544	-0-
In-Kind Expenses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional Fees	-0-	6,046	1,678	-0-	64,108	-0-	-0-	-0-	2,839	-0-	68,626	6,046
Supplies	21,596	2,177	31,897	-0-	76,307	-0-	22,566	-0-	1,002	-0-	153,368	2,177
Telephone	-0-	-0-	-0-	-0-	45,446	-0-	-0-	-0-	1,653	-0-	47,099	-0-
Postage and Shipping	-0-	-0-	-0-	-0-	250	-0-	-0-	-0-	-0-	-0-	250	-0-
Occupancy Expenses	-0-	-0-	-0-	-0-	41,929	-0-	-0-	-0-	-0-	-0-	41,929	-0-
Insurance	-0-	-0-	-0-	-0-	55,955	-0-	-0-	-0-	-0-	-0-	55,955	-0-
Maintenance and Repairs	-0-	3,333	12,466	-0-	34,767	-0-	-0-	-0-	570	-0-	47,803	3,333
Software	-0-	-0-	1,200	-0-	11,114	-0-	-0-	-0-	-0-	-0-	12,314	-0-
Office Equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Depreciation Expense	-0-	7,756	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,756
Vehicle	-0-	-0-	4,243	-0-	-0-	-0-	-0-	-0-	25,651	-0-	29,894	-0-
Printing	-0-	-0-	129	-0-	10,399	-0-	-0-	-0-	-0-	-0-	10,528	-0-
Other Expenses	-0-	5,098	-0-	-0-	4,550	-0-	-0-	-0-	-0-	-0-	4,550	5,098
Total Expenses	<u>\$ 181,451</u>	<u>\$ 24,410</u>	<u>\$ 86,277</u>	<u>-0-</u>	<u>\$ 1,114,901</u>	<u>-0-</u>	<u>\$ 51,677</u>	<u>-0-</u>	<u>\$ 90,011</u>	<u>-0-</u>	<u>\$ 1,524,317</u>	<u>24,410</u>

See Independent Auditors' Report on Supplementary Information.

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, 2021**

Executive Director Name: Lisa S. Mazique

<u>Purpose</u>	<u>Amount</u>
Salary	\$74,267
Benefits - payroll related taxes	6,425
Benefits - medical insurance	4,403
Benefits - life insurance	<u>141</u>
	<u>\$85,236</u>

See Independent Auditors' Report on Supplementary Information.

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, 2021, and the related notes to the financial statements, which collectively comprise CCEOC's financial statements, and have issued our report thereon dated June 30, 2022.

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 30, 2022

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

Opinion on 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, 2021. CCEOC's major federal program is identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

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 *Governmental Auditing Standards* issues by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CCEOC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for CCEOC's major federal program. Our audit does not provide legal determination of CCEOC's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements previously referred to and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CCEOC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CCEOC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements previously referred to is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about CCEOC's compliance with the requirements of its major federal program as a whole.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CCEOC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CCEOC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 CCEOC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 schedule of findings and questioned costs as item 2021-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on CCEOC's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. CCEOC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

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 30, 2022

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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> ?	No

**CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 for the year ended December 31, 2021.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

Section III - Federal Award Finding and Questioned Costs

Reference Number

2021-001

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 understanding between CCEOC and TCA (grantor) for the year ended December 31, 2021, 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% in part to the impact of the COVID-19 pandemic which resulted in a mandated stay home order from the Governor for the State of Louisiana and the Mayor for the City of New Orleans to include various transitional issues.

Context

Total expenditures of federal awards for the year ended December 31, 2021 was \$1,114,901.

Questioned Costs

None.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

Section III - Federal Award Finding and Questioned Costs, Continued

Reference Number, Continued

2021-001

Cause

Various external factors to include primarily the COVID-19 pandemic which impacted enrolled student attendance.

Effect or Potential Effect

Noncompliance with its student attendance level.

Recommendation

It is our understanding through discussions with management that during the year ended December 31, 2021, certain waivers were in place to accommodate the conditions described. Management should continue its outreach efforts toward activities to facilitate enrolled student attendance.

Management's Response and Planned Corrective Action

Management continues to explore and where applicable, implement strategies aimed at increasing the level of student attendance. The COVID-19 pandemic and other transitional issues continue to impact the level of student attendance.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2020-001

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 contract between CCEOC and TCA (grantor) for the year ended December 31, 2020, 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% in part to the COVID-19 pandemic which resulted in a mandated stay home order from the Governor for the State of Louisiana and the Mayor for the City of New Orleans.

This condition is similar to a prior year finding reference number 2019-001.

Context

Total expenditures of federal awards for the year ended December 31, 2020 were \$1,218,582.

Questioned Costs

None.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Reference Number, Continued

2020-001

Cause

Various external factors to include primarily the COVID-19 pandemic which impacted enrolled student attendance.

Effect or Potential Effect

Noncompliance with its contractual agreement.

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.

For the 2021 calendar year, CCEOC did not receive an executed contract agreement to dictate the attendance level. Attendance was further complicated by external factors to include primarily the COVID-19 pandemic, transitional issues, and various executive orders by the Mayor for the City of New Orleans and the Governor for the State of the Louisiana.

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
Carmen Arellano	-- Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Jamia Steptore	-- In Charge Accountant

**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, 2021, 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 30, 2022. This letter does not affect our report dated June 30 2022 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
2021

No other matters were reported for the year ended December 31, 2021.

Prior Year's Other Matters
2020

Our discussion of prior year's other matters follows:

Reference Number
OM 2020-001

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

The Accounting Standards Update Number 2016-12 (ASU 2016-002) (Topic 842) requires most leases to be reported on the balance sheet. The implementation date was postponed due to the COVID-19 pandemic to fiscal years beginning after December 15, 2021.

The statement primary addresses reporting for certain lease liabilities currently not reported.

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

Prior Year's Other Matters, Continued
2020

Reference Number, Continued

OM 2020-001

Context

Total amount of lease obligation(s) for the year ended December 31, 2020 were \$22,708.

Questioned Costs

None.

Cause

None.

Effect or Potential Effect

Enhance the usefulness of CCEOC's financial statements.

Recommendation

Management of CCEOC should initiate the planning process for the implementation of the reporting requirement of ASU 2016-12 on leases.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2020

Reference Number

OM 2020-002

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.

This condition is similar to prior year's other matter reference number 2019-002.

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2020 were \$1,496,297 and \$1,671,409, respectively.

Questioned Costs

None.

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

Prior Year's Other Matters, Continued
2020

Reference Number, Continued

OM 2020-002

Cause

Size of personnel coupled with the level of operations.

Effect or Potential Effect

The potential risk for misappropriation of assets.

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.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2020

Reference Number

OM 2020-003

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

For all ten (10) journal entries selected for testing, we noted the absence of documented evidence to support approval beyond the level of the preparer (fee accountant).

Context

Total operating and nonoperating revenues and expenses for the year ended December 31, 2020 were \$1,496,297 and \$1,671,409, respectively.

Questioned Costs

None.

Cause

All journal entries are recorded by fee accountant.

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

Prior Year's Other Matters, Continued
2020

Reference Number, Continued

OM 2020-003

Effect or Potential Effect

The potential risk for misappropriation of assets.

Recommendation

Management should review the financial records prepared by its fee accountant for completeness.

Current Status

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 30, 2022

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2021



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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 year ended December 31, 2021. **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. Procedures

We obtained CCEOC's written policies and procedures and observed that the policies and procedures addressed each of the following category and subcategories, as applicable:

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

Finding

No exceptions noted.

- 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

No exceptions noted.

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

Written Policies and Procedures, Continued

1. Procedures, Continued

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

Finding

No exceptions noted.

- d) Receipts including receiving, recording, and preparing deposits and completeness of all collections.

Finding

No exceptions noted.

- e) Payroll/Personnel including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked; and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Finding

No exceptions noted.

- 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. Procedures, Continued

Finding

No exceptions noted.

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

Finding

No exceptions noted.

- 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

No exceptions noted.

- i) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Finding

No exceptions noted.

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

Board or Finance Committee

2. Procedures

We obtained and reviewed Board minutes as well as the Board's by laws in effect during the year ended December 31, 2021 and:

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

Finding

No exceptions noted.

- b) We reported whether the Board minutes referenced financial activity relating to the public funds comprised more than 10% of CCEOC's collection during the year ended December 31, 2021.

Finding

No exceptions noted

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

Bank Reconciliations

3. Procedures

We obtained a listing of bank accounts for the year ended December 31, 2021 from management and management's representation that the listing is complete.

Finding

No exceptions noted.

4. Procedures

From the listing provided by management, we selected CCEOC's main operating and remaining three (3) bank accounts.

Finding

No exceptions noted

5. Procedures

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 bear evidence that they were prepared within two (2) months of the related statement closing date (initialed and dated).

Finding

No exceptions noted.

- b) Bank reconciliations 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. Procedures, Continued

Finding

No exceptions noted.

- c) Management documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months as of the end of the fiscal period.

Finding

No exceptions noted.

Collections

6. Procedures

We obtained a listing of deposit site(s) for the year ended December 31, 2021 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. Procedures

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 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 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. Procedures, 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 are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding

No exceptions noted.

8. Procedures

We obtained from management a copy of the board coverage that all employees who have access to cash are covered by a bond or insurance policy for theft that was in force during the year ended December 31, 2021.

Finding

No exceptions noted.

9. Procedures

We randomly selected two (2) deposit dates for each of the four (4) bank accounts selected for procedure #4 under "Bank Reconciliations" except for the payroll account. We obtained supporting documentation for each of the maximum of two (2) deposits and, where applicable.

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

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

Collections, Continued

9. Procedures, Continued

Finding

For the sample of two (2) transactions selected with noted no pre-numbered receipts attached.

Management's Response

Management continues to explore 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 continues to explore 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. Procedures, 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 and the cash was stored securely in a locked safe or drawer).

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. Procedures

We obtained a listing of location(s) that process payments for the year ended December 31, 2021 and management's representation that the listing is complete. We selected CCEOC's only location.

Finding

No exceptions noted.

11. Procedures

For the location selected under #10 above, we obtained a listing of those employees involved with non-payroll purchasing 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. Procedures, 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) The employee 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. Procedures

For the location selected under #10 we, obtained 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 the location, obtained supporting documentation for each transaction and:

- a) We observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliveries included on the invoice were received by CCEOC.

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. Procedures, Continued

- b) We observed 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. Procedures

We obtained from management a listing of all active credit cards, debit cards, and fuel cards for the year ended December 31, 2021, 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. Procedures

Using the listing prepared by management, we randomly selected all cards that were used during the year ended December 31, 2021. We randomly selected one (1) monthly 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 purchases, 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/Debit Cards/Fuel Cards, Continued

14. Procedures, Continued

Finding

No exceptions noted.

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

Finding

Our review of CCEOC's fuel credit card revealed the absence of documented review by someone other than the authorized card holder.

Management's Response

Management will revisit its current practice and resolve.

15. Procedures

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

No exceptions noted.

Management's Response

Management will ensure documentation of the business/public purpose for all receipts for purchases.

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

Contracts

16. Procedures

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, 2021 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.

Finding

No exceptions noted.

- c) If the contract was amended (e.g., change order), we observed that the original contract terms provided for such an amendment and were made in compliance with the contract terms.

Finding

No exceptions noted.

- d) We randomly selected one (1) payment from the year ended December 31, 2021 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)**

Payroll and Personnel

17. Procedures

We obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) employees, obtained related paid salaries and personnel files, and agreed paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

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

Finding

No exceptions noted.

18. Procedures

We randomly selected one pay period during the fiscal period. For the five (5) employees selected under #17 above, we obtained attendance records and leave documentation for the pay period, and:

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

Finding

No exceptions noted.

- b) Observed whether supervisor(s) approved the attendance and leave of the selected employees.

Finding

No exceptions noted.

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

Payroll and Personnel, Continued

18. Procedures, Continued

- c) Observed any leave accrued or taken during the pay period is reflected in CCEOC's cumulative leave records.

Finding

No exceptions noted.

- d) Observed the rate paid to the employees agreed to the authorized salary/pay rate found within the personnel file.

Finding

No exceptions noted.

Payroll and Personnel

19. Procedures

We obtained a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two (2) employees, obtained related documentation of the hours and pay rates used in management's termination payment calculations and CCEOC's policy on termination payments. Agreed the hours to the employee's cumulative leave records, agreed the pay rates to the employee's authorized pay rates in the employee personnel files, and agreed the termination payment to CCEOC's policy.

Finding

No exceptions noted.

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

Payroll and Personnel

20. Procedures, Continued

We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid and any associated forms have been filed by required deadlines.

Finding

No exceptions noted.

Fraud Notice

21. Procedures

We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtain supporting documentation, and observe that CCEOC reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which CCEOC is domiciled.

Finding

No exceptions noted.

22. Procedures

We observed that CCEOC has posted, on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Finding

No exceptions noted.

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

Information Technology Disaster Recovery/Business Continuity

23. Procedures

We performed the following procedures, and verbally discussed the results with management.

- a) We obtained and inspected CCEOC's most recent documentation that it has backed up its critical data and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g. tapes, CDs), we observed evidence that backups are encrypted before being transported.
- b) We obtained and inspected CCEOC's most recent documentation that it has tested and verified that its backups can be restored and observed evidence that the test/verification was successfully performed within the past 3 months.
- c) We obtained a listing of CCEOC's computers currently in use and their related locations, and management's representation that the listing is complete. We randomly selected 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Finding

We performed the procedures and discussed the results with management.

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

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 30, 2022