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CITY OF NEW ORLEANS
ECONOMIC DEVELOPMENT FUND

INDEPENDENT ACCOUNTANTS' REPORT
ON THE
ECONOMIC DEVELOPMENT FUND'S ACTIVITIES
FOR THE PERIOD FROM INCEPTION
THROUGH DECEMBER 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, and by and other appropriate public officials. The report is available for public inspection at the Comptroller's office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

Release Date: **SEP 22 1998**

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INDEPENDENT ACCOUNTANTS' REPORT

To the Audit Committee of the
City Council of the City of New Orleans

We have compiled the accompanying statements as listed in the Table of Contents of the City of New Orleans' Economic Development Fund for the period from inception through December 31, 1997 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statements and, accordingly, do not express an opinion or any form of assurance on the statements.

The accompanying statements were prepared to present a summary of the funds allocated, collected, disbursed, encumbered and unencumbered of the City of New Orleans' Economic Development Fund and is not intended to be either in conformity with generally accepted accounting principles or a complete presentation of the Economic Development Fund's assets, liabilities, revenues and expenses.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the statements, they might influence the user's conclusions about the statements. Accordingly, these statements are not designed for those who are not informed about such matters.

INDEPENDENT ACCOUNTANTS' REPORT
(CONTINUED)

To the Audit committee of the
City Council of the City of New Orleans

Page 2

This report is intended solely for the information and use of the Audit Committee of the City Council of the City of New Orleans, and management of the Economic Development Fund and should not be used for any other purpose.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 25, 1988

**CITY OF NEW ORLEANS
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF COLLECTIONS, EXPENDITURES AND FUND BALANCE
FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1997**

Collections	
Real estate and personal property millage	\$15,674,989
Investment income	<u>1,539,270</u>
Total collections	<u>17,214,259</u>
Expenditures	
Capital costs	14,847,632
Administrative costs	<u>311,788</u>
Total expenditures	<u>15,159,420</u>
Surplus of collections over expenditures	2,054,839
Other adjustments	
Loan repayment reserve	(180,665)
Allocated - unencumbered	(108,094)
Reserve for encumbrances	<u>(1,528,969)</u>
Total other adjustments	<u>(1,738,728)</u>
Unencumbered fund balance	<u>\$ 1,106,735</u>

See the Independent Accountants' Report

CITY OF NEW BRUNSWICK
ECONOMIC DEVELOPMENT DEPARTMENT
SCHEDULE OF GRANTS AND ASSISTANTIVE ACTIVITY, CONTINUED
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012

COMMITTEE ACTIVITIES	FOUR ALLOCATED		TOTAL		TOTAL COMPLETIVE		TOTAL	
	REVENUES TO FOUR	FOUR ALLOCATED	COMPLETIVE COMMITTEE	COMPLETIVE COMMITTEE	COMPLETIVE COMMITTEE	COMPLETIVE COMMITTEE	ALLOTTED BY COMMITTEE	COMPLETIVE BY COMMITTEE
New Orleans Region/United States								
1. Lit/Quinn/Leahy	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
2. Apprenticeship	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
3. Major Events	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
4. Manufacturing Community	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
5. Local Workforce Partners	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
6. Small Business Initiatives	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
7. Small Business Vendor Information	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
8. Small Business Development	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
9. Small Business Council	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
10. New Orleans Market Analysis	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
11. Retail	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
12. Employment Area Research	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
13. LA Infrastructure	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
14. New Orleans Market Analysis	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
15. Innovation	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
16. Mayor's Vision	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
17. Mayor's Vision	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
18. International Business	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
19. Business Council	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
20. Economic Development Plan	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
21. U.S. Trade	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000

See the Independent Accountant's Report

CITY OF NEW BRUNSWICK
 ECONOMIC DEVELOPMENT/STUDIES
 BUDGETS OF GRANTEES AND SUBGRANTEES FOR ACTIVITIES CONTROLLED
 BY THE PROVISIONS OF THE FEDERAL HOUSING ACT OF 1961

GRANTEE/ACTIVITY	FUNDS ALL OCURRED		TOTAL COMBINATION		- 50 PERCENT FISCAL		TOTAL COMBINATION		TOTAL ALLOCATED	
	RECEIPTS TO SOURCE	SEC	GRANTS FROM	GRANTS TO SOURCE	SEC	GRANTS FROM	GRANTS TO SOURCE	SEC	GRANTS FROM	GRANTS TO SOURCE
Total Community Center	\$ 1,000	-	\$ 1,000	\$ 1,000	-	\$ 1,000	\$ 1,000	-	\$ 1,000	-
Emergency Relief	\$ 500	-	\$ 500	\$ 500	-	\$ 500	\$ 500	-	\$ 500	-
Local Bar (Mental Health Services)										
Construction	\$ 20,000	-	\$ 20,000	\$ 17,750	10,000	\$ 27,750	\$ 20,000	-	\$ 27,750	-
New York City American Society	\$ 5,000	-	\$ 5,000	7,000	14,000	19,000	5,000	-	14,000	-
New Orleans (Eli & Yvonne Aronoff)	\$ 2,000	1,000	\$ 3,000	3,000	10,000	13,000	2,000	10,000	12,000	
Lynch's Home (Mills)	\$ 2,500	-	\$ 2,500	3,400	5,000	7,900	2,500	-	7,900	-
E.L.B.C. (Business Assistance Center)	\$ 2,500	10,000	\$ 12,500	10,000	10,000	20,000	10,000	10,000	20,000	
S.O.S.C. (Clean up)	\$ 4,000	-	\$ 4,000	4,000	12,000	16,000	4,000	-	16,000	-
Middletown	\$ 4,000	-	\$ 4,000	1,000	1,000	5,000	1,000	-	5,000	-
New York (Economic Development)	\$ 4,000	-	\$ 4,000	3,000	-	7,000	3,000	-	7,000	-
Pitt	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
Mississippi (Conference)	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
New Orleans (Economic Study)	\$ 2,000	2,000	\$ 4,000	2,000	10,000	14,000	2,000	10,000	12,000	
O.P.S.C.	\$ 2,000	-	\$ 2,000	-	-	2,000	-	-	2,000	-
Southern Community	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
The Green Team (Building Fund)	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
G.A.	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
Fiction Marketing Corporation	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
Middletown (Mental Health)	\$ 2,000	-	\$ 2,000	2,000	-	4,000	2,000	-	4,000	-
Bank of Pennsylvania	\$ 2,000	-	\$ 2,000	2,000	10,000	12,000	2,000	10,000	12,000	

See the Independent Accountant's Report

CITY OF NEW ORLEANS

ECONOMIC DEVELOPMENT FEES
 SCHEDULE OF DONATION AND ADMINISTRATIVE ACTIVITY, CONTINUED
 FOR THE TRIMONTH ENDING THROUGH DECEMBER 31, 1997

GRANTEE(ACTIVITY)	FEES ALLOCATED		TOTAL (DUAL) FEES RECORDED		FEES DEBITED		TOTAL (DUAL) FEES DEBITED		TOTAL ALLOCATED FEES/NUMBER AT RISK	
	EXCEPTION TO RULE	FEES	FEES	FEES	EXCEPTED FEES	FEES	EXCEPTED FEES	FEES	FEES	AT RISK
Texas University of Sea Grant	•	\$4,000	•	\$4,000	•	•	•	•	•	•
Agri-Development Fund	•	5,000	•	5,000	•	•	•	•	•	•
Mid-City Green Project	•	15,000	•	15,000	•	•	•	•	•	•
Children's Institute	•	40,000	•	40,000	•	•	•	•	•	•
Melville Tennis	•	20,000	•	20,000	•	•	•	•	•	•
Rogers Education Fund	•	25,000	•	25,000	•	•	•	•	•	•
Chenier-Texas Connection	•	10,000	•	10,000	•	•	•	•	•	•
Chenier-Texas Connection	•	23,000	•	23,000	•	•	•	•	•	•
Chenier-Texas Connection	•	10,000	•	10,000	•	•	•	•	•	•
Oliver-Rogers, Inc.	•	15,000	•	15,000	•	•	•	•	•	•
New Orleans Bay Entrance	•	15,000	•	15,000	•	•	•	•	•	•
Porter Development/Edis	•	1,000	•	1,000	•	•	•	•	•	•
Porter Industries, Inc.	•	1,000	•	1,000	•	•	•	•	•	•
Quebec Alliance for Quality	•	8,000	•	8,000	•	•	•	•	•	•
Port of New Orleans	•	10,000	•	10,000	•	•	•	•	•	•
SAIT/CI	•	8,000	•	8,000	•	•	•	•	•	•
Portunities of the	•	8,000	•	8,000	•	•	•	•	•	•
Contractors/Edis	•	11,000	•	11,000	•	•	•	•	•	•
Shreveport-Patt-Otis	•	11,000	•	11,000	•	•	•	•	•	•
Shreve & Desobry-Comanche	•	12,000	•	12,000	•	•	•	•	•	•
Port Improvement Committee	•	30,000	•	30,000	•	•	•	•	•	•
TOTAL	1,485,000	4,411,000	1,485,000	4,411,000	1,485,000	4,411,000	1,485,000	4,411,000		1,411

For the Independent Accountant's Report

CITY OF NEW ORLEANS
 ECONOMIC DEVELOPMENT FUND
 ECONOMIC DEVELOPMENT AND ADMINISTRATIVE ACTIVITY
 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011

ADMINISTRATIVE ACTIVITY	FUNDS ALLOCATED		TOTAL COMPLETION		TOTAL COMPLETION SUBMITTED	RECOVERIES AT YEAR END	TOTAL ALLOCATED BY FUND
	REVENUE TO DATE	NET ALLOCATED	REVENUE TO DATE	NET			
ISO Liability	\$ 10,000	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 10,000
State and localities expenditures	10,000	10,000	97,200	10,000	10,000	10,000	10,000
Other expenditures	0	0	0	0	0	0	0
State Administration Agency	10,000	10,000	107,200	10,000	10,000	10,000	10,000
Fund Grants and Administrative activity	10,000	10,000	107,200	10,000	10,000	10,000	10,000

For the Independent Accountant's Report.

**CITY OF NEW ORLEANS
ECONOMIC DEVELOPMENT FUND**

BACKGROUND OF THE ECONOMIC DEVELOPMENT FUND

GENERAL

The City of New Orleans (the City) Economic Development Fund (EDF) was established through a special election in 1991 that authorized a special millage of 2.5 mills on all property subject to taxation in the City. The millage commenced in 1992. On July 15, 1993, a special election was held, resulting in the redistribution of this 2.5 mills, which will now be split between the EDF and the Neighborhood Housing Improvement Fund (NHIF). The administration of this fund required the creation of an Economic Development Advisory Committee, which would in turn recommend specific projects to the Mayor subject to ultimate approval by the City Council. These projects are limited to economic development projects or activities that create new jobs or enhance the creation of wealth in the City.

PRIOR PROCESS

In prior years, proposals were required to be submitted to the EDF on prescribed forms, which included organization type, years in existence, current funding sources, description of project, use of funds, creation of jobs and reason for being an economic catalyst. The EDF staff evaluated the proposals and met with the Economic Development Advisory Committee, which recommended grant recipients and amounts to be funded to the Mayor's office. The Mayor's office recommended amounts and recipients to the City Council, which approved the allocations of the millages. Once allocated by ordinance, these funds were reflected in the accounting records.

Once the allocations of the expected millages were approved by the Council, the EDF and the grantee entered into a contract, which described the project cost and financing summary, scope of work, and reasonable levels of project completion with specific completion dates. This contract was approved by four different department heads outside the EDF and the Mayor. Contract amounts became formally recorded in the accounting records once all the required signatures were obtained and a requisition submitted.

CITY OF NEW ORLEANS
ECONOMIC DEVELOPMENT FUND

BACKGROUND OF THE ECONOMIC DEVELOPMENT FUND, CONTINUED

PRIOR PROCESS, CONTINUED

These contracts also required interim and final performance reports to be delivered to the EDF within certain reporting dates. Most of the contracts contained a clause limiting the initial amount disbursed to 85% of the amount appropriated by the Council; the final 15% was released after the completion of the final performance report.

CURRENT PROCESS

For the 1996 and 1997 allocations, the proposal and approval process is still functioning essentially as described above. The application process includes the submission of a project control sheet, executive summary, project narrative and detailed budget information. The project control sheet contains information about the applying organization. The executive summary contains concise statements about the organization's history, its experience in carrying out economic development projects and a problem statement explaining precisely the economic problem its project will address. The project narrative is an overview of the project to be performed including, among other things, the scope of work, a cost/benefit analysis and a marketing plan.

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CITY OF NEW ORLEANS -
ECONOMIC DEVELOPMENT FUND

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES
FOR THE TWELVE MONTH PERIOD
JANUARY 1, 1997 THROUGH DECEMBER 31, 1997

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES**

To the Audit Committee of the
City Council of the City of
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the City of New Orleans - Economic Development Fund and the Audit Committee of the City Council of the City of New Orleans, Louisiana, solely to assist the users in evaluating management's assertions about the Economic Development Fund's compliance with established policies and procedures during the period January 1, 1997 through December 31, 1997 which was included in its representation letter dated May 25, 1998. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows for twelve (12) grants that were selected from the Grants Activity report for the twelve month period ending December 31, 1997:

1. **APPLICATION PROCESS**

PROCEDURES

- A. Grant applications were reviewed to ensure that the application was received prior to September 30, 1996 from a organization located in Orleans Parish.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

1. APPLICATION PROCESS, Continued

PROCEDURES, Continued

- B. Grantee proposed activities were reviewed to determine whether such activities would create employment opportunities or improve the economic climate of the City.
- C. Grantee activities or projects were reviewed to determine whether such activities or projects were eligible as defined, or the Economic Development Grant was not funding more than 10% of the budget of a festival.
- D. Grantee applications were reviewed to ensure that the application was complete and included all required information.
- E. If applicable, grantee prior performance was reviewed to ensure that all prior required activities including submission of final report was performed.

FINDINGS

The results of our performing agreed-upon procedures to the Application Process were as follows:

- A. Two applications out of twelve applications tested were neither dated nor date stamped.
- B. One application out of twelve applications tested was dated November 21, 1996.
- C. One application out of twelve applications did not have a cover letter and
- D. Four grantees out of twelve were prior year recipients who had not submitted a final report for prior activities.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

1. **APPLICATION PROCESS, Continued**

MANAGEMENT'S RESPONSE

- A. *New procedures are currently in place to prevent the receipt of applications not being dated. All future applications will be electronically date stamped by EDP staff when the application is received.*
- B. *While the application was submitted subsequent to the deadline date, the Advisory Committee reviewed the extenuating circumstances and unanimously voted to accept the application.*
- C. *New controls are currently in place to require a cover letter. All sections of the application will be verified, at the time of receipt, against a checklist prepared by EDP staff.*
- D. *In the past, the issue of submitting a final report was only stated in the application. In some cases it was overlooked. In the future the requirement of submitting a final report will be included in the contract as well as in the application. Also, to be included in the contract "EDP staff will withhold 10% of total monies awarded to grantee. When the final report is received by the EDP staff the withheld monies will be released to the grantee".*

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

2. APPROVAL AND CONTRACT EVALUATION PROCESS

PROCEDURES

- A. Grantee's approval for funding by the City Council's ordinance was reviewed.
- B. Grantee's contract was reviewed to determine the following:
 - o Proper approval;
 - o Agreement with budget;
 - o Reasonable completion date;
 - o Project cost, scope of work and completion levels being specified;
 - o Reporting requirements outlined;
 - o Provisions were included for State laws and regulations and City of New Orleans requirements.

FINDINGS

The results of our performing agreed-upon procedures to the Approval and Contract Evaluation Process were as follows:

- A. One grantee out of twelve grants awarded tested (\$33,000) was not included in the City Council's Ordinance. Additionally, the same grantee's budget did not agree to the contract.
- B. One grantee's contract did not include a provision for compliance with the Public Bid Law.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

2. APPROVAL AND CONTRACT EVALUATION PROCESS, Continued

MANAGEMENT'S RESPONSE

- A. In mid-November, 1997, the grantee organizers requested an additional \$35,000 from EDP because of the need to expedite payment to certain vendors. In addition, the fact that the City payment mechanisms were soon to allow close, due to usual year end preparations, added to the sense of urgency. An Ordinance was not prepared at the time for this transaction. The EDP Advisory Committee met on March 30, 1998 and approved a request from the Mayor's Office of International Trade and Development that the organization be granted an additional \$35,000 from the Economic Development Fund. The Ordinance to allocate an additional \$35,000 to the grantee was passed on April 16, 1998. (Copy of Ordinance is available).
- B. The State Public Bid Laws are self-enforcing, i.e. entities that are covered by the law must follow the law. Such entities must follow the law whether an EDP Agreement sign or not. For process improvements, EDP staff will request the City Attorney to draft "boiler plate" language in reference to compliance with all laws and ordinances for inclusion in future EDP agreements.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

3. GRANTEE ACTIVITIES AND RESPONSIBILITIES

PROCEDURES

- A. Establishment of a separate operating checking account by the Grantee for advanced EDF funds was reviewed.
- B. The submission of interim reports and a final report was reviewed.

FINDINGS

- A. The results of our performing agreed-upon procedures to the grantee's activities and responsibilities was that one grantee who received an advance, did not maintain a separate operating account.

MANAGEMENT'S RESPONSE

- A. Initially a separate EDF checking account was maintained. The 100% advance of \$125,000 was deposited in this account. However, an additional \$1,000 in non-EDF monies was also deposited into this account. In the past, only grantees receiving funds in the form of an advance were required to have a separate checking account. The EDF contract has been revised to require all grantees to have separate checking accounts whether the funds are received in the form of an advance or on a reimbursement basis. This policy will be strictly enforced by EDF staff.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

4. DISBURSEMENTS TO GRANTEE

PROCEDURES

- A. Grantee disbursements were reviewed to determine whether grant funds were disbursed prior to April 1997.
- B. Grantee disbursements were reviewed to determine whether advances were either made in increments of 25%, pre-approved for advances greater than 25% or on a reimbursement basis.
- C. Grantee disbursements were reviewed to determine whether funds disbursed were supported by copies of invoices and cancelled checks.

FINDINGS

The results of our performing agreed-upon procedures to the disbursements to grantees' projects were as follows:

- A. One grantee received 100% of its (\$125,000) grant award in advance, one grantee received an advance of 54% (\$8,075 of the \$15,000 grant award), and another grantee received an advance of 50% (\$24,500 of the \$49,000 grant award).
- B. Three grantees out of twelve tested did not provide adequate documentation to substantiate the disbursement of grant funds totaling \$162,890; and
- C. One grantee provided support amounting to \$2,928, representing only 33% of the \$8,250 advanced. Another grantee provided support amounting to \$4,588, representing only 57% of the \$8,075 advanced.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

4. **REIMBURSEMENTS TO GRANTEES, Continued**

MANAGEMENT'S RESPONSE

- A. According to the EDF contract, an EDF Grantee may receive an advance of more than 50% of the EDF Grantee's award only under special circumstances. The EDF Grantee must demonstrate the need in writing to the EDF Manager and receive written approval for an advance of more than 50%. The EDF contract has been amended regarding receiving advances of more than 50% to read as follows: "An EDF Grantee may receive an advance of 50% or more of the EDF Grantee's award only under special circumstances which will be specifically mentioned in the "Scope of Services" section of this contract".
- B. The EDF contract has been amended as follows: "After an EDF Grantee receives its first quarter advance, the second quarter advance should be requested only after the total first quarter advance documentation is submitted to EDF staff. Reimbursement shall only be made if all required reporting documentation is submitted to EDF staff. The EDF Grantee must be in compliance with all aspects of the contract before receiving another advance.
- C. The support for the above finding was only for one quarter. When all four quarters were added together the supporting documentation is adequate. The contract had represented these grants requested that two-third of documentation be submitted to EDF staff per quarter before receiving the next quarter's advance. The contract has since been amended to require 100% documentation for a quarter before receiving the next quarter's advance. (See response for #2 above).

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH THE ECONOMIC DEVELOPMENT
FUND'S POLICIES AND PROCEDURES, Continued**

5. MONITORING OF GRANTEE'S PERFORMANCE

PROCEDURES

- A. Grantee monitoring reports were reviewed to ensure that grantees were monitored as required by departmental policy and whether instances of non-compliance were appropriately resolved.

FINDINGS

- A. There were no findings as a result of our performing agreed-upon procedures to the monitoring of grantee performance which was performed by the staff of the Economic Development Fund.

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 assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Audit Committee of the City Council of the City of New Orleans, and Management of the Economic Development Fund and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

May 25, 1998

EXIT CONFERENCE

An exit conference was held and those individuals participating in the discussion were as follows:

CITY OF NEW ORLEANS ECONOMIC DEVELOPMENT FUND

Mr. Eugene J. Green, Jr.	--	Assistant to the Mayor for Economic Development
Mrs. Phoenicia Howard	--	Director, Economic Development Fund

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Edward J. Phillips, Jr.	--	Senior Manager

The contents of this report on applying agreed-upon procedures was discussed. This report is intended for the use of the City Council, Audit Committee and the management of the City of New Orleans' Economic Development Fund.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 25, 1998

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LEGISLATIVE SERVICES

50 588 -3 03/18/98

INDIVIDUAL ACCOUNTANTS' COMMENTS TO MANAGEMENT

To the Audit Committee of the
City Council of the City of New Orleans

We have applied certain agreed-upon procedures to management's assertions about the Economic Development Fund's compliance with certain control procedures during the twelve month period ending December 31, 1997.

In performing our agreed-upon procedures, we became aware of matters that are presented in the accompanying memorandum for your consideration.

This letter is intended for the information of the Audit Committee of the City Council and management of the Economic Development Fund and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
BRUNO & TERVALÓN
CERTIFIED PUBLIC ACCOUNTANTS

March 18, 1998

INDEPENDENT ACCOUNTANTS' COMMENTS TO MANAGEMENT
(CONTINUED)

1. FINANCIAL REPORTS

We noted during our performing agreed-upon procedures to the Economic Development Fund records that management of the Economic Development Fund had not established procedures to obtain accounting reports. Such reports would be utilized to ensure accounting data is properly recorded in the City of New Orleans records and would be also utilized to prepare monthly reports of grantee and administrative activities.

We recommend that management of the Economic Development Fund take immediate steps to develop such procedures.

2. FREQUENCY OF MONITORING GRANTEES

We noted during our performing agreed-upon procedures to the grantee records maintained by the Economic Development Fund that grantees who had activities throughout the year were only being monitored one time.

We recommend that consideration be given to developing a monitoring policy that would provide for the systematic monitoring of grantees on a more frequent basis to ensure adherence to proposed grant activities.

3. ALLOCATED FUNDS-UNENCUMBERED

We noted during our performing agreed-upon procedures that management had not established purchase orders and encumbered funds for grantees totaling \$421,343.

We recommend that immediate steps be taken to ensure that grantee funds are properly encumbered.