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Release Date MAR 11 1998

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

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**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1997**

**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Orleans Private Industry Council, Inc.

We have audited the accompanying statement of financial position of Orleans Private Industry Council, Inc. (OPIC) as of June 30, 1997 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of OPIC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects the financial position of the Orleans Private Industry Council, Inc. as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
Orleans Private Industry Council, Inc.
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As discussed in NOTE 1 to the financial statements, the Orleans Private Industry Council, Inc. in 1987 changed its method of accounting for contributions and its financial reporting and financial statement presentation in accordance with Statements of Financial Accounting Standards Numbers 118 and 117, respectively.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 1987 on our consideration of Orleans Private Industry Council, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of CPIC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

November 21, 1987

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**STATEMENT OF FINANCIAL POSITION**

JUNE 30, 1997

ASSETS

Current Assets:	
Cash	\$ 137,026
Grants receivable (NOTE 1)	400,785
Advances to service providers	28,124
Accounts receivable—other	<u>9,832</u>
Total current assets	<u>575,767</u>
Fixed Assets, net of accumulated depreciation of \$1,194,977 (NOTE 3)	382,433
Other Assets:	
Deposits	<u>16,028</u>
Total assets	\$1,220,198

LIABILITIES AND NET ASSETS

Liabilities:	
Current Liabilities:	
Payables to service providers	\$ 293,604
Accrued salaries and taxes	377,968
Deferred credit	88,404
Due to the City of New Orleans (NOTE 5)	84,448
Current portion of notes payable (NOTE 6)	<u>36,438</u>
Total current liabilities	867,834
Long-Term Liabilities:	
Long-term portion of notes payable (NOTE 6)	<u>78,708</u>
Total liabilities	<u>946,542</u>
Net Assets:	
Unrestricted net assets	38,193
Unrestricted net assets—fixed assets and deposits	<u>392,433</u>
Total net assets	<u>430,626</u>
Total liabilities and net assets	\$1,220,198

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997**

REVENUES

Revenues and grants from governmental agencies	\$8,168,466
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EXPENSES**Program Services:**

Direct training	1,880,310
Training related support	2,838,499
Retraining	370,813
Basic readjustment	187,859
Support services needs related	<u>83,812</u>
Total program services	5,257,813

Support Services:

Management and general	1,413,728
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Total expenses	6,671,541
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Decrease in net assets	(109,881)
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Net assets, beginning of year	<u>716,488</u>
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Net assets, end of year	\$606,607
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The accompanying notes are an integral part of these financial statements.

CLARK PRIME ENERGY COAL, INC.
STATEMENT OF FINANCIAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 1997

	CURRENT PERIOD	PREVIOUS PERIOD				SUPPORT Services Needs REVENUES	Total Greater REVENUES	TOTAL
		Direct Trading	WEEKLY Inland REVENUES	Inland REVENUES	Basic REVENUES			
EXPENSES:								
Salaries and wages	\$ 879,538	\$ 890,638	\$ 414,789	\$ -	\$ 119,898	\$ -	\$1,805,183	\$1,725,488
Payroll taxes	88,439	82,472	32,871	-	-	-	114,545	176,584
Benefits	59,011	48,775	71,593	-	1,157	-	128,687	189,898
Insurance	4,488	3,789	18,443	-	-	-	14,435	28,632
Rent	24,288	60,788	84,373	-	4,460	-	109,497	131,993
Supplies	9,585	1,088	13,488	-	3,180	-	17,884	46,888
Telephone	8,148	18,888	14,788	-	3,813	-	14,241	42,791
Printing	2,888	1,428	7,788	-	1,881	-	3,290	16,018
Energy	2,128	3,288	2,188	-	810	-	3,484	7,118
Blackboard	17,823	2,283	13,788	-	834	-	17,484	34,959
Repairs and maintenance	8,829	1,465	1,870	-	1,721	-	3,218	18,287
Equipment & vehicle taxes	4,917	2,184	2,872	-	-	-	4,898	9,782
Non-capitalized equipment								
Peripherals	8,827	12,823	21,813	-	4,817	-	35,453	48,459
Trucks & trailers	28,758	8,181	9,118	-	518	-	22,817	29,703
Accounting & legal	47,243	-	2,217	-	-	-	2,827	14,820
Computer hardware	121,784	1,118,353	186,898	378,833	26,145	-	1,376,946	1,898,149
Advertising	323	491	89,478	-	6,878	-	24,128	18,428
Other expenses	-	-	-	-	124,284	-	124,284	14,181
Depreciation	128,888	-	-	-	-	-	-	218,889
Retained	6,725	-	-	-	-	-	8,728	-
Recipients payments	-	-	2,198,812	-	-	81,832	1,881,882	1,881,882
Total expense	1,411,171	9,488,611	12,275,888	421,842	1,007,898	81,832	89,307,803	94,071,828

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

Cash Flows from Operating Activities:	
Change in net assets	\$ (705,062)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	338,698
Changes in operating assets and liabilities:	
Receivables	925,928
Deposits	5,888
Accounts payable and accrued liabilities	(368,865)
Deferred credit	(215,465)
Due to the city of New Orleans	<u>8,263</u>
Net cash provided by operating activities	<u>360,877</u>
Cash Flows from Investing Activities:	
Purchases of fixed assets	(122,618)
Net cash used in investing activities	<u>(122,618)</u>
Cash Flows from Financing Activities:	
Proceeds from notes payable	98,995
Principle payments on notes payable	<u>(18,250)</u>
Net cash provided by financing activities	<u>80,745</u>
Net increase in cash	316,004
Cash, beginning of year	<u>21,286</u>
Cash, end of year	<u>\$ 337,290</u>
Supplemental Disclosure for Cash Flow Purposes:	
Interest paid	<u>\$ 6,715</u>

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

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1997

NOTE 1 - Summary of Significant Accounting Policies:

Organization

The Orleans Private Industry Council, Inc. (OPIC) was incorporated effective October 1, 1991 and assumed administrative responsibilities on January 1, 1992. OPIC's Board of Directors consists of twenty (20) representatives from both the private and public business sectors and has a fiscal year end of June 30.

It is the OPIC's responsibility to develop and implement a new Job Training Plan for the New Orleans Service Delivery Area (SDA), however, the ultimate responsibility for compliance with applicable JTPA laws and regulations rests with the City of New Orleans. As such, the City of New Orleans is given the responsibility to oversee and monitor all operations of OPIC. The responsibilities of all involved parties have been outlined in the PIC/COO agreement.

Consequently, the City of New Orleans is the primary recipient of the grant funds from the State of Louisiana. These funds are then disbursed to OPIC after approval by the city of New Orleans under a cost reimbursement arrangement.

OPIC operates and maintains programs to meet a wide variety of needs for individuals in the New Orleans Service Delivery Area. The following is a description of the programs offered by OPIC:

Title II

It is the purpose of this program to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Title II-A

Title II-A of the Act is the Adult Training Program which targets economically disadvantaged adults facing serious barriers to employment who are in special need of such training to obtain productive employment.

Youth Program (Title II-B & Title II-C)

The goals of this program are as follows:

1. Enhance the basic educational skills of youth including the use of remedial programs;
2. Encourage school completion, or enrollment in supplementary or alternative school programs; and
3. Provide eligible youth with exposure to the world of work.

Title II-B

Title II-B of the Act is the Summer Youth Training Program which targets economically disadvantaged youth ages 14-21.

Title II-A (88)

The primary focus of the 88 grant is to increase the employment potential of youth and hard-to-serve adults who are in need of basic education. Services under this grant are provided in cooperation with the State Department of Education.

Title II-C

Title II-C of the Act is the Year-Round Youth Training Program which targets in-school youth economically disadvantaged, ages 14-21 (or 14-21 if provided for in the job training plan).

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 1997

NOTE 3 - Summary of Significant Accounting Policies, continued:

Title III

The Title III program provides funding for displaced and/or dislocated workers who have been terminated or laid off and who are eligible for or have exhausted their entitlement to unemployment compensation.

Incentive Grant

Funds are awarded under the JTPA agreement to those service delivery areas who meet at a minimum, the required performance standards. The funds are held at the discretion of the Louisiana Department of Labor (LDOL) and distributed at the end of each program year. The funds may be used at the discretion of the SDA with no administrative restraints.

Youth Development

The City of New Orleans provides Community Development Block Grant funds to OPIC to establish a program for economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency.

**OPIC, Enterprise, Housing Authority of
New Orleans (EHANO)**

These programs were funded as a cooperative effort between the Orleans Private Industry Council and the City of New Orleans Mayor's Team '96 and EHANO to implement an eight week summer employment program for youth between the ages of 14 and 21 years. The Mayor's Team program emphasizes the active promotion of the ethic and skills needed for productive active citizenship, life skills training, and the development of a strengthened community through use of community service oriented employment. Youth are to work at nonprofit community organizations and government agencies throughout the city. Each project must have a clear benefit to the community as a whole or to the neighborhood in which it is located.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 2 - Summary of Significant Accounting Policies, continued:

Basis of Accounting

OPIC prepares its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fixed Assets

Furniture and equipment purchased by OPIC are recorded at cost. Donations of fixed assets are recorded at their fair value at the date of gift. All expenditures for fixed assets over \$150 are capitalized. The fair value of donated fixed assets are also capitalized.

Depreciation is computed using the straight-line method based upon the following estimated useful lives:

	Years
Furniture and equipment	3-5

Cash and Cash Equivalents

Cash consists solely of demand deposits fully secured by federal deposit insurance. For purposes of the statement of cash flows, the management of OPIC considers all time deposits and certificates of deposit with a maturity of three months or less to be cash equivalents.

Income Taxes

OPIC is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code as an organization described in Section 501(c)(3).

Advertising

Advertising costs are expensed as incurred.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Net Assets

Under SFAS No. 117, OPIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, OPIC is required to present a statement of cash flows. OPIC has discontinued its use of fund accounting and, accordingly, reclassified its financial statements to present the three classes of net assets as applicable.

A description of the applicable net asset categories identified in the financial statements are as follows:

Unrestricted Net Assets

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and the expenses incurred in conducting the missions of OPIC are included in this category. OPIC has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of OPIC and therefore OPIC's policy is to record these net assets as unrestricted. Unrestricted net assets also represent the unexpended balance of exchange transactions received from U.S. Department of Labor.

Unrestricted Net Assets - Fixed Assets and Deposits

Unrestricted net assets - fixed assets and deposits represent the depreciated value of fixed assets and deposits.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Contributions

Under SFAS No. 114 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or return of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Contributions are generally recorded only upon receipt, unless an unconditional promise to give has been received and confirmed. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fair Value of Financial Instruments:

The estimated fair value of all significant financial accounts have been determined by OPIC using available market information and appropriate valuation methodologies. The OPIC considers the carrying amounts of cash, accounts receivable, grants receivable, deposits, and notes payable to be fair value.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 2 - Grants Receivable:

At June 30, 1997 grants receivable consist of the following:

City of New Orleans - JFPA	\$488,883
City of New Orleans - Incentive Funds	63,784
City of New Orleans - CDDB	61,571
City of New Orleans - Downtown Development District	11,907
City of New Orleans - South Build	<u>5,685</u>
Total	<u>\$632,728</u>

NOTE 3 - Fixed Assets:

Fixed assets consist of the following at June 30, 1997:

Furniture and equipment	\$ 1,777,410
Less: accumulated depreciation	<u>11,384,922</u>
Total	<u>\$ 182,498</u>

Depreciation expense was \$108,860 for the year ended June 30, 1997.

NOTE 4 - Notes Payable:

The following is a summary of notes payable at June 30, 1997:

Note payable to a bank, unsecured with no stated interest rate and payable on demand.	\$ 17,178
Note payable to a finance company, with an interest rate 8.50%; payable in monthly installments of 62,880, and a maturity date August 28, 2002.	<u>84,928</u>
Sub-total	102,106
Less current portion	<u>(11,489)</u>
Total	<u>\$ 90,617</u>

ORILLANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 4 - NOTES Payable. Continued:

Required principle payments due on the aforementioned notes payable subsequent to June 30, 1997 are as follows:

Year Ended June 30,---	
1998	\$ 11,600
1999	10,550
2000	19,247
2001	13,382
2002	<u>12,525</u>
Total	<u>\$67,304</u>

Interest expense for the year ended June 30, 1997 was \$6,739.

NOTE 5 - Due to the City of New Orleans:

At June 30, 1997 the amounts due to the city of New Orleans consist of the following:

Unpaid balance of loan in connection with a former employee lawsuit	\$66,174
Advances to service providers	20,174
Total	<u>\$86,348</u>

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 4 - Leases:

OPIC has operating leases for the rental of office space and a vehicle which are non-cancellable over the next years. The minimum future rental payments under these non-cancellable operating leases having remaining terms in excess of one year as of June 30, 1997 are as follows:

<u>Year Ended</u> <u>June 30,</u>	
1998	\$124,128
1999	123,784
2000	<u>52,000</u>
Total	\$299,912

Rental expense under the non-cancellable operating leases for the year ended June 30, 1997 was \$141,767.

NOTE 7 - Pension Plan:

In December of 1994 the OPIC implemented a tax sheltered annuity plan under Section 403(B) of the Internal Revenue Code.

Employees completing full-time employment for six consecutive months at December 1, 1994 were eligible to participate. Employees employed after December 1, 1994 must complete 12 months of full-time employment to become eligible to participate. Maximum contributions allowed under the Internal Revenue Code are tax deferred to the contributing employee.

OPIC contribution to the plan during fiscal year 1997 was \$78,798 which was equivalent to 6.08% of the eligible employees gross earnings.

At June 30, 1997 there were approximately twenty-three (23) employees participating in the plan whose contributions are deducted bi-monthly.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 1997

NOTE 8 - CONTINGENCIES:

OPIC receives grants from local, state and federal governmental agencies. The programs sponsored by these agencies are subject to discretionary audits by the granting agencies. There have been no audits by granting agencies in fiscal year 1997 and management does not anticipate any adjustments as a result of future audits.

SUPPLEMENTARY INFORMATION

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1997**

FEDERAL GRANTOR/ PROGRAM TITLE/PASS-THROUGH AGENCIES)	CFDA NUMBER	EXPENDITURES
U.S. DEPARTMENT OF LABOR -		
Job Training Partnership Act (JTPA)		
Passed through Louisiana Department of Labor		
Passed through the City of New Orleans		
Title II-A	17.246	\$1,822,787
Title II-B	17.246	1,788,421
Title II-C	17.246	586,468
Title III	17.246	1,178,388
Total Louisiana Department of Labor		5,477,740
Passed through Louisiana Department of Education		
Passed through the City of New Orleans Title II-A 81	17.246	570,241
Total Job Training Partnership Act		5,647,981
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT -		
Community Development Block Grants		
Passed through-Housing Authority of New Orleans	14.854	41,750
Passed through-City of New Orleans-DEHD	14.218	309,767
Passed through-City of New Orleans, Youth Build Program-DEHD	14.243	121,126
Total Community Development Block Grant		572,643
Total		\$6,120,624

See the Independent Auditors' Report on
Supplementary Information and Notes to

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - GENERAL:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Orleans Private Industry Council, Inc. (OPIC). OPIC reporting entities are defined in NOTE 1 of the financial statements for the year ended June 30, 1997. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed through other government agencies.

NOTE 2 - BASIS OF ACCOUNTING:

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in NOTE 1 to OPIC's financial statements for the year ended June 30, 1997.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS:

Federal award revenues are reported in OPIC's financial statements as follows:

From Federal Sources	\$6,171,899
From Non-Federal Services	____192,616
Total grant revenues from federal and non-federal sources	\$6,364,515

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

To the Board of Directors of
Orleans Private Industry Council, Inc.

We have audited the financial statements of Orleans Private Industry Council, Inc. (OPIC) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 21, 1997. As discussed in NOTE 1 to the financial statements, OPIC in 1993 changed its method of accounting for contributions and its financial reporting and financial statement presentation in accordance with statements of financial accounting standards Numbers 116 and 117, respectively. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the comptroller general of the United States.

Compliance

As part of obtaining reasonable assurance about whether OPIC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instance of noncompliance that are required to be reported under Government Auditing Standards.

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

(CONTINUED)

Internal Control over Financial Reporting

In planning and performing our audit, we considered OPIC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of OPIC in a separate letter dated November 21, 1987.

This report is intended for the information of the Board of Directors, management, and the federal awarding and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

November 21, 1987

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.**

To the Board of Directors of
Orleans Private Industry Council, Inc.

Compliance

We have audited the compliance of Orleans Private Industry Council, Inc. (OPIC) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. OPIC's major federal programs are identified in the summary of the independent auditors results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of OPIC's management. Our responsibility is to express an opinion on OPIC's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about OPIC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on OPIC's compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

In our opinion OPIC complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Item Number 97-01 Fixed Assets on page 24 of this audit report.

Internal Control over Compliance

The management of OPIC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered OPIC's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect OPIC's ability to administer a major Federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item Number 97-01 Fixed Assets on page 24 of this audit report.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-111
(CONTINUED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervola

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

November 21, 1997

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1987

AUDIT FINDING REFERENCE NUMBER

77-01 - Fixed Assets

FEDERAL PROGRAM AND SPECIFIC FEDERAL AWARD IDENTIFICATION

CIFA TITLE AND NUMBER

CFDA 19.246 - JOB Training Partnership Act

FEDERAL AWARD YEAR

June 30, 1987

FEDERAL AGENCY

U.S. Department of Labor

PASS-THROUGH ENTITIES

Louisiana Department of Labor and the City of New Orleans

CRITERIA

OMB Circular A-133 Compliance Supplement, Part 3(F), OMB Circular A-110 subpart C, Section 34 and, La. Rev. Statutes 28:1215(B)(1) and 28:1216 requires specific accountability and inventory of property.

CONDITION AND PERSPECTIVE

During our testing of fixed assets, we noted that OPIC's detail inventory of fixed assets did not reconcile to the general ledger at June 30, 1987.

CAUSE

Management is of the opinion that much of the difference pertained to OPIC capitalizing computer software programs purchased in prior years that are not included in the fixed assets inventory detail.

QUESTIONED COSTS

For this condition we have no questioned costs.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1997

Audit Finding Reference Number, CONTINUED

97-01 - Fixed Assets, Continued

EFFECT

Weaknesses in the controls utilized to safeguard OPIC's assets from unauthorized use or disposition.

RECOMMENDATION

We recommend that management establish written policies and procedures pertaining to the control, safeguarding, and reconciliation of fixed assets.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 1997**

1. Type of report issued on the financial statements. **Unqualified opinion**
2. Did the audit disclose any reportable conditions in internal control. **No**
3. Were any of the reportable conditions material weaknesses. **No**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization. **No**
5. Did the audit disclose any reportable conditions in internal control over major programs. **Yes**
6. Were any of the reportable conditions in internal control over major programs material weaknesses. **No**
7. Type of report issued on compliance for major programs. **Unqualified**
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a). **Yes**
9. The following is an identification of major programs:

<u>CFDA or CONTRACT Number</u>	<u>Name of Federal Program</u>
17.246	Job Training Partnership Act
14.228	Community Development Block Grant - City of New Orleans
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 502(b) was **\$180,000**.
11. Did the auditors qualify as a low-risk auditee under OMB Circular A-133, Section 502. **No**

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

EXIT CONFERENCE

The exit report was discussed at an exit conference on December 11, 1997. Those individuals in attendance at the exit conference were as follows:

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

Mrs. Cheryl Cramer -- Executive Director
Mr. Louis Saulay -- Executive Vice President
Ms. Dana Pettis-Lucas, CPA -- Chief Financial Officer
Members of OPIC Board of Directors

CITY OF NEW ORLEANS

Ms. Mary Pettigill -- Assistant to the Mayor
for Fiscal Affairs

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA -- Managing Partner
Mr. Edward A. Tauriac, CPA -- Manager

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

November 21, 1997

To the Board of Directors of the
Orleans Private Industry Council, Inc.

In planning and performing our audit of the financial statements of the Orleans Private Industry Council, Inc. (OPIC) for the year ended June 30, 1997, we considered OPIC's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated November 21, 1997, on the financial statements of OPIC.

Review and Approval of Budgets

Observation:

It appeared that the Finance Department prepared budgets of its primary funding sources during the course of the year. However, we noted no evidence that budget analysis is reviewed and approved by management on a timely basis. Further, we noted that final budgets were not approved by the Board of Directors in a timely fashion.

Recommendation:

We recommend that budgets continue to be prepared for each significant area of OPIC's operations, with input by personnel who will be responsible for meeting the budgets. We also recommend that monthly and/or quarterly budget analysis be reviewed by management to identify the cause of significant variances and to develop a corrective action plan, if necessary. Minutes of finance committee meetings or board of directors' meetings should reflect evidence of review and approval of the budget analysis.

Improved Cash Management

Observations:

We noted the following instances related to OPIC's cash management and internal control procedures:

- o Certain bank reconciliations were not performed timely;
- o There were several cash accounts on the general ledger and there were no active bank accounts at financial institutions to substantiate the general ledger balances; however, we noted during the course of the audit this condition had been corrected; and
- o There are a number of reconciling items that have continually been listed as reconciling items and have not been adjusted on the general ledger.

Recommendation:

We recommend that procedures be adopted to ensure that OPIC's bank accounts are being accounted for properly and safeguarded from unauthorized use.

Unaudited Allocations

Observation:

As a result of our testing, we noted that OPIC did not utilize all of the grant funds that were available to the Agency during the current year. We do, however, realize that up to 17% carryover is allowable.

Unaudited Allocations, Continued

Recommendation:

We recommend that OPIC establish procedures to ensure that all grant funds available in a fiscal year are utilized in that fiscal year. This can be accomplished by monitoring subcontractors spending and their ability to spend their award by the end of their grant period. If it is determined that a subcontractor cannot expend their funds by the end of the grant period, then their funds should be reallocated to other subcontractors to ensure that all funds will be utilized.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various OPIC personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

November 21, 1997