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**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

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Release Date **FEB 02 2000**

**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 1999**

**Bruno  
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

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**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

**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-a non-profit corporation) as of June 30, 1999 and the related statements of activities 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, 1999, 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.  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 1999 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 basic financial statements of **OPIC** taken as a whole. The accompanying schedule of functional expenses and the required OMB Circular A-133 schedule of expenditures of federal awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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**

December 21, 1999

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1999

ASSETS

|   |                    |
|---|--------------------|
| Cash  | \$ 240,071         |
| Grants receivable (NOTE 3)  | 939,171            |
| Accounts receivable-other   | 40,545             |
| Prepaid rent  | 33,625             |
| Fixed assets, net of accumulated<br>depreciation of \$1,759,731 (NOTES 2 and 4) | 320,072            |
| Deposits  | <u>10,000</u>      |
| Total assets  | <u>\$1,583,484</u> |

LIABILITIES AND NET ASSETS

**Liabilities:**

|   |               |
|---|---------------|
| Accounts payable                        | \$ 225,032    |
| Payables to service providers           | 364,973       |
| Accrued salaries                        | 262,021       |
| Deferred revenues                       | 33,625        |
| Deferred credit                         | 29,972        |
| Due to the City of New Orleans (NOTE 7) | 40,764        |
| Due to the State of Louisiana           | 76,288        |
| Notes payable (NOTE 5)                  | <u>54,157</u> |

Total liabilities 1,086,832

Contingencies and commitments (NOTE 13)

**Net Assets (NOTE 2):**

|  |                |
|--|----------------|
| Unrestricted net assets                              | 220,737        |
| Unrestricted net assets-fixed assets and<br>deposits | <u>275,915</u> |

Total net assets 496,652

Total liabilities and net assets \$1,583,484

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, 1999

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|   | <u>Unrestricted</u> |
|---|---------------------|
| <b><u>OPERATING REVENUES</u></b>            |                     |
| Grants from governmental agencies (NOTE 11) | \$8,313,972         |
| Other revenues                              | <u>3,945</u>        |
| Total operating revenues                    | <u>8,317,917</u>    |
| <b><u>OPERATING EXPENSES</u></b>            |                     |
| <b>Program Services:</b>                    |                     |
| Direct training                             | 3,078,060           |
| Training related support                    | 3,350,881           |
| Basic readjustment                          | <u>489,346</u>      |
| Total program services                      | <u>6,918,287</u>    |
| <b>Support Services:</b>                    |                     |
| Management and general                      | <u>1,339,525</u>    |
| Total expenses                              | <u>8,257,812</u>    |
| Change in net assets                        | 60,105              |
| Net assets, beginning of year               | <u>436,547</u>      |
| Net assets, end of year                     | \$ <u>496,652</u>   |

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, 1999

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|  |                   |
|--|-------------------|
| <b>Cash Flows from Operating Activities:</b>   |                   |
| Change in net assets   | \$ 60,105         |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: |                   |
| Depreciation expense   | 123,631           |
| Changes in operating assets and liabilities:   |                   |
| Increase in receivables  | (97,098)          |
| Decrease in accounts payable and accrued liabilities                                       | (19,813)          |
| Decrease in deferred credit  | (341)             |
| Decrease in due to funding sources   | (53,948)          |
| Increase in prepaid rent   | (33,625)          |
| Increase in deferred revenue   | <u>33,625</u>     |
| Net cash provided by operating activities  | <u>12,536</u>     |
| <b>Cash Flows from Investing Activities:</b>   |                   |
| Purchase of fixed assets   | <u>(87,645)</u>   |
| Net cash used in investing activities  | <u>(87,645)</u>   |
| <b>Cash Flows from Financing Activities:</b>   |                   |
| Principle payments on notes payable  | <u>(16,550)</u>   |
| Net cash provided by financing activities  | <u>(16,550)</u>   |
| Net decrease in cash   | (91,659)          |
| Cash, beginning of year  | <u>331,730</u>    |
| Cash, end of year  | <u>\$ 240,071</u> |
| <b>Supplemental Disclosure for Cash Flow Purposes:</b>                                     |                   |
| Interest paid in cash  | <u>\$ 8,267</u>   |

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

# ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1999

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NOTE 1 - Organization:

The Orleans Private Industry Council, Inc. (OPIC) was incorporated effective October 3, 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/CEO 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, 1999

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NOTE 1 - Organization, 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 (8%)

The primary focus of the 8% 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.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 1999

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NOTE 1 - Organization, Continued:

Title II-C

Title II-C of the Act is the Year-Round Youth Training Program which targets in-school youth economically disadvantaged, ages 16-21 (or 14-21 if provided for in the job training plan).

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.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 1999

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NOTE 2 - Summary of Significant Accounting Policies

Principles of Accounting

OPIC prepares its financial statements and the schedule of expenditures of federal awards on the accrual basis of accounting and in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Basis of Reporting

OPIC has adopted the provisions of SFAS No. 117, which establishes standards for external financial reporting by not-for-profit organizations and requires the resources be classified for accounting and reporting purposes into 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.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 1999

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

A description of the three net asset categories 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 - Fixed Assets and Deposits

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

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 1998, OPIC did not have any temporarily or permanently restricted net assets.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 1999

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Fixed Assets

Furniture and equipment purchased by OPIC is recorded at cost. Donations of fixed assets are recorded at their fair value at the date of gift.

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

|                         | <u>Years</u> |
|-------------------------|--------------|
| Furniture and equipment | 3-5          |

Cash Equivalents

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.

Advertising

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 1999

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Contributions

Under SFAS No. 116 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature 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.

Fair Value of Financial Instruments:

The estimated fair value of all significant financial amounts 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, 1999

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NOTE 3 - Grants Receivable:

At June 30, 1999 grants receivable consist of the following:

|                                      |                  |
|--------------------------------------|------------------|
| City of New Orleans - JTPA           | \$809,789        |
| City of New Orleans - CDBG           | 58,399           |
| State of Louisiana - Welfare to Work | 64,737           |
| State of Louisiana - Simply Better   | <u>6,246</u>     |
| Total                                | <u>\$939,171</u> |

NOTE 4 - Fixed Assets:

Fixed assets consist of the following at June 30, 1999:

|                                | <u>Balance at</u><br><u>06/30/98</u> | <u>Additions</u><br><u>(Reductions)</u> | <u>Balance at</u><br><u>06/30/99</u> |
|--------------------------------|--------------------------------------|---|--------------------------------------|
| Furniture and equipment        | \$1,992,158                          | \$ 87,645                               | \$ 2,079,803                         |
| Less: accumulated depreciation | <u>(1,636,100)</u>                   | <u>(123,631)</u>                        | <u>(1,759,731)</u>                   |
| Total                          | <u>\$ 356,058</u>                    | <u>\$(35,986)</u>                       | <u>\$ 320,072</u>                    |

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 1999

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NOTE 5 - Notes Payable:

The following is a summary of notes payable at June 30, 1999:

Note payable to a finance company, with an interest rate 8.50%; payable in monthly installments of \$2,180, and a maturity date August 28, 2002. \$54,157

Required principle payments due on the aforementioned notes payable subsequent to June 30, 1998 are as follows:

| Year Ended<br><u>June 30, ___</u> |                  |
|-----------------------------------|------------------|
| 2000                              | \$ 19,247        |
| 2001                              | 22,385           |
| 2002                              | <u>12,525</u>    |
| Total                             | \$ <u>54,157</u> |

Interest expense for the year ended June 30, 1999 was \$8,267.

NOTE 6 - Income Taxes

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



**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
 NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
 JUNE 30, 1999

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NOTE 7 - Due to the City of New Orleans:

At June 30, 1999 the amounts due to the City of New Orleans consist of the following:

|   |                 |
|---|-----------------|
| Unpaid balance of loan in connection with a former employee lawsuit | \$23,556        |
| Working capital loan  | <u>17,208</u>   |
| Total   | <u>\$40,764</u> |

NOTE 8 - Economic Dependency:

The primary source of revenue for OPIC is federal, state and local grants provided through various funding agencies. The continued success of OPIC is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

NOTE 9 - Leases:

OPIC has operating leases for the rental of office space and a vehicle which are non-cancellable over the next few years. The minimum future rental payments under these non-cancellable operating leases having remaining terms in excess of one year as of June 30, 1999 are as follows:

| Year Ended<br><u>June 30,</u> |                  |
|-------------------------------|------------------|
| 2000                          | \$179,604        |
| 2001                          | 109,604          |
| 2002                          | 59,604           |
| 2003                          | <u>24,835</u>    |
| Total                         | <u>\$373,647</u> |

Rental expense under the non-cancellable operating leases for the year ended June 30, 1999 was \$183,842.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 1999

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NOTE 10 - 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's contribution to the plan during the fiscal year ended June 30, 1999 totaled \$94,801.

At June 30, 1999 there were approximately forty-seven (47) employees participating in the plan whose contributions are deducted bi-monthly.

NOTE 11 - Grants from Governmental Agencies:

Grants from governmental agencies consisted of the following:

| <u>Grant Program</u>         | <u>Amount</u> |
|------------------------------|---------------|
| Job Training Partnership Act |               |
| Title II-A                   | \$2,482,357   |
| Title II-B                   | 2,158,243     |
| Title II-B Private           | 7,373         |
| Title II-C                   | 779,888       |
| Title III                    | 1,596,577     |
| Title II-A 8%                | 150,613       |

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 1999

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NOTE 11 - Grants from Governmental Agencies, Continued:

| <u>Grant Program</u>              | <u>Amount</u>      |
|-----------------------------------|--------------------|
| Incentive Grant                   | 75,596             |
| Community Development Block Grant | 139,142            |
| One-Stop                          | 68,091             |
| Simply Better                     | 3,161              |
| Welfare to Work                   | <u>852,931</u>     |
| Total                             | <u>\$8,313,972</u> |

NOTE 12 - Credit Risks:

OPIC maintains several cash accounts at a financial institution with the cash balances at June 30, 1999 totaling \$401,739. Accounts at the financial institution are insured by the FDIC up to \$100,000.

NOTE 13 - Contingencies and Commitments:

OPIC is a recipient of several grants and awards of Federal, State and local funds. These grants and awards are governed by various Federal, State and local guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by these grants and awards is under the control and administration of OPIC and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

Litigation

During the year ended June 30, 1999, the Louisiana Supreme Court denied writ of certiorari in a lawsuit filed originally prior to July 1, 1997, effectively making the trial and appellate courts dismissal of that case final.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
JUNE 30, 1999

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NOTE 12 - Contingencies and Commitments, Continued:

Year 2000

OPIC has obtained a study of its own systems and operations. Based on this study, OPIC has initiated a project to take all necessary and reasonable steps to get the mission critical systems and operations Year 2000 (Y2K) compliant in a timely manner. The total costs of the Y2K efforts are estimated to be \$91,722 and will be funded with grant funds. As of June 30, 1999, no costs relative to the Y2K effort have been expended. Also, computer hardware and software previously acquired will be fully depreciated by June 30, 1999.

The assessment of the costs of the Y2K compliance effort, and the timetable for the planned completion of the internal Y2K modifications, are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that these estimates will prove accurate, and actual results could differ from those estimated if these assumptions prove inaccurate.

## **SUPPLEMENTARY INFORMATION**

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>   | <u>FEDERAL<br/>CFDA OR<br/>OTHER<br/>NUMBER</u> | <u>PASS-THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>    |
|---|---|---|--------------------|
| <u>U. S. DEPARTMENT OF HOUSING AND<br/>URBAN DEVELOPMENT</u>                    |   |   |                    |
| <u>Awards from a Pass-Through Entity</u>  |   |   |                    |
| Through: City of New Orleans  |   |   |                    |
| <u>CDBG Entitlement and Small<br/>Cities Cluster</u>                            |   |   |                    |
| Community Development   |   |   |                    |
| Block Grant   | 14.218  | CD #50-135                                  | \$ 139,142         |
| <br><u>U. S. DEPARTMENT OF LABOR</u>  |   |   |                    |
| <u>Awards from a Pass-Through Entity</u>  |   |   |                    |
| Through: Louisiana Departments of<br>Labor and Education/City of<br>New Orleans |   |   |                    |
| <u>JTPA Cluster</u>   |   |   |                    |
| Employment and Training<br>Assistance-Dislocated<br>Workers                     |   |   |                    |
|   | 17.246  | RX-770                                      | 7,175,051          |
| <br><u>Awards from a Pass-Through Entity</u>                                    |   |   |                    |
| Through: Louisiana Department of<br>Labor                                       |   |   |                    |
| Employment Service-   |   |   |                    |
| One Stop  | 17.207  | 522798                                      | 68,091             |
| Welfare to Work   | 17.253  | 534520                                      | 852,931            |
| Simply Better   | N/A   | 020-98-11-95                                | 3,161              |
| <br>Total Expenditures of Federal Awards  |   |   | <u>\$8,238,376</u> |

See the Independent Auditors' Report.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 1 - Basis of Accounting:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Orleans Private Industry Council, Inc. (OPIC) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

NOTE 2 - Subrecipients:

Of the federal expenditures presented in the schedule, OPIC provided federal awards to subrecipients as follows:

| <u>Program Title</u>              | <u>Federal CFDA<br/>or Other<br/>Identifying<br/>Number</u> | <u>Amount<br/>Provide to<br/>Subrecipients</u> |
|-----------------------------------|---|--|
| Employment Training<br>Assistance | 17.246  | <u>\$2,361,504</u>                             |

NOTE 3 - Reconciliation of Federal Expenditures

The following analysis provides a reconciliation of federal expenditures as presented on the Schedule of Expenditures of Federal Awards to the Statement of Activities:

|   |                        |
|---|------------------------|
| Total Federal Expenditures                | \$8,238,376            |
| Depreciation expense                      | 123,631                |
| Equipment adjusted per FASB<br>Number 117 | (87,645)               |
| Capital lease expenditures                | <u>(16,550)</u>        |
| <br>Expense per Statement of<br>Activity  | <br><u>\$8,257,812</u> |

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1999

|   | PROGRAM SERVICES   |                          |                    | SUPPORT SERVICES       |                    | Total               |
|---|--------------------|--------------------------|--------------------|------------------------|--------------------|---------------------|
|   | Direct Training    | Training Related Support | Basic Readjustment | Management and General | Program Services   |                     |
| Salaries and wages and related taxes            | \$ 282,561         | \$ 843,429               | \$ 325,137         | \$ 842,028             | \$1,451,127        | \$ 2,293,155        |
| Employee benefits                               | 47,653             | 74,499                   | 39,854             | 123,247                | 162,006            | 285,253             |
| Insurance                                       | -0-                | 11,887                   | 502                | 10,608                 | 12,389             | 22,997              |
| Rent  | 27,657             | 75,165                   | 47,840             | 33,180                 | 150,662            | 183,842             |
| Supplies  | 65,611             | 47,560                   | 3,309              | 24,606                 | 116,480            | 141,086             |
| Telephone                                       | 1,511              | 38,144                   | 19,472             | 15,096                 | 59,127             | 74,223              |
| Postage   | 64                 | 2,214                    | 2,037              | 3,385                  | 4,315              | 7,700               |
| Printing  | -0-                | 13,401                   | 4,904              | 14,292                 | 18,305             | 32,597              |
| Non-capitalized equipment                       | 1,884              | 14,226                   | 3,557              | 24,245                 | 19,667             | 43,912              |
| Travel and conferences                          | 7,561              | 9,264                    | 2,868              | 46,584                 | 19,693             | 66,277              |
| Accounting and auditing                         | -0-                | -0-                      | -0-                | 39,210                 | -0-                | 39,210              |
| Contracted services                             | 2,586,679          | 40,789                   | 1,472              | 67,865                 | 2,628,940          | 2,696,805           |
| Advertising                                     | -0-                | 41,791                   | 4,890              | 6,472                  | 46,681             | 53,153              |
| Participant payments                            | -0-                | 702,495                  | -0-                | -0-                    | 702,495            | 702,495             |
| Other   | 10,856             | 26,014                   | 5,929              | 44,668                 | 42,799             | 87,467              |
| Depreciation                                    | 45,743             | 50,689                   | 7,418              | 19,781                 | 103,850            | 123,631             |
| Dues and memberships                            | -0-                | -0-                      | 45                 | 1,672                  | 45                 | 1,717               |
| Subscription and publication                    | 11                 | 10,018                   | 995                | 715                    | 11,024             | 11,739              |
| Repairs and maintenance                         | -0-                | 42,289                   | 17,318             | -0-                    | 59,607             | 59,607              |
| Interest expense                                | 269                | 4,546                    | 1,799              | 1,653                  | 6,614              | 8,267               |
| Legal expense                                   | -0-                | -0-                      | -0-                | 20,218                 | -0-                | 20,218              |
| Summer Youth program salaries and related taxes | -0-                | 1,302,461                | -0-                | -0-                    | 1,302,461          | 1,302,461           |
|   | <u>\$3,078,060</u> | <u>\$3,350,881</u>       | <u>\$ 489,346</u>  | <u>\$1,339,525</u>     | <u>\$6,918,287</u> | <u>\$ 8,257,812</u> |

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



**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

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

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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, 1999, and have issued our report thereon dated December 21, 1999. 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 AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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(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. During our exit conference with management, we discussed certain policy and procedural matters that we do not consider material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and the federal awarding and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 1999

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM 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 its major federal program for the year ended June 30, 1999. OPIC's major federal program is 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 its major federal program 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, Audits of States, Local Governments, and Non-Profit Organizations. Those 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 its major federal program for the year ended June 30, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is 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 99-01.

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 a 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 99-01.

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)

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 the reportable condition previously described is not a material weakness. During our exit conference with management of OPIC, we discussed certain policy and procedural matters relating to federal awards programs that we do not consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 1999

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 1999

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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<br/>Contract Number</u> | <u>Name of<br/>Federal Program</u>    |
|------------------------------------|---------------------------------------|
| 17.246                             | Employment and Training<br>Assistance |
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000.
11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530. No

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**FINANCIAL STATEMENT FINDINGS**

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There were no reportable conditions and material weaknesses and no instances of noncompliance related to the financial statements that were required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1999

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INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

Audit Finding Reference Number

99-01 Monitoring of Subrecipients

Federal Program and Specific Federal Award Identification

CFDA Title and Number

17.246 Employment and Training Assistance

Federal Award Year

June 30, 1999

Federal Agencies

U.S. Department of Labor

Pass-Through Entity

Louisiana Department of Labor and Education/City of New Orleans

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section M stipulates that pass-through entities are responsible for monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.

Conditions and Perspectives

We noted during our audit that management of OPIC failed to perform fiscal and programmatic subrecipient monitoring for two (2) subrecipients, who received \$94,881 in federal grants.



ORLEANS PRIVATE INDUSTRY COUNCIL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, Continued  
FOR THE YEAR ENDED JUNE 30, 1999

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INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE, Continued

Audit Finding Reference Number, Continued

99-01 Monitoring of Subrecipients, Continued

Cause

The management of OPIC has not adhered to established procedures with regard to the monitoring of subrecipients.

Questioned Costs

For purpose of these conditions, we are presently unable to assess whether the failure of OPIC to monitor the noted subrecipients will result in any questioned costs.

Effect

OPIC has awarded millions of grant fund dollars to subrecipients administered by the noted grants.

Without consistent monitoring efforts and documentation thereof there is no:

- Assurance that all subrecipients are monitored on a regular basis;
- Determination of subrecipients' compliance with contractual terms and conditions; and
- Follow-up and resolution of conditions of noncompliance noted.

As a result of the lack of programmatic and fiscal monitoring of the subrecipients, these subrecipients may have requested reimbursement for costs which may be unallowable, unsupported, and/or ineligible.

**ORLEANS PRIVATE INDUSTRY COUNCIL, INC.**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, Continued  
FOR THE YEAR ENDED JUNE 30, 1999

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INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE, Continued

Audit Finding Reference Number, Continued

99-01 Monitoring of Subrecipients, Continued

Lastly, ineffective and inconsistent monitoring efforts by OPIC can adversely affect the performance of OPIC and its subrecipients in regard to attaining the various grant program goals and objectives.

Recommendation

We recommend that OPIC adhere to established procedures and ensure that subrecipients are regularly monitored, both fiscally and programmatically, in a consistent manner.

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

EXIT CONFERENCE

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The audit report was discussed at an exit conference with the following individuals:

ORLEANS PRIVATE INDUSTRY COUNCIL, INC.

Mr. Louis Saulny -- Interim President

Members of OPIC Board of Directors

CITY OF NEW ORLEANS

Ms. Thelma French -- Assistant to the Mayor

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

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA -- Managing Partner

Mr. Edward J. Phillips -- Senior Manager

Mr. Sean Bruno, CPA -- Audit Supervisor

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 1999  
CERTIFIED PUBLIC ACCOUNTANTS

**Bruno**  
**& Tervalon**



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*... a workforce partner*

**CORRECTIVE ACTION PLAN – SINGLE AUDIT FOR THE YEAR ENDED  
JUNE 30, 1999**

**FINDING**

**OPIC failed to perform fiscal monitoring on two subrecipients.**

**PROPOSED CORRECTIVE ACTION**

**Current procedures call for all subrecipients to be monitored (programmatic and fiscal) and OPIC will adhere to that. Amendments to the procedures are being prepared, with technical assistance from the auditors to address the different types of contracts and to ensure a clear audit trail in the monitoring files.**

**In addition, the monitoring staff is being physically relocated to afford a greater opportunity for supervision and internal assistance.**

**PROJECT COMPLETION DATE**

**January 31, 2000**

**CONTACT PERSON**

**Louis B. Saulny, Jr.  
Interim President/CEO**

**O R L E A N S P R I V A T E I N D U S T R Y C O U N C I L , I N C .**

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

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For the Year Ended June 30, 1999

Finding Title: Monitoring of Subrecipients

Reference Number 98-01

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved N/A Unresolved: \_\_\_\_\_

Initial Year of Finding: 1998

Page Number 29

Program Name(s): Employment and Training Assistance

Federal Grantor Agency: U. S. Department of Labor

CFDA Number(s): 17.246

Status of Finding (check one):

Fully Corrected \_\_\_\_\_  
Partially Corrected x  
Change of Corrective Action \_\_\_\_\_

Not Corrected \_\_\_\_\_  
No Further Action Needed \_\_\_\_\_  
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

OPIC is revising its procedures to further insure that sub-recipients are fiscally and programmatically monitored. In addition, the monitors will be relocated to enhance better internal communication and supervision.

Preparer's Signature: [Handwritten Signature]

Phone Number: 504-242-6742