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Management Letter

July 19, 1996

Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the financial statements of Macon Economic Opportunity, Inc., as of December 31, 1995 and for the fifteen months then ended and have issued our report thereon dated July 19, 1996. As part of our audit we made a study and evaluation of the system of internal control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. No material weaknesses in internal control were noted during this study and evaluation; however the following items were noted which appear to merit your attention:

Submission of Audit Report

The audit report for the fifteen months ended December 31, 1995 was not submitted to the Legislative Auditor until after June 30, 1996. The Agency is aware of the policy of the Legislative Auditor's Office concerning submission of audit reports as it relates to Louisiana Revised Statute 24:513(A)(5)(a).

Interfund - Due to and From Other Funds

During the course of our audit we noted that funds received from grantors were loaned between the different grants-programs.

We recommend that funds received from grantors for specific programs not be loaned to other programs.

The above comments were not listed in the audit report as of December 31, 1995 and for the fifteen months then ended. We express our sincere thanks to Macon Economic Opportunity, Inc., for the cooperation and assistance provided us during our examination. This letter is furnished solely for the use of management and is not to be used for any other purpose.

Cook & Morehart  
Certified Public Accountants

**Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana**

**Financial Statements With Auditors' Report**

**As of and for the Fifteen Months Ended December 31, 1995  
With Supplemental Information Schedules**

**Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.**

**Release Date SEP 04 1996**

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

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Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

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## Independent Auditors' Report

To the Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the accompanying balance sheet of Macon Economic Opportunity, Inc. (a nonprofit organization) as of December 31, 1995, and the related statement of revenues, expenses and changes in fund balances and changes in financial position for the fifteen months then ended. These financial statements are the responsibility of the organization'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 Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act of 1984; and OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. 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 in the first paragraph present fairly, in all material respects, the financial position of Macon Economic Opportunity, Inc. as of December 31, 1995, and the results of its operations and the changes in its financial position for the fifteen months then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 19, 1996 and shown on pages 20-21 on our consideration of Macon Economic Opportunity, Inc.'s internal control structure and a report dated July 19, 1996 and shown on page 22 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents, and shown on page 12 is presented for the purpose of additional analysis and is not a required part of the financial statements of Macon Economic Opportunity, Inc. 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.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules For Grants and Contracts Analysis" in the table of contents and shown on pages 14-15, are presented for the purpose of providing various funding sources of Macon Economic Opportunity, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Macon Economic Opportunity, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously on pages 14-15 are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion they are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart  
Certified Public Accountants  
July 19, 1996

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Balance Sheet  
December 31, 1995

	Current Funds		Plant Fund	Total All Funds
	Unrestricted	Restricted		
<b>Assets:</b>				
<b>Current assets:</b>				
Cash	\$ 767	\$ 628	\$ -	\$ 1,395
Contract revenue receivable	574	6,306	-	6,880
Other receivables	324	29	-	353
Due from other funds	534	2,958	-	3,492
Total current assets	2,199	9,921	-	12,120
<b>Furniture and equipment</b>				
Furniture and equipment	-	-	10,230	10,230
Accumulated depreciation	-	-	( 7,676)	( 7,676)
Total noncurrent assets	-	-	2,554	2,554
<b>Total assets</b>	\$ 2,199	\$ 9,921	\$ 2,554	\$ 14,674
<b>Liabilities and Fund Balances:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 908	\$ 5,670	\$ -	\$ 6,578
Due to other funds	-	3,492	-	3,492
Accrued expenses	-	26	-	26
Deferred revenue	-	1,039	-	1,039
Total current liabilities	908	10,227	-	11,135
Due to State of Louisiana	20,533	-	-	20,533
Total liabilities	21,441	10,227	-	31,668
<b>Fund balances (deficits):</b>				
Unreserved	( 19,242)	( 306)	-	( 19,548)
Net investment in plant	-	-	2,554	2,554
Total fund balances (deficits)	( 19,242)	( 306)	2,554	( 16,994)
<b>Total liabilities and fund balances</b>	\$ 2,199	\$ 9,921	\$ 2,554	\$ 14,674

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



Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Statement of Revenues, Expenses and Changes in Fund Balances  
For the Fifteen Months Ended December 31, 1995

	<u>Current Funds</u>		<u>Plant Fund</u>	<u>Total All Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>		
<b>Revenues:</b>				
Contracts and grants from governmental agencies	\$ 3,276	\$ 138,148	\$ -	\$ 141,424
Miscellaneous receipts	2,862	25	-	2,887
Total revenue	<u>6,138</u>	<u>138,173</u>	<u>-</u>	<u>144,311</u>
<b>Expenses:</b>				
Community services	-	70,719	-	70,719
Home energy assistance	-	33,762	-	33,762
Weatherization assistance	-	29,090	-	29,090
Commodities distribution	-	5,062	-	5,062
Homeless assistance	-	539	-	539
Other general	6,553	-	-	6,553
Depreciation	-	-	2,258	2,258
Total expenses	<u>6,553</u>	<u>139,172</u>	<u>2,258</u>	<u>147,983</u>
Excess (deficiency) of revenue over expenses	( 415)	( 999)	( 2,258)	( 3,672)
Fund balances, October 1, 1994	( 17,931)	( 203)	4,812	( 13,322)
Transfers	( 896)	896	-	-
Fund balances (deficits), December 31, 1995	<u>\$ ( 19,242)</u>	<u>\$ ( 306)</u>	<u>\$ 2,554</u>	<u>\$ ( 16,994)</u>

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



Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Statement of Changes in Financial Position  
For the Fifteen Months Ended December 31, 1995

	<u>Current Funds</u>		<u>Plant Fund</u>	<u>Total All Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>		
<b>Resources Provided:</b>				
Excess (deficiency) of revenue and support over expenses	\$ ( 415)	\$ ( 999)	\$ ( 2,258)	\$ ( 3,672)
<b>Items that do not use resources:</b>				
Depreciation	<u>—</u>	<u>—</u>	<u>2,258</u>	<u>2,258</u>
Resources provided (used) by operations	( 415)	( 999)	—	( 1,414)
Decrease in contract revenue receivable	28	4,718	—	4,746
Increase in accounts payable	868	—	—	868
Increase in due to other funds	—	2,492	—	2,492
Decrease in other receivables	—	2,097	—	2,097
Increase in accrued expenses	—	26	—	26
<b>Total resources provided</b>	<u>481</u>	<u>8,334</u>	<u>—</u>	<u>8,815</u>
<b>Resources Used:</b>				
Increase in other receivables	324	—	—	324
Increase in due from other funds	534	1,958	—	2,492
Decrease in accounts payable	—	2,133	—	2,133
Decrease in deferred revenue	—	4,582	—	4,582
Payment to State of Louisiana	<u>5,000</u>	<u>—</u>	<u>—</u>	<u>5,000</u>
<b>Total resources used</b>	<u>5,858</u>	<u>8,673</u>	<u>—</u>	<u>14,531</u>
<b>Transfers</b>	( 896)	896	—	—
<b>Increase (Decrease) in cash</b>	<u>\$ ( 6,273)</u>	<u>\$ 557</u>	<u>\$ —</u>	<u>\$ ( 5,716)</u>

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

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Notes to Financial Statements  
December 31, 1995

(1) Summary of Significant Accounting Policies

Macon Economic Opportunity, Inc. (MACON) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. MACON is governed by a Board of Directors composed of 15 members from the parish that MACON serves.

MACON operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in West Carroll Parish in Louisiana.

A. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of revenues and grants received by MACON, the accounts of the agency are maintained in accordance with the principles of fund accounting. This is the procedure by which the revenues and expenditures are accounted for in different program accounts to facilitate reporting and proper disposition of the different funds received. The funds presented in the financial statements are described as follows:

Unrestricted Funds – This includes funds not restricted by contracts or federal and state regulations and available for general use by the agency.

Restricted Funds – This includes funds restricted due to grants and contractual terms by various funding sources. The continued existence of these funds will be dependent upon contractual renewals with the various funding sources. Included in this fund group are the following funds:

Home Energy Assistance Program

The Home Energy Assistance Program accounts for the operations of a home energy assistance program designed to assist low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Community Services Block Grant

The CSBG Program accounts for the operations of administering programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

(Continued)

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Notes to Financial Statements  
December 31, 1995  
(Continued)

**Weatherization Assistance Program**

The Weatherization Assistance Program accounts for the operations of a weatherization program to weatherize (insulate) the dwellings of low-income persons, particularly the elderly and handicapped low-income persons, in order to aid those persons least able to afford higher energy costs and to conserve needed energy. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

**Temporary Emergency Food Assistance Program**

The Temporary Emergency Food Assistance Program accounts for the operations of commodity distribution of U.S.D.A. donated commodities to eligible persons in the community. Funding is provided by federal funds passed through the Louisiana Department of Agriculture and Forestry.

**Homeless Assistance Program**

The Homeless Assistance Program accounts for operations of providing assistance such as housing, food, utilities and medicine to homeless individuals. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Plant Fund – This fund accounts for MACON's fixed assets and the related depreciation expense recorded on those assets.

**B. Basis of Accounting**

The financial statements of MACON have been prepared on the accrual basis of accounting.

**C. Furniture and Equipment**

All fixed assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Acquisitions of nonexpendable fixed assets are accounted for as transfers to the plant fund.

*Federal and State Government has a reversionary interest in property purchased with those funds. Its disposition as well as the ownership of any proceeds therefrom is subject to certain regulations. Depreciation expense for the fifteen month period ended December 31, 1995 was \$2,258.*

(Continued)

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Notes to Financial Statements  
December 31, 1995  
(Continued)

D. Income Taxes

MACON is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

E. Retirement Obligations

The employees of MACON are members of the Social Security System. There are no other retirement plans available through MACON.

F. Use of Estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Contract Revenue Receivable

Various funding sources provide reimbursement of allowable costs and unit rate reimbursements under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 1995, but not received until after that date for the following programs:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Community Services Block Grant	\$ -	\$ 2,500	\$ 2,500
Weatherization Assistance	-	3,806	3,806
Medicaid Application Program	574	-	574
	<u>\$ 574</u>	<u>\$ 6,306</u>	<u>\$ 6,880</u>

(Continued)

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Notes to Financial Statements  
December 31, 1995  
(Continued)

(3) Deferred Revenue

This balance represents federal funds revenue received in excess of expenditures for those funds and programs. Various grants that MACON administers do not end with the audit date. Also, various grantors require the excess funds on the grants to be returned if not expended by the grant period end. Revenue is recognized only to the extent of expenditures on those grants.

(4) Compensated Absences – Accrued Leave

Employees of MACON earn from 12 to 18 days of vacation leave each year, depending upon the employee's years of service. Vacation leave may accrue up to 180 hours for part-time employees and up to 240 hours for full-time employees. Sick leave is accrued under the same guidelines, but is forfeited upon separation of employment. MACON will pay up to 72 hours of accrued leave upon separation of employment.

(5) Unreserved Fund Balances (Deficits)

The following programs had unrestricted fund balance amounts at December 31, 1995:

	<u>Unrestricted</u>	<u>Restricted</u>
Community Services Block Grant	\$ -	\$ ( 300)
Home Energy Assistance	-	( 6)
General Fund	( 19,242)	-
	\$ ( 19,242)	\$ ( 306)

(6) Commodities Distribution

The expenses shown as commodities distribution represent certain costs to distribute the commodities. The value of the commodities distributed was approximately \$16,788 during October 1, 1994 through December 31, 1995. The value of the commodities distributed is not reflected in the accompanying financial statements.

(Continued)

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Notes to Financial Statements  
December 31, 1995  
(Continued)

(7) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at December 31, 1995:

Fund	Due From Other Funds	Due To Other Funds
Unrestricted:		
General	\$ 482	-
Medicaid	52	-
Restricted Funds:		
Weatherization Assistance Program	150	2,890
Community Services Block Grant	2,750	397
Home Energy Assistance Program	-	10
Temporary Emergency Food Assistance Program	58	195
	\$ 3,492	\$ 3,492

(8) Leases

The agency leases a building and certain office equipment under operating leases. Rental costs on those items for the fifteen months ended December 31, 1995, were as follows:

Building	\$ 8,000
Equipment	2,216
	\$ 10,216

Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

For the Year Ending December 31	
1996	\$ 1,773
1997	1,773
1998	1,034
	\$ 4,580

(Continued)



Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Notes to Financial Statements  
December 31, 1995  
(Continued)

(9) Concentrations of Credit Risk

Financial instruments that potentially subject MACON to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

MACON maintains its cash balances at one financial institution located in their service delivery area. The balances are insured by the FDIC up to \$100,000 at each bank. At December 31, 1995 there were no uninsured balances at those institutions.

Concentrations of credit risk with respect to accounts receivable were \$6,880 at December 31, 1995, due from governmental agencies under contractual terms. As of December 31, 1995, MACON had no significant concentrations of credit risk in relation to accounts receivable.

(10) Due to State of Louisiana

MACON signed a repayment agreement effective September 1, 1995 to repay disallowed costs, for the year ended September 30, 1993, to the State of Louisiana, Department of Social Services, Office of Community Services. The repayment terms are as follows:

1st payment due initially	\$	6,313
2nd – 19th payment – \$200 monthly		3,800
20th payment		100
		10,213
Repayment of initial portion		10,213
Next 76 monthly payments – \$200 monthly		15,200
77th payment due 9-01-2003		120
		25,533
Total repayment due		25,533
Payment made 9-01-95		5,000
		20,533
Balance due at December 31, 1995	\$	20,533



Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Combining Schedule of Revenues, Expenses and Changes in Fund Balances  
Current Funds  
For the Fifteen Months Ended December 31, 1995

	Community Services	Home Energy Assistance	Weatherization Assistance	Commodities Distribution	Homeless Services	Other General	Total 1995
<b>Revenues:</b>							
Contracts and grants from governmental agencies	\$ 70,719	\$ 33,756	\$ 28,169	\$ 4,965	\$ 539	\$ 3,276	\$ 141,424
Miscellaneous receipts	-	-	25	-	-	2,862	2,887
Total revenue	<u>70,719</u>	<u>33,756</u>	<u>28,194</u>	<u>4,965</u>	<u>539</u>	<u>6,138</u>	<u>144,311</u>
<b>Expenses:</b>							
Salaries	39,672	750	7,797	1,979	-	-	50,198
Fringe benefits	4,712	119	2,701	230	-	40	7,802
Travel	1,199	79	845	54	-	151	2,328
Professional fees and contract labor	6,500	693	275	272	-	230	7,970
Supplies and postage	1,001	459	400	18	-	580	2,458
Equipment expense	230	298	-	-	-	-	528
Telephone	3,193	705	1,438	-	-	166	5,502
Space costs	8,028	362	4,557	-	-	502	13,449
Liability and other insurance	1,750	-	939	-	-	-	2,689
Food and related supplies	3,722	-	-	-	-	-	3,722
Weatherization materials	-	-	9,668	-	-	-	9,668
Energy assistance payments	-	30,297	-	-	-	-	30,297
Homeless assistance	-	-	-	-	539	-	539
Miscellaneous	712	-	470	2,509	-	4,884	8,575
Total expenses	<u>70,719</u>	<u>33,762</u>	<u>29,090</u>	<u>5,062</u>	<u>539</u>	<u>6,553</u>	<u>145,725</u>
Excess (deficiency) of revenue over expenses	-	( 6)	( 896)	( 97)	-	( 415)	( 1,414)
Fund balances, October 1, 1994	( 300)	-	-	97	-	( 17,931)	( 18,134)
Transfers	-	-	896	-	-	( 896)	-
Fund balances (deficits), December 31, 1995	<u>\$ ( 300)</u>	<u>\$ ( 6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ ( 19,242)</u>	<u>\$ ( 19,548)</u>

**Supplemental Information Schedules  
For Grants and Contracts Analysis**

Macon Economic Opportunity, Inc.  
 Oak Grove, Louisiana  
 Low-Income Home Energy Assistance Program  
 Contract No. 05892  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 For the Contract Period: October 1, 1994 to September 30, 1995

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
Revenues:			
Contract revenue	\$ <u>32,569</u>		
Expenditures:			
Administrative	3,465	\$ 2,272	\$ ( 1,193)
Direct services	<u>30,297</u>	<u>30,297</u>	<u>-</u>
Total expenditures	<u>33,762</u>	<u>\$ 32,569</u>	<u>\$ ( 1,193)</u>
Excess revenues (expenditures)	( 1,193)		
Fund balance, October 1, 1994	<u>1,187</u>		
Fund balance, September 30, 1995	<u>\$ ( 6)</u>		

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Community Services Block Grant  
Contract No. 95N0037  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
For the Contract Period: October 1, 1994 to December 31, 1995

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
Revenues:			
Contract revenue	\$ <u>70,719</u>		
Expenditures:			
Administration:			
Salaries	39,672	\$ 39,672	\$ -
Fringe benefits	4,712	4,997	285
Travel	1,199	1,234	35
Other support costs	<u>21,414</u>	<u>22,722</u>	<u>1,308</u>
Total Administration	<u>66,997</u>	<u>68,625</u>	<u>1,628</u>
Community Food and Nutrition	<u>3,722</u>	<u>3,719</u>	<u>( 3)</u>
Total expenditures	<u>70,719</u>	<u>\$ 72,344</u>	<u>\$ 1,625</u>
Excess revenues (expenditures)	-		
Fund balance, October 1, 1994	( 300)		
Fund balance, December 31, 1995	<u>\$ ( 300)</u>		

**Federal Awards**

**COOK & MOREHART**

*Certified Public Accountants*

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MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Report on Schedule of Federal Awards

To the Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the financial statements of Macon Economic Opportunity, Inc. for the fifteen months ended December 31, 1995, and have issued our report thereon dated July 19, 1996. These financial statements are the responsibility of Macon Economic Opportunity, Inc.'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 Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. 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.

Our audit was made for the purpose of forming an opinion on the financial statements of Macon Economic Opportunity, Inc. taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
July 19, 1996

Macon Economic Opportunity, Inc.  
 Oak Grove, Louisiana  
 Schedule of Federal Awards  
 For the Fifteen Months Ended December 31, 1995

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>ALL NONMAJOR PROGRAMS</b>			
<u>U.S. Department of Health and Human Services</u>			
Passed through Louisiana Department of Labor Community Services Block Grant Homeless Assistance Program	93.569 93.572	95N0037 95N0037H	\$ 70,719 539
Passed through Louisiana Department of Social Services, Office of Community Services Home Energy Assistance Program - Energy	93.568	05892	33,762
<u>U.S. Department of Energy</u>			
Passed through Louisiana Department of Social Services, Office of Community Services Weatherization Assistance Program (FYE 3-31-95) Weatherization Assistance Program (FYE 3-31-96)	81.042 81.042	05355 05355	12,820 16,270
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Agriculture and Forestry Temporary Emergency Food Assistance Program Food Distribution - Value of Commodities Distributed	10.568 10.550	Unknown Unknown	5,062 16,788
Total federal expenditures			<u>\$ 155,960</u>



**Reports in Accordance With Government Auditing Standards**

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

We noted other matters involving the internal control structure and its operations that we have communicated to management in a separate management letter dated July 19, 1996.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. This restriction is not intended to limit the distribution of this report.



Cook & Morehart  
Certified Public Accountants  
July 19, 1996

**COOK & MOREHART**

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Compliance Report Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards

To the Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the financial statements of Macon Economic Opportunity, Inc. as of and for the fifteen months ended December 31, 1995, and have issued our report thereon dated July 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to Macon Economic Opportunity, Inc. is the responsibility of Macon Economic Opportunity, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Macon Economic Opportunity, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

The results of our tests disclosed an instance of noncompliance with the State of Louisiana, concerning submission of audit reports, which has been communicated to the management of Macon Economic Opportunity, Inc., and listed in a separate management letter dated July 19, 1996.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. This restriction is not intended to limit the distribution of this report.



Cook & Morehart  
Certified Public Accountants  
July 19, 1996

**Reports in Accordance With OMB Circular A-133**

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## Single Audit Report on the Internal Control Structure Used in Administering Federal Awards

To the Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the financial statements of Macon Economic Opportunity, Inc. as of and for the fifteen months ended December 31, 1995, and have issued our report thereon dated July 19, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the fifteen months ended December 31, 1995, we considered Macon Economic Opportunity, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on Macon Economic Opportunity, Inc.'s financial statements, and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated July 19, 1996.

The management of Macon Economic Opportunity, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

**Accounting controls**

- Cash
- Revenue, receivables and receipts
- Expenditures for goods and services and accounts payable
- Payroll and related liabilities
- Property, equipment and capital expenditures
- Debt and other liabilities
- Governmental financial assistance programs

**Controls used in administering individual federal award programs**

**General requirements**

- Political activity
- Civil Rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

**Specific requirements**

- Types of services
- Eligibility
- Matching level of effort
- Reporting
- Cost allocation
- Special requirements, if any

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the fifteen months ended December 31, 1995, Macon Economic Opportunity, Inc. had no major programs and expended 67% of its total federal awards under the following nonmajor programs:

U.S. Department of Health and Human Services:

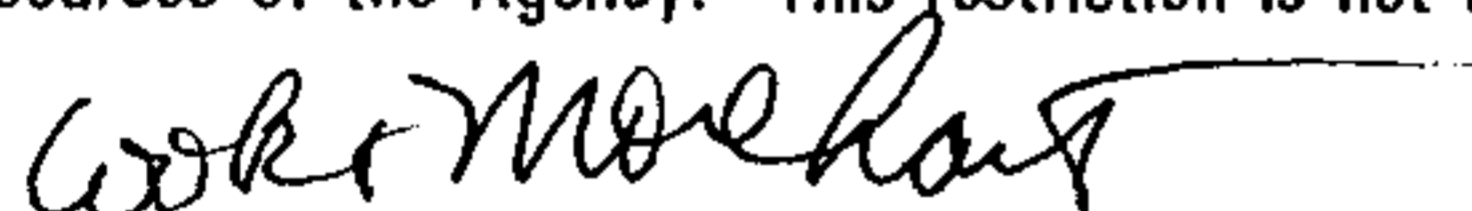
Community Services Block Grant	CFDA #93.569	\$ 70,719
Home Energy Assistance Program	CFDA #93.568	\$ 33,762

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal awards program 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 structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to management in a separate management letter dated July 19, 1996.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. This restriction is not intended to limit the distribution of this report.



Cook & Morehart  
Certified Public Accountants  
July 19, 1996



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## Single Audit Report on Compliance With the General Requirements Applicable to Federal Programs

To the Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the financial statements of Macon Economic Opportunity, Inc. as of and for the fifteen months ended December 31, 1995, and have issued our report thereon dated July 19, 1996.

We have applied procedures to test Macon Economic Opportunity, Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the accompanying Schedule of Federal Awards, for the fifteen months ended December 31, 1995:

Political activity	Allowable costs/cost principles
Civil Rights	Drug-free workplace act
Cash management	Administrative requirements
Federal financial reports	

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other NonProfit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Macon Economic Opportunity, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Macon Economic Opportunity, Inc. had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is described in a separate management letter issued to management dated July 19, 1996.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. This restriction is not intended to limit the distribution of this report.

A handwritten signature in cursive script, reading "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart  
Certified Public Accountants  
July 19, 1996

**COOK & MOREHART**

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Single Audit Report on Compliance With Specific  
Requirements Applicable to Nonmajor Federal Program Transactions

To the Board of Directors  
Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana

We have audited the financial statements of Macon Economic Opportunity, Inc. as of and for the fifteen months ended December 31, 1995, and have issued our report thereon dated July 19, 1996.

In connection with our audit of the financial statements of Macon Economic Opportunity, Inc., and with our consideration of Macon Economic Opportunity, Inc.'s internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations, we selected certain transactions applicable to certain nonmajor federal programs for the fifteen months ended December 31, 1995. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Macon Economic Opportunity, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Macon Economic Opportunity, Inc. had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is described in a separate management letter dated July 19, 1996.

This report is intended for the information of management, the Board of Directors and the various funding sources of the Agency. This restriction is not intended to limit the distribution of this report.



Cook & Morehart  
Certified Public Accountants  
July 19, 1996

Macon Economic Opportunity, Inc.  
Oak Grove, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 1995

**PRIOR YEAR FINDINGS**

There was one remaining finding from the September 31, 1993 audit related to MACON not filing Federal Form 990 for several years. As of August 15, 1996 all Federal Form 990's due are filed with the IRS.

**CURRENT YEAR FINDINGS**

There are no current year findings or questioned costs.