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CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMPREHENSIVE FINANCIAL STATEMENTS

December 31, 1995

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 7-24-96

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	4
BALANCE SHEET	5
STATEMENT OF REVENUE AND EXPENDITURES	6
STATEMENT OF CHANGES IN FUND BALANCE	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTAL INFORMATION	
COMBINED STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES <DEFICITS>	14
STATEMENT OF EXPENDITURES COMPARED TO BUDGET - HEAD START GRANT	15
STATEMENT OF EXPENDITURES COMPARED TO BUDGET - CENTRAL CITY DAY CARE SERVICES	16
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS	17
SCHEDULE OF FEDERAL AWARDS	18
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH " <u>GOVERNMENT AUDITING STANDARDS</u> "	19
SINGLE AUDIT REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS	21
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	24
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS	25
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS	26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS	27

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

TABLE OF CONTENTS - CONTINUED

	PAGE
STATUS OF PRIOR YEAR AUDIT FINDINGS	28
MANAGEMENT'S RESPONSE TO AUDIT FINDINGS	

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CERTIFIED PUBLIC ACCOUNTANT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central City Economic Opportunity Corporation

I have audited the balance sheet of Central City Economic Opportunity Corporation (a non-profit corporation) as of December 31, 1995, and the related statement of revenue and expenses, changes in fund balance, and cash flows for the year then ended. These financial statements are the responsibility of Central City Economic Opportunity Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central City Economic Opportunity Corporation as of December 31, 1995, and the results of its operations and cash flows for year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Central City Economic Opportunity Corporation. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued reports dated June 18, 1996 on my consideration of Shelter Resources, Inc.'s internal control structure and on its compliance with laws and regulations.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 18, 1996

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

BALANCE SHEET

December 31, 1995

ASSETS

Cash, including certificate of deposits of \$11,558		\$ 13,078
Receivables		
Grant (Note B)	\$ 44,073	
Other	<u>1,062</u>	45,135
Inventory (Note C)		635
Property and equipment - at cost (Note A4)		
Furniture and equipment	\$ 21,752	
Transportation equipment	<u>107,312</u>	
	129,064	
less accumulated depreciation	<u>< 128,248 ></u>	816
Prepaid Expenses		<u>2,060</u>
		<u>\$ 61,724</u>

LIABILITIES AND FUND DEFICIT

Accounts payable and accrued liabilities	\$ 51,046
Program advance	22,142
Commitment (Note F)	-
Fund deficit (Note D)	<u><11,464 ></u>
	<u>\$ 61,724</u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF REVENUE AND EXPENDITURES

For the year ended December 31, 1995

REVENUE	
Grant appropriations (Note E)	\$ 777,157
Interest income	454
Other	<u>7,882</u>
	785,493
EXPENDITURES	
Salaries	437,302
Fringe benefits	107,518
Travel	2,601
Operating services	122,677
Supplies	73,532
Professional services	18,079
Capital outlay	18,718
Other costs	28,662
Depreciation	<u>12,754</u>
	<u>821,843</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>\$ < 36,350 ></u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF CHANGES IN FUND BALANCE (DEFICIT)
For the year ended December 31, 1995

Fund balance, beginning of year	\$ 24,886
Excess of expenditures over revenue	<u><36,350></u>
Fund deficit, end of year	<u>\$ <11,464></u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 1995

Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Excess of expenditures over revenue		\$ < 36,350 >
Adjustments to reconcile excess of expenditures over revenue to net cash paid by operating activities:		
Depreciation	\$ 12,754	
Changes in assets and liabilities		
Decrease in grant receivable	19,506	
Increase in other receivable	< 793 >	
Increase in inventory	< 314 >	
Increase in prepaid expenses	< 2,060 >	
Increase in accounts payable and accrued liabilities	<u>3,738</u>	<u>32,831</u>
Net cash used in operating activities		<u>< 3,519 ></u>
Net decrease in cash and cash equivalents		< 3,519 >
Cash and cash equivalents, beginning of year		<u>16,597</u>
Cash and cash equivalents, end of year		<u>\$ 13,078</u>

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

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization

Central City Economic Opportunity Corporation was organized to promote and develop economic opportunity to those in need of increased economic opportunity; to promote the education and welfare of the people of the community; and to form special interest groups as it seems necessary to solve special problems of the community.

2. Presentation of Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. The statements present all Federal, State and City funded programs operated by Central City Economic Opportunity Corporation for the year ended December 31, 1995. They are presented on the accrual basis of accounting.

3. Method of Accounting

The records are maintained in accordance with the principles of fund accounting. Accordingly, resources for various programs are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

4. Depreciation and Amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line-method. Depreciation expense for the year ended December 31, 1995 totaled \$12,754.

5. Revenue Recognition

The Senior Citizen, Multi-Media, and the Day Care Programs are on a cost reimbursement basis. As such, revenues are earned as allowable expenditures are incurred. The Child Care Food Program was reimbursed based on a predetermined rate for the number of meals served. The contract period for the Senior Citizen, Multi-Media and State Educational Day Care Program is July 1 through June 30; the Child Care Food Program is October 1 through September 30; and the City of New Orleans Community Development Day Care Program and the Head Start Program are January 1 through December 31.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

7. Cash Equivalents

For purpose of the statement of cash flows, the corporation considers all investments with original maturities of six months or less to be cash equivalents.

NOTE B - GRANT RECEIVABLE

The grant receivable at December 31, 1995 consists of the following:

City of New Orleans - Division of Housing and Neighborhood Development	\$ 25,042
State of Louisiana - Division of Alcohol and Drug Abuse	12,476
State of Louisiana - Department of Education	6,555
	<u>\$ 44,073</u>

NOTE C - INVENTORY

Inventory consists of food purchased in connection with the Child Care Food Program and is accounted for on the first-in first-out (FIFO) basis.

NOTE D - FUND BALANCE

As of December 31, 1995, the fund balance <deficit> consists of the following:

General Fund	\$ < 6,853 >
Food Service Program	8,509
Senior Citizens Program	< 10,061 >
Multi-Media Program	< 4,305 >
City Day Care Program	430
Program and Equipment	816
	<u>\$ < 11,464 ></u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE E - SUMMARY OF FUNDING

The Central City Economic Opportunity Corporation funding for grants and contracts consist of the following:

<u>Grants</u>	<u>Period</u>	<u>Revenue Recognized</u>
Central City Day Care Services	1/1/95-12/31/95	\$ 158,184
Senior Citizens Program	1/1/95-6/30/95 7/1/95-12/31/95	37,146 30,955
Head Start Program	1/1/95-12/31/95	317,926
Multi Media Center	1/1/95-6/30/95 7/1/95-12/31/95	113,948 74,179
Food Service Program	1/1/95-9/30/95 10/1/95-12/31/95	31,361 11,458
Audit	-	<u>2,000</u>
Total grant appropriations		<u>\$ 777,157</u>

NOTE F - COMMITMENT

The rental expense for the corporation totaled \$ 47,653 for the year ended December 31, 1995.

NOTE G - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE H - GENERAL FUND

The General Fund consists of non-public funds from the vending machine, senior citizen private fund raising account, and interest income.

NOTE I - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE J - FEDERALLY ASSISTED PROGRAMS

The Corporation participates in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act of 1984. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the corporation's management believes that further examinations would not result in any significant disallowed costs.

NOTE K - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the City of New Orleans, State of Louisiana, and Total Community Action, Inc. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

COMBINED STATEMENT OF REVENUE
AND EXPENDITURES AND CHANGES IN FUND
BALANCES <DEFICITS>

For the year ended December 31, 1995

CITY OF NEW ORLEANS -
DIVISION OF HOUSING AND NEIGHBORHOOD
DEVELOPMENT

	CENTRAL CITY DAY CARE SERVICES	AUDIT	SENIOR CITIZENS PROGRAM	HEAD START PROGRAM	MULTI-MEDIA CENTER	FOOD SERVICE	GENERAL FUND	PROPERTY AND EQUIPMENT	TOTAL
REVENUE									
Grant appropriations	\$ 158,184	\$ 2,000	\$ 68,101	\$ 317,926	\$ 188,127	\$ 42,819	\$ -	\$ -	\$ 777,157
Interest income	-	-	-	-	-	26	428	-	454
Other	158,184	2,000	68,101	317,926	188,127	225	7,657	-	7,882
						43,070	8,085	-	785,493
EXPENDITURES									
Salaries	91,909	-	32,816	195,781	99,502	17,294	-	-	437,302
Fringe benefits	32,769	-	7,208	49,686	15,805	2,050	-	-	107,518
Travel	-	-	350	200	2,000	-	51	-	2,601
Operating services	22,254	-	26,192	30,986	43,245	-	-	-	122,677
Supplies	3,451	-	7,641	19,442	13,746	28,933	319	-	73,532
Professional services	-	2,000	3,250	6,000	5,524	500	805	-	18,079
Capital outlay	7,801	-	-	-	10,917	-	-	-	18,718
Other costs	-	-	692	15,831	-	183	11,956	-	28,662
Depreciation	-	-	-	-	-	-	-	12,754	12,754
	158,184	2,000	78,149	317,926	190,739	48,960	13,131	12,754	821,843
EXCESS OF REVENUE OVER EXPENDITURES									
<EXPENDITURES OVER REVENUE>	-	-	<10,048>	-	<2,612>	<5,890>	< 5,046>	<12,754>	<36,350>
Fund balance <deficit>, beginning of year	430	-	< 13>	-	<1,693>	14,399	<1,807>	13,570	24,886
Fund balance <deficit>, end of year	\$ 430	\$ -	\$ <10,061>	\$ -	\$ <4,305>	\$ 8,509	\$ <6,853>	\$ 816	\$ <11,464>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF EXPENDITURES COMPARED
TO BUDGET - HEAD START GRANT

For the year ended December 31, 1995

	<u>BUDGET</u>	<u>EXPENDITURES</u>	ACTUAL <OVER> UNDER <u>BUDGET</u>
Salaries	\$ 194,599	\$ 195,781	\$ <1,182>
Fringe benefits	49,443	49,686	< 243>
Travel	100	200	< 100>
Supplies	21,148	19,442	1,706
Other costs	52,666	52,817	< 151>
In-kind contribution	<u>159,666</u>	<u>158,184</u>	<u>1,482</u>
	\$ <u>477,622</u>	\$ <u>476,110</u>	\$ <u>1,512</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF EXPENDITURES COMPARED
TO BUDGET - CENTRAL CITY DAY CARE SERVICES

For the year ended December 31, 1995

	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>ACTUAL <OVER> UNDER BUDGET</u>
Salaries	\$ 92,152	\$ 91,909	\$ 243
Fringe benefits	33,959	32,769	1,190
Operating services	22,254	22,254	-
Supplies	3,500	3,451	49
Capital outlay	<u>7,801</u>	<u>7,801</u>	<u>-</u>
	<u>\$ 159,666</u>	<u>\$ 158,184</u>	<u>\$ 1,482</u>

Justin J. Scanlan, C.P.A.

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) for the year ended December 31, 1995, and have issued my report thereon June 18, 1996. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements of the Central Economic Opportunity Corporation 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 basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Justin J. Scanlan, C.P.A.

New Orleans, Louisiana
June 18, 1996

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF FEDERAL AWARDS

For the year ended December 31, 1995

<u>Program Title</u>	<u>Grant No.</u>	<u>Grant Period</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Total Community Action, Inc.:				
Head Start Program	11-0473	01/01/95 - 12/31/95	93.600	\$ 317,926 *
Passed through State of Louisiana Department of Health & Hospitals:				
Alcohol and Drug Abuse	46870	01/01/95 - 06/30/95	93.991	112,589 *
	51373	07/01/95 - 12/31/95	93.991	<u>78,150</u> *
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>190,739</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through City of New Orleans Department of Housing and Urban Affairs:				
Central City Day Care Services	50-031 A	01/01/95 - 12/31/95	14.218	158,184 *
Audit	50-031 A	01/01/95 - 12/31/95	14.218	<u>2,000</u> *
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>160,184</u>
<u>Other Federal Awards</u>				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through State of Louisiana:				
Department of Education	-	01/01/95 - 09/30/95	10.558	35,378
Food Service Program	-	10/01/95 - 12/31/95	10.558	<u>13,582</u>
TOTAL FEDERAL AWARDS				\$ <u>717,809</u>

* Denotes major program

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 18, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Central City Economic Opportunity Corporation 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. 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 structure 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.

In planning and performing my audit of the financial statements of Central City Economic Opportunity Corporation for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Corporation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

1. Intergrant receivable/payable

The intergrant receivable/payable balances were not in agreement at December 31, 1995.

Recommend the intergrant receivable/payable balance be reconciled monthly, and the differences be adjusted accordingly.

2. Payroll tax deposits

Payroll tax deposits are not made timely. The penalties and interest were paid with non-federal monies.

Recommend the payroll tax deposits be made in accordance with the regulations established by the taxing authorities.

A material weakness is a reportable 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, the City of New Orleans, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 18, 1996

Justin J. Scanlan, C.P.A.

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SINGLE AUDIT REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 18, 1996. I have also audited the corporation's compliance with requirements applicable to major federal award programs and have issued my report thereon dated June 18, 1996.

I conducted my audit 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 Institutions". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the corporation complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing my audit for the year ended December 31, 1995, I considered Central City Economic Opportunity Corporation's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements of Central City Economic Opportunity Corporation and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated June 18, 1996.

The management of Central City Economic Opportunity Corporation 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 structure 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, I have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

- * Cash
- * Support, receivables, and receipts
- * Expenses for program, supporting services and accounts payable
- * Payroll and related liabilities
- * Property and equipment
- * Other liabilities
- * Fund balances
- * Governmental financial assistance programs

GENERAL REQUIREMENTS

- * Political activity
- * Civil rights
- * Cash management
- * Financial reports
- * Allowable costs/cost principles
- * Administrative requirements

SPECIFIC REQUIREMENTS

- * Types of services allowed or not allowed
- * Eligibility
- * Matching
- * Cost allocation
- * Claims for reimbursements

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

During the year ended December 31, 1995, Central City Economic Opportunity Corporation expended 93% of its total federal awards under major federal award programs.

I 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 I considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, requirements governing claims for reimbursements, and amount claimed or used for matching that are applicable to each of the Corporation's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. My procedures were less in scope that would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Corporation's ability to administer federal award programs in accordance with applicable laws and regulations.

The reportable conditions noted are as follows:

1. Intergrant receivable/payable

The intergrant receivable/payable balances were not in agreement at December 31, 1995.

Recommend the intergrant receivable/payable balance be reconciled monthly, and the differences be adjusted accordingly.

2. Payroll tax deposits

Payroll tax deposits are not made timely. The penalties and interest were paid with non-federal monies.

Recommend the payroll tax deposits be made in accordance with the regulations established by the taxing authorities.

A material weakness is a reportable 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 program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, the City of New Orleans, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 18, 1996

Justin J. Scanlan, C.P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 18, 1996.

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

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

This report is intended for the information of management, the City of New Orleans, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 18, 1996

Justin J. Scanlan, C.P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 18, 1996.

I have applied procedures to test Central City Economic Opportunity Corporation's compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995.

The general requirements are as follows:

- * Political activity
- * Civil rights
- * Cash management
- * Financial reports
- * Allowable costs/cost principles
- * Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement of Audits of Educational Institutions and Other Nonprofit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Central City Economic Opportunity Corporation's compliance with the requirements listed in the preceding paragraph. Accordingly, I 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 my attention that caused me to believe that Central City Economic Opportunity Corporation has not complied, in all material respects, with those requirements.

This report is intended for the information of management, the City of New Orleans, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Justin J. Scanlan, C.P.A.

New Orleans, Louisiana
June 18, 1996

MEMBER
American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 18, 1996.

I have also audited the compliance of Central City Economic Opportunity Corporation with the requirements governing types of services allowed or unallowed; eligibility; reporting; claims for reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995. The management of Central City Economic Opportunity Corporation is responsible for the Corporation's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the corporation's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, Central City Economic Opportunity Corporation complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended December 31, 1995.

This report is intended for the information of management, the City of New Orleans, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Justin J. Scanlan, CPA

New Orleans, Louisiana
June 18, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

Board of Directors
Central City Economic Opportunity Corporation

I have audited the financial statements of Central City Economic Opportunity Corporation (a non-profit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 18, 1996.

In connection with my audit of the financial statements of Central City Economic Opportunity Corporation, and with my consideration of the Corporation's control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," I selected certain transactions applicable to certain nonmajor federal award programs for the year ended December 31, 1995. As required by OMB Circular A-133, I have performed auditing procedures to test compliance with the requirement governing types of services allowed or unallowed and eligibility that is applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the corporation's compliance with these requirements. Accordingly, I 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 my attention that caused me to believe that Central City Economic Opportunity Corporation had not complied, in all material respects, with these requirements.

This report is intended for the information of management, the City of New Orleans, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Justin J. Scanlan, C.P.A.

New Orleans, Louisiana
June 18, 1996

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATUS OF PRIOR YEAR AUDIT FINDINGS

December 31, 1995

The prior audit report of the organization included several findings and recommendations. The current status of the prior audit report findings is as follows:

	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Findings No.</u>
1. Intergrant receivable/payable		X	1.
2. Cash Disbursements	X		



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BOARD OF
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Executive Director

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Deputy Director

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

1. Intergrant receivable/payable

The organization is in the process of contracting with our outside accountant to maintain the general fund records on a monthly basis, and reconcile the intergrant receivable/payable monthly.

2. Payroll tax deposits

We have engaged a third party provider to prepare the payroll checks and remit payroll taxes electronically.

"AN EQUAL OPPORTUNITY EMPLOYER"

