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Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance

Independent Auditor’s Report

To the Board of Directors  
Jefferson County Committee for Economic Opportunity  
Birmingham, Alabama

Report on Compliance for Each Major Federal Program  
We have audited Jefferson County Committee for Economic Opportunity’s compliance with the types of  
compliance requirements described in the OMB Compliance Supplement that could have a direct and  
material effect on each of Jefferson County Committee for Economic Opportunity’s major federal  
programs for the year ended December 31, 2017. Jefferson County Committee for Economic  
Opportunity’s major federal programs are identified in the summary of auditor’s results section of the  
accompanying schedule of findings and questioned costs.

Management’s Responsibility  
Management is responsible for compliance with federal statutes, regulations, and the terms and  
conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility  
Our responsibility is to express an opinion on compliance for each of Jefferson County Committee for  
Economic Opportunity’s major federal programs based on our audit of the types of compliance  
requirements referred to above. We conducted our audit of compliance in accordance with auditing  
standards generally accepted in the United States of America; the standards applicable to financial audits  
contained in Government Auditing Standards, issued by the Comptroller General of the United States;  
and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative  
Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those  
standards and the Uniform Guidance 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 Jefferson County Committee for Economic Opportunity’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 on compliance for each major  
federal program. However, our audit does not provide a legal determination of Jefferson County  
Committee for Economic Opportunity’s compliance.

Opinion on Each Major Federal Program  
In our opinion, Jefferson County Committee for Economic Opportunity complied, in all material respects,  
with the types of compliance requirements referred to above that could have a direct and material effect  
on each of its major federal programs for the year ended December 31, 2017.
Report on Internal Control Over Compliance
Management of Jefferson County Committee for Economic Opportunity is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson County Committee for Economic Opportunity's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson County Committee for Economic Opportunity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of Jefferson County Committee for Economic Opportunity as of and for the year ended December 31, 2017, and have issued our report thereon dated August 29, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP
Birmingham, Alabama
August 29, 2018
# Jefferson County Committee for Economic Opportunity

## Schedule of Expenditures of Federal Awards

**Year Ended December 31, 2017**

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Pass-Through Entity Identifying Number</th>
<th>Total Federal Expenditures</th>
</tr>
</thead>
</table>

### Department of Health & Human Services

**Direct Programs:**

- 2016 HeadStart - Early HeadStart 93.600 04CH4788-02 $ (20,000)
- 2017 HeadStart - Early HeadStart 93.600 04CH4788-03 16,276,078
  - **16,256,078**

**Pass-Through Alabama Department of Human Resources:**

- Early HeadStart Child Care Partnership PY16 93.600 1730 174,000
- Early HeadStart Child Care Partnership PY17 93.600 1730 978,430
  - **1,152,430**

### Pass-Through Alabama Department of Economic and Community Affairs:

- Community Services Block Grant PY17 93.569 CS-013-17 1,209,289
- Community Services Block Grant PY18 93.569 CS-013-18 9,425
- Low-Income Home Energy Assistance PY17 93.568 LI-013-17 3,558,436
- Low-Income Home Energy Assistance PY18 93.568 LI-013-18 261,729
- Low-Income Weatherization Assistance Program 93.568 LIWAP-013-17 112,573
  - **5,151,452**

**Pass-Through United Way of Central Alabama:**

- Special Programs for the Aging, Title III, Part C Nutrition Services PY17 93.045 21,296
- Special Programs for the Aging, Title III, Part C Nutrition Services PY18 93.045 6,754
  - **28,050**

### Department of Agriculture

**Pass-Through Alabama State Department of Education:**

- Child and Adult Care Food Program PY17 10.558 AC-1-0000 1,044,685
- Child and Adult Care Food Program PY18 10.558 AC-1-0000 395,121
  - **1,439,806**

### Department of Energy

**Pass-Through Alabama Department of Economic and Community Affairs:**

- Weatherization Assistance Program PY16 81.042 DOE-013-16 221,406
- Weatherization Assistance Program PY17 81.042 DOE-013-17 87,902
  - **309,307**

**Total Expenditures of Federal Awards**

- **$ 24,337,124**

See notes to the schedule of expenditures of federal awards.
Jefferson County Committee for Economic Opportunity

Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Note 1. Basis of Presentation
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jefferson County Committee for Economic Opportunity under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jefferson County Committee for Economic Opportunity, it is not intended to and does not present the financial position, changes in net assets or cash flows of Jefferson County Committee for Economic Opportunity.

Note 2. Summary of Significant Accounting Policies
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate
Jefferson County Committee for Economic Opportunity has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance unless the grant contract specifically identifies an indirect cost rate.

Note 4. Matching of Federal Funds
In addition to amounts reported on the Schedule, under the Head Start/Early Head Start programs, the Agency is required to match federal contributions with local funds, or service fee revenues. For the year ended December 31, 2017, the Agency met all matching requirements and received matching resources in the following amounts:

| 2017 Head Start/Head Start Center of Excellence | 04CH4788-03 | $ 4,288,560 |
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditor’s Report

To the Board of Directors
Jefferson County Committee for Economic Opportunity
Birmingham, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Jefferson County Committee for Economic Opportunity, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2018.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Jefferson County Committee for Economic Opportunity’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Committee for Economic Opportunity’s internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County Committee for Economic Opportunity’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
**Compliance and Other Matters**
As part of obtaining reasonable assurance about whether Jefferson County Committee for Economic Opportunity’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

Birmingham, Alabama
August 29, 2018
Jefferson County Committee for Economic Opportunity

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I. Summary of Auditor’s Results

**Financial Statements**
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  

<table>
<thead>
<tr>
<th></th>
<th>Unmodified</th>
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<tbody>
<tr>
<td>Internal control over financial reporting:</td>
<td></td>
</tr>
<tr>
<td>Material weakness(es) identified?</td>
<td>Yes  X  No</td>
</tr>
<tr>
<td>Significant deficiency(ies) identified?</td>
<td>Yes  X  None Reported</td>
</tr>
<tr>
<td>Noncompliance material to financial statements noted?</td>
<td>Yes  X  No</td>
</tr>
</tbody>
</table>

**Federal Awards**
Internal control over major programs:  

<table>
<thead>
<tr>
<th></th>
<th>Unmodified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material weakness(es) identified?</td>
<td>Yes  X  No</td>
</tr>
<tr>
<td>Significant deficiency(ies) identified?</td>
<td>Yes  X  None Reported</td>
</tr>
</tbody>
</table>

Type of auditor’s report issued on compliance for major federal programs:  

<table>
<thead>
<tr>
<th></th>
<th>Unmodified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?</td>
<td>Yes  X  No</td>
</tr>
</tbody>
</table>

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.600</td>
<td>Department of Health &amp; Human Services: Direct Program: Head Start</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs:  

| $ 750,000 |

Auditee qualified as low-risk auditee?  

| Yes  X  No |
Jefferson County Committee for Economic Opportunity

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section II. Financial Statement Findings
No matters were reported.

Section III. Findings and Questioned Costs for Federal Awards
No matters were reported.
No matters were reported.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017

2016-1. Allocation of Indirect Costs
Audit Finding—The accounting department did not properly allocate indirect costs among the various programs being reported in the statement of functional expenses.

Corrective Action Taken—To prevent a recurrence, management utilized the fixed asset module in the accounting system to properly allocate depreciation entries among the various programs as well as reviewed all other automatic cost allocations within the accounting system to ensure the allocations are in line with the various program activities. Management also provided formal training among the new and existing accounting personnel to ensure established policies and procedures are being followed and indirect costs are properly allocated among the various programs.

2016-2. Overstatement of Accrued Expenses
Audit Finding—The accounting department improperly accrued for January 2017 health insurance in the financial statements as of and for the year ended December 31, 2016.

Corrective Action Taken—To prevent a recurrence, management provided formal training among the new and existing accounting personnel to ensure they have an understanding of the accounting guidance related to properly accruing expenses and ensure established policies and procedures are being followed and accrued expenses are properly accounted for and reviewed by management.

[Signature]
9/16/13

Jefferson County Committee for Economic Opportunity
The Community Action Agency
300 Eighth Avenue, West  Birmingham, Alabama 35204-3039
Phone (205) 327-7500  Fax (205) 326-4179  Website: www.jcceo.org