

**MORRIS JEFF  
COMMUNITY SCHOOL, INC.  
NEW ORLEANS, LA**

Annual Financial Statements

June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

December 18, 2017

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Morris Jeff Community School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morris Jeff Community School, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the agency head and the schedule of expenditures of federal awards, as required by *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of Morris Jeff Community School Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morris Jeff Community School Inc.'s internal control over financial reporting and compliance.

*Hienz & Macaluso, LLC*  
Metairie, LA

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

Current Assets	
Unrestricted cash and cash equivalents	\$ 1,025,734
Restricted cash and cash equivalents	172,726
Tuition receivable, net of allowance	243,819
Grant receivable	430,497
Other receivable	44,954
Prepaid expenses	26,654
Security deposits	19,997
Total current assets	<u>1,964,381</u>
Property and Equipment	
Furniture and equipment	40,869
Accumulated depreciation	(40,869)
Total Property & Equipment, net	<u>-</u>
Total assets	<u><u>1,964,381</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	141,854
Accrued liabilities	460,573
Total current liabilities	<u>602,427</u>
Total liabilities	<u>602,427</u>

**NET ASSETS**

Net Assets	
Unrestricted	1,189,228
Temporarily restricted	172,726
Total net assets	<u>1,361,954</u>
Total liabilities and net assets	<u><u>\$ 1,964,381</u></u>

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**REVENUES**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
State public school funding	\$ 6,851,298	\$ -	\$ 6,851,298
Federal grants	1,189,582	-	1,189,582
State and local grants	409,938	-	409,938
Private grants	1,000	175,000	176,000
Donations	12,110	-	12,110
Event income	87,789	-	87,789
Other income	416,477	-	416,477
Net assets released from restrictions:			
Time and purpose restrictions satisfied	<u>132,999</u>	<u>(132,999)</u>	<u>-</u>
 Total revenues	 <u>9,101,193</u>	 <u>42,001</u>	 <u>9,143,194</u>

**EXPENSES**

Program services			
Regular education programs	2,838,246	-	2,838,246
Special education programs	1,591,113	-	1,591,113
Other instructional programs	626,221	-	626,221
Special programs	441,292	-	441,292
Instructional staff services	737,423	-	737,423
School administration	429,646	-	429,646
Student transportation services	385,810	-	385,810
Operation and maintenance of plant services	913,700	-	913,700
Pupil support services	224,072	-	224,072
Food service operations	278,105	-	278,105
Community services operations	9,305	-	9,305
Management and General			
Business services	326,069	-	326,069
Enterprise operations	100,752	-	100,752
General administration	112,328	-	112,328
Fundraising	<u>19,598</u>	<u>-</u>	<u>19,598</u>
 Total expenses	 <u>9,033,680</u>	 <u>-</u>	 <u>9,033,680</u>
 Change in net assets	 67,513	 42,001	 109,514
Net assets, beginning of year	<u>1,121,715</u>	<u>130,725</u>	<u>1,252,440</u>
Net assets, end of year	<u>\$ 1,189,228</u>	<u>\$ 172,726</u>	<u>\$ 1,361,954</u>

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	109,514
Depreciation		2,043
Bad debt expense		-
Adjustments to Reconcile Change in Net Assets to to net cash used by operating activities:		
Decrease in tuition receivable		(18,427)
Increase in grants receivable		362,160
Increase in other receivable		(44,954)
Increase in security deposit		-
Increase in prepaid expense		(4,400)
Increase in accounts payable		(53,899)
Increase in accrued liabilities		93,311
Total adjustments		333,791
Net cash provided by operating activities		445,348
Net increase in cash and cash equivalents		445,348
Cash and cash equivalents, beginning of year		753,112
Cash and cash equivalents, end of year	\$	1,198,460

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

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – Summary of Significant Accounting Principles**

Morris Jeff Community School, Inc. (the School) was created as a non-profit corporation under the laws of the State of Louisiana (the State) on February 13, 2009. The School applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 5 charter school. On June 8, 2010, BESE approved the charter of the School. The charter was approved for a renewal term of six years in December, 2014.

The School serves eligible elementary and middle school students. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

*Financial Statement Presentation*

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

*Basis of Accounting*

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

*Cash and Cash Equivalents*

The School classifies as cash and cash equivalents, all highly liquid debt instruments with a maturity of three months or less. Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received specifying the use of the contribution.

*Statement of Cash Flows*

For purposes of the Statement of Cash Flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

*Income Taxes*

The School is recognized by the Internal Revenue Service as a Section 501 (c)(3) tax-exempt organization. An IRS Form 990, Return of Organization Exempt from Income Tax, must be filed annually. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that require adjustment to the financial statements. Penalties and interest, if any, would be included in income tax expense.

The School's federal Form 990 for 2013 through 2015 is subject to examination by the IRS, generally for three years after it was filed. As of the date of this report, an extension has been filed for the School's 2016 Form 990, which is for the fiscal year ended June 30, 2017.

*Compensated Absences*

The School allows employees 10 paid absences during the school year. At June 30, 2017, the School had obligations of \$0, of accumulated unpaid leave.

*Public Support and Revenue*

The School receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. State and Federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances for uncollectible contributions are estimated. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

promises to give for subsequent years are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. The School uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Program Revenue*

Revenue for services provided is recorded when earned.

*Receivables and Allowance for Doubtful Accounts*

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The School provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of debtors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the School's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

*Property and Equipment*

Property and equipment exceeding \$5,000 are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

*Functional Classification of Expenses*

Expenses are classified by functional classification and are matched with any donor-imposed restrictions for GAAP financial reporting purposes.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – Summary of Significant Accounting Principles (continued)**

*Program Service Expenses-* Direct and indirect costs related to providing education and the services consistent with the School’s mission.

This category includes any expenses related to the instruction and well-being of students (both regular population and special education):

STAFF	MATERIALS	STUDENT SERVICES
Teachers	Textbooks	Health Services
Paraprofessionals	Library Books	Food Services
Other Classroom Staff	Instructional Supplies	Facilities Services
Librarians	Instructional Equipment	Transportation Services
Professional Development	Testing Materials	Community Services
Contracted Instructional Services		Athletic Services
Music/Arts Programs		

*Management and General Expenses-* These expenses include any activities that are related to the overall management and direction of the School, but are not identifiable to any specific program or fundraising activity. Examples include board related expenses and business management expenses, such as accounting/recordkeeping, payroll and legal. These expenses also include both devoted and partially allocated staff as well as contracting expenses with external management companies.

*Fundraising Expenses-* Cover all activities related to bringing in revenues for the School, including state/federal grants used to conduct fundraising campaigns, conduct special fundraising events, and conduct other activities involved in the solicitation of contributions from outside sources.

*Concentrations*

The School received 75% of its revenues for the year ended June 30, 2017, from the Louisiana State Department of Education’s Minimum Foundation Program, subject to its charter school contract with the State, and 13% of its funding from federal grants.

**NOTE 2 – Cash and Cash Equivalents**

The School’s cash and cash equivalents (book balance) at June 30, 2017, totaled \$1,198,460, which is stated at cost and approximates market. Of this amount, \$172,726 is restricted due to provisions of grants and donations for certain uses. The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3 – Grants Receivable**

As of June 30, 2017, grants receivable totaled \$430,497, which was a receivable for federal grants passed through the Louisiana Department of Education and others. The balance is considered to be fully collectible.

**NOTE 4 – Accrued Liabilities**

As of June 30, 2017, the School has recorded accrued liabilities of \$460,573. This amount consists of accrued salaries and benefits representing pay periods that ended prior to the year end, but were not paid until after year end.

**NOTE 5 – Retirement Plan**

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

*Plan Description*

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publically available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. At June 30, 2016, the TRSL was 64.5% funded.

*Funding Policy*

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rate is 25.5% of annual eligible contributions for the TRSL and is established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the years ended June 30, 2017, 2016 and 2015, were \$1,114,560, \$881,800 and, \$697,679 respectively, which is equal to the required contribution.

**NOTE 6 – Leases**

The School operated rent free under a lease agreement with the Recovery School District (RSD) for the campus located at 211 S. Lopez Street, New Orleans, Louisiana. The lease is classified as an operating lease and was effective December 15, 2015 and extends through June 30, 2021.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of June 30, 2017:

Blended Learning Program	\$ 168,268
Cafeteria Equipment and Software	<u>4,458</u>
Total	<u>\$ 172,726</u>

**NOTE 8 – Net Assets Released From Restriction**

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes for the year ended June 30, 2017:

Blended Learning	131,732
IB Observations	<u>1,267</u>
Total	<u>\$132,999</u>

**NOTE 9 – Line of Credit**

The School has an operating line of credit with a bank which permits borrowing up to \$70,000. Interest is calculated on the outstanding principal balance at 7.75%. As of June 30, 2017, the School had no outstanding principal due under this agreement.

**NOTE 10 – Board Member's Compensation**

Board members are not compensated for their service; therefore a schedule of board members and compensation is not presented.

**NOTE 11 – Property and Equipment**

Depreciation expense for the year ended June 30, 2017 was \$2,043. Depreciation is calculated using the straight line method with useful lives of 5 years.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were acquired. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, any assets purchased with those funds will revert back to the State of Louisiana.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 – Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time, although the School expects any such amounts to be immaterial.

**NOTE 13 – Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 18, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**MORRIS JEFF COMMUNITY SCHOOL, INC.  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head Name: Patricia Perkins

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$122,269
Benefits – Employer Portion of Insurance	4,333
Benefits – Employer Portion of Retirement	<u>31,179</u>
	<u>\$157,781</u>



**INDEPENDENT AUDITOR’S 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***

December 18, 2017

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, Louisiana

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 Morris Jeff Community School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Morris Jeff Community School’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 Morris Jeff Community School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 Morris Jeff Community School'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 intended for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and the Louisiana Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
UNIFORM GUIDANCE**

December 18, 2017

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, LA

**Report on Compliance for Each Major Federal Program**

We have audited Morris Jeff Community School Inc.'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 Morris Jeff Community School, Inc.'s major federal programs for the year ended June 30, 2017. Morris Jeff Community School Inc.'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Morris Jeff Community School, Inc.'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 Morris Jeff Community School, Inc.'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 Morris Jeff Community School, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Morris Jeff Community School, Inc. 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 June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Morris Jeff Community School, Inc. 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 Morris Jeff Community School, Inc.'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 Morris Jeff Community School, Inc.'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.

*Hienz & Macaluso, LLC*  
Metairie, LA

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
United States Department of Education (Passed through the Louisiana Department of Education)		
<b>Special Education Cluster (IDEA)</b>		
Special Education - Grants to States	* 84.027	\$ 488,577
Special Education - Preschool Grants	*	7,523
<b>Total Special Education Cluster (IDEA)</b>		<u>496,100</u>
Improving Teacher Quality State Grants	84.367	25,574
Title I Grants to Local Educational Agencies	84.010	<u>311,013</u>
Total United States Department of Education		<u>832,687</u>
United States Department of Agriculture (Passed through the Louisiana Department of Education)		
<b>Child Nutrition Cluster</b>		
School Breakfast Program	10.553	-
National School Lunch Program	10.555	<u>193,223</u>
<b>Total Child Nutrition Cluster</b>		<u>193,223</u>
Child and Adult Care Food Program	10.558	39,431
Total United States Department of Agriculture		<u>232,654</u>
United States Department of Health and Human Services (Passed through the Louisiana Department of Education)		
Temporary Assistance for Needy Families	93.558	<u>124,341</u>
Total United States Department of Health and Human Services		<u>124,341</u>
Total Federal Financial Assistance		<u>\$ 1,189,682</u>
* Major program.		

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Morris Jeff Community School, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Morris Jeff Community School, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morris Jeff Community School, Inc.

**NOTE B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

**MORRIS JEFF COMMUNITY SCHOOL, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**A. Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified opinion on the financial statements of Morris Jeff Community School, Inc.
2. No control deficiencies were disclosed during the audit of the financial statements of Morris Jeff Community School, Inc.
3. No instances of noncompliance material to the financial statements of Morris Jeff Community School, Inc. were disclosed during the audit.
4. No control deficiencies relating to the audit of internal control over major federal award programs are reported on the *Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance*.
5. The auditor’s report on compliance for the major federal programs for Morris Jeff Community School, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by Uniform Guidance.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
8. The threshold for distinguishing Type A and Type B Programs was \$750,000.
9. Morris Jeff Community School, Inc. was determined to be a low-risk auditee.
10. De minimis indirect cost rate of 10% used Not applicable

**B. Financial Statement Findings and Questioned Costs**

There were no financial statement findings or questioned costs for the year ended June 30, 2017.

**C. Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs for the year ended June 30, 2017.

**D. Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

**MORRIS JEFF COMMUNITY SCHOOL, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Section I – Internal Control and Compliance Material to Financial Statements*

There were no prior year findings.

*Section II – Internal Control and Compliance Material to Federal Awards*

Not applicable

*Section III – Management Letter*

Not applicable.



**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

December 18, 2017

To the Board of Directors  
Morris Jeff Community School, Inc.  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Morris Jeff Community School, Inc. and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Morris Jeff Community School, Inc., and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings that relate to the accompanying schedules of supplemental information are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Findings: None

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule “Experience of Public Principals and Full Time Classroom Teachers” (Schedule 4) to the combined total number of full time classroom teachers per this schedule, and to the School’s supporting payroll records, as of October 1<sup>st</sup>.

Findings: None

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Findings: None

4. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1<sup>st</sup>, and as reported on the schedule. We traced each of the teachers to the individual’s personnel file to determine if the individual’s education level was properly classified on the schedule.

Findings: None

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by the type as reported on the schedule. We compared the list to the Schools and grade levels as reported on the Title I grants to Local Educational Agencies (CFDA 84.010) application.

Findings: None

Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals and full time teachers by classification of October 1<sup>st</sup>, and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

Findings: None

Public School Staff Data (Schedule 5)

7. We obtained a list of classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status, as well as full time equivalent as reported on the schedule, and traced each to the individual's personnel file and determined if the individual's salary, extra compensation and full time equivalents were properly included on the schedule.

Findings: None

8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings: None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes of the October 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings: None

Graduation Exit Exam (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

This schedule is not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings: None

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of Morris Jeff Community School, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**Morris Jeff Community School, Inc.**  
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2017**

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,678,908	
Other Instructional Staff Activities	694,238	
Instructional Staff Employee Benefits	1,221,116	
Purchased Professional and Technical Services	139,532	
Instructional Materials and Supplies	284,250	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u>                    </u>	\$ 5,018,044
Other Instructional Activities		-
Pupil Support Activities	<u>512,686</u>	
Less: Equipment for Pupil Support Activities	<u>                    </u>	
Net Pupil Support Activities		512,686
Instructional Staff Services	488,385	
Less: Equipment for Instructional Staff Services	<u>                    </u>	
Net Instructional Staff Services		<u>488,385</u>
School Administration		
Less: Equipment for School Administration	285,747	
Net School Administration	<u>                    </u>	<u>285,747</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 6,304,862</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ -</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		<u>                    </u>
Total Local Taxation Revenue		<u>\$ -</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ -
Earnings from Other Real Property		<u>                    </u>
Total Local Earnings on Investment in Real Property		<u>\$ -</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ -
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>                    </u>
Total State Revenue in Lieu of Taxes		<u>\$ -</u>
Nonpublic Textbook Revenue		<u>\$ -</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

See independent accountant's report on applying agreed-upon procedures.

Schedule 2

Morris Jeff Community School, Inc.  
New Orleans, Louisiana

Education Levels of Public School Staff  
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	22	65%	3	27%	-	0%	-	0%
Master's Degree	10	29%	5	45%	1	100%	-	0%
Master's Degree + 30	2	6%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	3	27%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	-	0%	-	0%
<b>Total</b>	<b>34</b>	<b>100%</b>	<b>11</b>	<b>100%</b>	<b>1</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

See independent accountant's report on applying agreed-upon procedures.

**Schedule 3**

**Morris Jeff Community School, Inc.  
New Orleans, Louisiana**

**Number and Type of Public Schools  
For the Year Ended June 30, 2017**

<b>Type</b>	<b>Number</b>
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
<b>Total</b>	<b>1</b>

See independent accountant's report on applying agreed-upon procedures.

Morris Jeff Community School, Inc.  
 New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers  
 As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals								
Principals							1	1
Classroom Teachers	6	8	22	3	2	1	3	45
<b>Total</b>	6	8	22	3	2	1	4	46

See independent accountant's report on applying agreed-upon procedures.

Morris Jeff Community School, Inc.  
New Orleans, Louisiana

Public School Staff Data: Average Salaries  
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 50,210	\$ 50,210
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 49,629	\$ 49,629
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	44	44

See independent accountant's report on applying agreed-upon procedures.

**Morris Jeff Community School, Inc.**  
**New Orleans, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2016**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	100%	14	100%	56	100%	153		
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes	100%	14	100%	56	100%	153		

See independent accountant's report on applying agreed-upon procedures.

Schedule 7

Morris Jeff Community School, Inc.  
New Orleans, Louisiana

Louisiana Educational Assessment Program (LEAP)  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts						Mathematics					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced		2%		4%		2%		0%		3%		1%
Mastery		42%		36%		39%		11%		28%		9%
Basic		35%		33%		33%		29%		35%		46%
Approaching Basic		18%		24%		22%		42%		26%		33%
Unsatisfactory		3%		3%		4%		18%		8%		11%
Total		100%		100%		100%		100%		100%		100%

District Achievement Level Results	Science						Social Studies					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced		3%		1%		1%		0%				0%
Mastery		18%		19%		9%		23%				0%
Basic		56%		41%		46%		25%				50%
Approaching Basic		17%		30%		33%		24%				31%
Unsatisfactory		6%		9%		11%		28%				19%
Total		100%		100%		100%		100%				100%

District Achievement Level Results	English Language Arts						Mathematics					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced		16%						4%				
Mastery		41%						25%				
Basic		17%						23%				
Approaching Basic		13%						31%				
Unsatisfactory		13%						17%				
Total		100%						100%				

District Achievement Level Results	Science						Social Studies					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced				0%				8%				
Mastery				21%				35%				
Basic				32%				15%				
Approaching Basic				34%				27%				
Unsatisfactory				13%				15%				
Total				100%				100%				

Morris Jeff Community School, Inc. did not have an 8<sup>th</sup> grade for the year ended June 30, 2016.

See independent accountant's report on applying agreed-upon procedures.

**Morris Jeff Community School, Inc.**  
**New Orleans, LA**

**Schedule 8**

Graduation Exit Exam  
For the Year Ended June 30, 2017

The Graduation Exit Exam is no longer administered. This schedule is no longer applicable.

See independent accountant's report on applying agreed-upon procedures.

Morris Jeff Community School, Inc.  
New Orleans, Louisiana

iLEAP Tests  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced		0%		5%		5%		1%
Mastery		54%		27%		23%		20%
Basic		19%		41%		41%		54%
Approaching Basic		22%		23%		23%		15%
Unsatisfactory		5%		4%		8%		10%
Total		100%		100%		100%		100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced		7%		3%		0%		7%
Mastery		38%		16%		14%		19%
Basic		31%		34%		52%		36%
Approaching Basic		19%		40%		20%		22%
Unsatisfactory		5%		7%		14%		16%
Total		100%		100%		100%		100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced		4%		0%		3%		7%
Mastery		46%		36%		17%		23%
Basic		39%		39%		40%		30%
Approaching Basic		11%		21%		37%		27%
Unsatisfactory		0%		4%		3%		13%
Total		100%		100%		100%		100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced								
Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced		1%		8%		4%		
Mastery		34%		25%		25%		
Basic		27%		33%		41%		
Approaching Basic		22%		24%		16%		
Unsatisfactory		16%		10%		14%		
Total		100%		100%		100%		

See independent accountant's report on applying agreed-upon procedures.

Morris Jeff Community School, Inc.  
New Orleans, Louisiana

iLEAP Tests  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced		7%		1%		4%		
Mastery		36%		18%		14%		
Basic		32%		41%		55%		
Approaching Basic		21%		27%		20%		
Unsatisfactory		4%		13%		7%		
Total		100%		100%		100%		

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced		10%		1%		5%		
Mastery		31%		22%		31%		
Basic		46%		46%		43%		
Approaching Basic		11%		24%		17%		
Unsatisfactory		2%		7%		4%		
Total		100%		100%		100%		

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced		30%		6%		14%		
Mastery		30%		27%		23%		
Basic		30%		43%		50%		
Approaching Basic		3%		17%		3%		
Unsatisfactory		7%		7%		10%		
Total		100%		100%		100%		

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced		8%		7%		7%		12%
Mastery		37%		31%		31%		17%
Basic		24%		35%		35%		17%
Approaching Basic		13%		22%		22%		31%
Unsatisfactory		18%		5%		5%		23%
Total		100%		100%		100%		100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced		2%		5%		1%		6%
Mastery		47%		23%		23%		22%
Basic		28%		26%		46%		19%
Approaching Basic		14%		34%		19%		30%
Unsatisfactory		9%		12%		11%		23%
Total		100%		100%		100%		100%

See independent accountant's report on applying agreed-upon procedures.

**Morris Jeff Community School, Inc.**  
**New Orleans, Louisiana**

**iLEAP Tests**  
**For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced		10%		2%		11%		13%
Mastery		32%		16%		23%		11%
Basic		32%		32%		42%		29%
Approaching Basic		21%		32%		12%		25%
Unsatisfactory		5%		18%		12%		22%
Total		100%		100%		100%		100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced		10%		0%		12%		18%
Mastery		41%		27%		34%		23%
Basic		25%		43%		34%		21%
Approaching Basic		11%		25%		13%		20%
Unsatisfactory		13%		5%		7%		18%
Total		100%		100%		100%		100%

See independent accountant's report on applying agreed-upon procedures.



## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors of Morris Jeff Community School, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Morris Jeff Community School (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt Service requirements are not applicable to nonprofits.

We obtained the entity's written policies and procedures and determined that they address each of the financial/business functions noted above.

***Board (or Finance Committee, if applicable)***

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2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The number of board meetings was in conformity with the entity's bylaws.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The board minutes included budget-to-actual financial comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The October 24, 2016 minutes included discussion of grant funds to be received by the Entity.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained the required listing as well as management's representation that the listing was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each of the entity's bank accounts.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We noted the bank reconciliations did not contain evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management has documentation that it has researched reconciling items outstanding for more than six months.

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee. Each person responsible for collecting cash is bonded, not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and not required to share the cash register or drawer with another employee.

- a) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The entity does have a formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections.

- b) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The selected deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number

8. sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The entity does have a process specifically defined to determine completeness of all collections, for each revenue source by a person who is not responsible for collections.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchases were initiated using a system that separates initiation from approval functions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were not processed without proper approvals.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person who makes the final authorization for disbursements does not have responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained in a locked location with access restricted to those persons who do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal

- b) authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

There is no evidence that the monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

- c) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

The transaction was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The transaction was supported by documentation of the business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation was required.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Management follows GSA travel regulations related to travel and expense reimbursements.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Each expense was reimbursed in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was supported by an original itemized receipt that identifies precisely what was purchased.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of the business/public purpose.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation was required.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All of the expenses and related documentation were reviewed and approved by someone other than the person receiving reimbursement.

### *Contracts*

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There is a formal/written contract supporting the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The selected contracts were not subject to the Louisiana Public Bid Law or Procurement Code. The entity did solicit quotes as a best practice.

Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The invoice and related payment complied with the terms and conditions of the contract.

- c) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

### ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The payments made to each of the five selected employees were made in strict accordance with the terms and conditions of the employment.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Each of the selected employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There is written documentation that supervisors approved the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There is written documentation that the entity maintained written leave records on those selected employees that earn leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no termination payments made during the period.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

#### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not applicable.

#### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

### *Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the required notices were posted on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Hienz & Macaluso, LLC***  
**Metairie, Louisiana**  
December 18, 2017