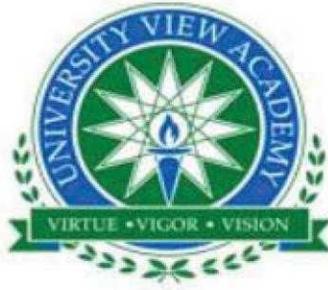


FOUNDATION FOR LOUISIANA STUDENTS

FINANCIAL STATEMENTS

June 30, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foundation for Louisiana Students

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation for Louisiana Students (a nonprofit organization) d/b/a University View Academy (the "School"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Foundation for Louisiana Students as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were 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 agency head is presented for purposes of additional analysis 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 accompanying 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*, is presented for purposes of additional analysis and is also 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.

The performance and statistical data, included as schedules 1 and 2, is not a required part of the financial statements, but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the independent accountants' report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the School'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 the School's internal control over financial reporting and compliance.

December 31, 2018

Wegmann Daxet + Company

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 5,994,449	\$ 2,110,928
Federal grant receivables	1,139,212	423,966
Prepaid expenses	1,250	135,000
Property and equipment, at cost less accumulated depreciation	4,996,193	3,345,997
Other assets	<u>4,969</u>	<u>4,829</u>
Total assets	<u>\$ 12,136,073</u>	<u>\$ 6,020,720</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 565,521	\$ 407,674
Accrued payroll and related liabilities	<u>867,646</u>	<u>759,273</u>
Total liabilities	<u>1,433,167</u>	<u>1,166,947</u>
NET ASSETS		
Unrestricted	<u>10,702,906</u>	<u>4,853,773</u>
Total net assets	<u>10,702,906</u>	<u>4,853,773</u>
Total liabilities and net assets	<u>\$ 12,136,073</u>	<u>\$ 6,020,720</u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	2018	2017
Revenues and other support		
State and local pupil aid - Minimum Foundation Program	\$ 21,351,927	\$ 20,017,680
Federal sources	1,403,816	1,126,068
Rental income	33,456	42,171
Other	<u>1,362</u>	<u>15,769</u>
Total revenues and other support	<u>22,790,561</u>	<u>21,201,688</u>
Expenses		
Program services:		
Instructional	12,578,685	17,229,728
Supporting services:		
Management and general	<u>4,362,743</u>	<u>4,055,673</u>
Total expenses	<u>16,941,428</u>	<u>21,285,401</u>
Change in net assets	5,849,133	(83,713)
Net assets at beginning of year	<u>4,853,773</u>	<u>4,937,486</u>
Net assets at end of year	<u><u>\$ 10,702,906</u></u>	<u><u>\$ 4,853,773</u></u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2018 and 2017

	2018		
	Program Services	Support Services	Total
	Instructional	Management and General	
Regular education programs	\$ 8,749,603	\$ -	\$ 8,749,603
Special education programs	1,434,094	-	1,434,094
Other instructional programs	520,998	-	520,998
Special programs	933,547	-	933,547
Pupil support services	940,443	259,945	1,200,388
General administrative	-	1,322,857	1,322,857
School administrative	-	707,237	707,237
Business services	-	527,930	527,930
Operations & maintenance of plant services	-	454,174	454,174
Central services	-	1,090,600	1,090,600
	<u>\$ 12,578,685</u>	<u>\$ 4,362,743</u>	<u>\$ 16,941,428</u>

	2017		
	Program Services	Support Services	Total
	Instructional	Management and General	
Regular education programs	\$ 14,463,355	\$ -	\$ 14,463,355
Special education programs	1,129,635	-	1,129,635
Other instruction programs	60,502	-	60,502
Special programs	654,977	-	654,977
Pupil support services	921,259	314,041	1,235,300
General administrative	-	1,032,671	1,032,671
School administrative	-	814,628	814,628
Business services	-	610,734	610,734
Operations & maintenance of plant services	-	464,663	464,663
Central services	-	818,936	818,936
	<u>\$ 17,229,728</u>	<u>\$ 4,055,673</u>	<u>\$ 21,285,401</u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 5,849,133	\$ (83,713)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	157,710	131,410
(Increase) decrease in operating assets:		
Federal grant receivables	(715,246)	(250,026)
Other receivable	-	7,055
Prepaid expenses	133,750	89,973
Other assets	(140)	(4,829)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	157,847	(2,153,721)
Accrued payroll liabilities	108,373	56,137
Net cash provided (used) by operating activities	<u>5,691,427</u>	<u>(2,207,714)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,807,906)</u>	<u>(855,041)</u>
Net cash used by investing activities	<u>(1,807,906)</u>	<u>(855,041)</u>
Net increase (decrease)	3,883,521	(3,062,755)
Cash and cash equivalents at beginning of year	<u>2,110,928</u>	<u>5,173,683</u>
Cash and cash equivalents at end of year	<u>\$ 5,994,449</u>	<u>\$ 2,110,928</u>

See Independent Auditors' Report and accompanying Notes to Financial Statements.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

1) Summary of significant accounting policies

a) Organization

Foundation for Louisiana Students d/b/a University View Academy (the "School") is a not-for-profit corporation established in the State of Louisiana to operate a charter school, to leverage technology to help each participating student maximize his or her potential and meet the highest performance standards using a uniquely individualized learning program that combines the best in virtual education with unique technology-based teacher productivity tools and very real connections among students, family, teachers, and the community. The Board of Elementary and Secondary Education (BESE) granted a charter to the School to operate as a Type 2 Charter School subject to a three-year review. The School provides educational services to students in kindergarten through twelfth grades throughout Louisiana, and is funded primarily through state and local pupil aid assistance. The School was previously operated by Friends of Louisiana Connections Academy d/b/a Connections Academy.

b) Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when earned and expenses at the time liabilities are incurred.

c) Basis of presentation

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted, and unrestricted based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, by actions of the School. When a 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.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions and that are to be held in perpetuity by the School.

d) Cash and cash equivalents

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

e) Property and equipment

Property and equipment are recorded at cost or at fair value at the date of donation for gifts. 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. Depreciation is provided by utilizing the straight-line method over the estimated useful lives of the assets which ranges from three to forty years.

All assets acquired with public funds are the property of the School for the duration of the charter. If the charter is revoked or surrendered, or the School otherwise ceases to operate, all assets purchased with public funds will automatically revert to full ownership by BESE or the appropriate agency.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

1) Summary of significant accounting policies (continued)

f) Recognition of donor restricted contributions

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted net assets whose restrictions are met in the same reporting period are reported as unrestricted net assets.

g) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of certain contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

h) Income tax status

The School has received a tax-exempt ruling under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal taxes unless the School has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2018, management of the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. With few exceptions, the School is not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

i) Accrued payroll

Teachers at the School may be paid over twelve months, even though school is only in session for ten months. Because of this, the salary for the current school year that is paid subsequent to June 30, 2018 is recorded as accrued expenses.

j) Compensated absences

All full-time twelve (12) month employees of the School receive between fifteen (15) to twenty (20) days of annual leave depending on length of service. Annual leave may be accumulated and carried forward up to a maximum of thirty (30) days. Unused annual leave is paid to employees upon termination. All employees receive between ten (10) to thirteen (13) days of sick leave depending on classification as a ten-month or twelve-month employee. Sick leave may be accumulated and carried forward without limitation; however, unused sick leave is not paid upon termination.

It is the School's policy to recognize the cost of compensated absences for annual leave when earned by employees. Compensated absences for annual leave, which is included in accrued payroll and related liabilities, amounted to \$108,445 and \$79,626 as of June 30, 2018 and 2017, respectively.

k) Functional expenses

The cost of program and supporting services has been reported on a functional basis. Accordingly, this requires that allocation of certain costs based on total program costs and estimates made by management.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

1) Summary of significant accounting policies (continued)

l) Designation of unrestricted net assets

It is policy of the Board of Directors of the School to review its plan for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

m) Advertising

The School expenses advertising as incurred. Advertising expense for the years ended June 30, 2018 and 2017 was \$294,886 and \$145,202, respectively.

n) Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

2) Concentrations of credit risk

The School maintains its cash balances in one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The uninsured cash balances totaled \$5,964,515 and \$1,990,392 at June 30, 2018 and 2017, respectively. The School has not experienced any losses in such accounts. The School has no policy requiring collateral or other security to support its deposits.

3) Financial assistance

The School receives all of its support 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. As of June 30, 2018 and 2017, grants receivables totaled \$1,139,212 and \$423,966, respectively, which was a receivable for federal grants passed through the Louisiana Department of Education. The balance is considered fully collectible.

4) Property and equipment

A summary of property and equipment as of June 30, 2018 and 2017 follows:

	2018	2017
Furniture and equipment	\$ 330,508	\$ 330,508
Building	4,164,762	2,783,242
Land	1,080,607	654,222
	5,575,877	3,767,972
Less: accumulated depreciation	(579,684)	(421,975)
Total	\$ 4,996,193	\$ 3,345,997

5) Retirement plan

The School sponsors a defined contribution plan covering full-time employees working 30 plus hours per week. Under the plan, eligible employees who have completed two months (60 days) of service may elect to contribute to the plan as allowed under the law. The School contributes a company match equal to 100% of the first 3% of the employee's eligible earnings, plus a 50% match of the next 3% of eligible earnings that the employee contributes. Employees are 100% vested immediately upon participation.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

5) Retirement plan (continued)

Retirement benefit expenses for the School's match under this plan totaled \$231,939 and \$152,876 during the years ended June 30, 2018 and 2017, respectively.

6) Commitments and contingent liabilities

a) Professional services agreement

Effective February 22, 2011, the School entered into an agreement with Connections Academy of Louisiana, LLC (CA), which expired during the year ended June 30, 2017, as agreed to by both parties. CA provides educational services, including instructional materials, personalized learning plans for each student, assessments, standardized tests, administrative staff, community coordinators and group activities, teaching staff, educational resource center, instructional staff support and development, learning management system, software, hardware, and internet access, technical support and maintenance, student records, and services to special needs students. CA also provides administrative services, including reporting, and management services.

For the year ended June 30, 2017, the School incurred expenses to CA of \$9,531,971. Included in accounts payable at June 30, 2017, were payables to CA of \$223,145. The School did not incur expenses to CA for the year ended June 30, 2018 and there were no payables to CA at June 30, 2018.

b) State funding

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with BESE. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contracts, or if such appropriation is reduced by the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues from that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contracts, the contracts shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

c) Litigation

The School is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the School's management and legal counsel, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. No provision has been made in the financial statements for possible losses of this nature.

7) Recent accounting pronouncements

FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This standard is effective for fiscal years beginning after December 15, 2017.

FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard is effective for fiscal years beginning after December 15, 2018.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

7) Recent accounting pronouncements (continued)

FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize assets and liabilities on the balance sheet, as well as additional disclosures, for all leases with terms longer than 12 months. This standard is effective for fiscal years beginning after December 15, 2019.

The School is currently assessing the impact of these pronouncements on its financial statements and has elected not to early adopt any of these standards.

8) Subsequent events

The School entered into a Cooperative Endeavor Agreement with Madison-Tallulah Education Center d/b/a Tallulah Charter School whereas the School will operate a charter school, UVA Charter School, at the former Tallulah Charter School for the 2018-2019 school year.

Management evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. Other than the event that has been noted above, management feels that there were no material subsequent events that required recognition or additional disclosure in these financial statements.

FOUNDATION FOR LOUISIANA STUDENTS
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR SUPERINTENDENT
For the Year Ended June 30, 2018

Agency Head: Alonzo Luce, Superintendent

Purpose	Amount
Salary	\$187,000
Bonus	\$10,500
Cell phone	\$1,800
Benefits	\$9,529
Benefits – Health Insurance	\$14,866
Benefits – FICA and Medicare	\$11,213



WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' 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

To the Board of Directors
Foundation for Louisiana Students

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 Foundation for Louisiana Students d/b/a University View Academy (the "School"), which comprise the statement of financial position as of June 30, 2018, 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 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. [2018-001]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for Louisiana Students' 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*.

Foundation for Louisiana Students' Response to Findings

Foundation for Louisiana Students' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 31, 2018
Metairie, Louisiana

Wegmann Daxet + Company



WEGMANN DAZET & COMPANY

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

To the Board of Directors
Foundation for Louisiana Students

Report on Compliance for Each Major Federal Program

We have audited Foundation for Louisiana Students d/b/a University View Academy (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2018. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School'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 the School'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 the School's compliance.

Opinion on Each Major Federal Program

In our opinion, Foundation for Louisiana Students 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, 2018.

Report on Internal Control over Compliance

Management of the School 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 the School'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 the School'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 31, 2018
Metairie, Louisiana

Wegmann Dayst + Company

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Education		
Passed through the Louisiana Department of Education		
Title I	84.010	\$ 805,654
Title IIA	84.367	134,702
Title IVA SSAE	84.424	18,004
Jobs for Americas Graduates	84.126	24,676
Special Education Cluster		
IDEA Part B	84.027	419,814
IDEA Preschool	84.173	966
<u>Total United States Department of Education</u>		<u>1,403,816</u>
<u>Total Expenditures of Federal Awards</u>		<u>\$ 1,403,816</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

FOUNDATION FOR LOUISIANA STUDENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Note 1 General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Foundation for Louisiana Students. The reporting entity is defined in Note 1 to the School's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. 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.)* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 3 Risk-based audit approach

The dollar threshold used to distinguish between Type A and Type B programs is \$750,000. The School qualifies as a low-risk auditee.

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

We have audited the basic financial statements of Foundation for Louisiana Students as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018. 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. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

I. SUMMARY OF THE AUDITORS' RESULTS

1. Type of report issued on the financial statements: Unmodified Opinion.
2. Significant deficiencies in internal control were disclosed by the audit of the financial statements: Yes. Material weaknesses: No.
3. Noncompliance which is material to the financial statements: No.
4. Significant deficiencies in internal control over major programs: No. Material weaknesses: No.
5. Type of report issued on compliance for major programs: Unmodified Opinion.
6. Any audit findings which are required to be reported in accordance with 2CFR 200.516(a): No.
7. Major programs for the fiscal year ended June 30, 2018 were:

Special Education Cluster:	
IDEA Part B	(CFDA #84.027)
IDEA Preschool	(CFDA #84.173)
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee under Uniform Guidance: Yes.
10. A management letter was issued: Yes.

II. INTERNAL CONTROL OVER FINANCIAL REPORTING

2018-001: Accounts Payable and Accrued Expenses

Condition:

Currently there is a lack of control surrounding year end entries for accounts payable and accrued expenses.

Criteria:

All outstanding liabilities should be posted to the correct period.

Cause:

There is currently no process to ensure that all outstanding liabilities are properly recorded.

Effect:

Accounts payable and accrued expenses as of June 30, 2018 required adjustments due to failure to record accrual for vendor invoices and properly report accrued annual leave for employees.

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

II. INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2018-001: Accounts Payable and Accrued Expenses (continued)

Recommendation:

Management should review payments to vendors after year end and maintain proper leave records for employees throughout the year to ensure that accounts payable and accrued expenses are properly recorded.

Management's Response and Corrective Action Plan:

Organizational restructuring and increased staffing levels have been approved to ensure that all accounts payable and accrued expenses are properly recorded in the appropriate accounting period.

III. INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

There were no findings related to federal awards for the year ended June 30, 2018.

IV. MANAGEMENT LETTER

<p><u>2018-002: Profile of Educational Personnel (PEP) Reporting</u> PEP data submitted for the October 1, 2017 submission was incomplete. We recommend that procedures be implemented to ensure that all employees be included on subsequent PEP submissions.</p>	<p><u>Management Response:</u> We will review our policies and procedures over PEP reporting to ensure accurate and complete data is submitted to the State in subsequent reporting periods.</p>
<p><u>2018-003: Teacher Experience</u> Teacher experience was incorrectly reported on the PEP report submitted to the State. We recommend that procedures be implemented to ensure that all employee information is accurately reported on subsequent PEP submissions.</p>	<p><u>Management Response:</u> As noted in response to 2018-002 above, we will review our policies and procedures over PEP reporting to ensure accurate and complete data is submitted to the State in subsequent reporting periods.</p>
<p><u>2018-004: Requests for Reimbursements</u> The School submitted requests for reimbursements and related support for federal grants at year end or in the month subsequent to year end. We recommend procedures be implemented to submit requests for reimbursements more timely, i.e., quarterly.</p>	<p><u>Management Response:</u> We will review our policies and procedures over federal grant reporting to ensure timely remittance of requests for reimbursements.</p>

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

INTERNAL CONTROL OVER FINANCIAL REPORTING

2017-001: Failure to Timely Submit Audit Report

Condition: The audit report for the year ended June 30, 2017 was not submitted within six (6) months after year end as required by state law.

Status: Resolved.

2017-002: Accounts Payable and Accrued Expenses

Condition: Currently there is a lack of control surrounding year end entries for accounts payable and accrued expenses.

Status: Not resolved. See 2018-001.

INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

There were no findings related to federal awards for the year ended June 30, 2017.

MANAGEMENT LETTER

2017-003: Accounting for Purchases of Property and Equipment

Expenses were overstated for the year ended June 30, 2017 due to failure to properly reclassify property and equipment purchases that were recorded to expense accounts at the time of purchase.

Status: Resolved.



WEGMANN DAZET & COMPANY

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Foundation for Louisiana Students

We have performed the procedures enumerated below, which were agreed to by the Foundation for Louisiana Students d/b/a University View Academy (the "School"), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2018; 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) Bulletin, in compliance with Louisiana Revised Statute 24:514-1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

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

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among 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.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Findings: None.

Note: Class size was incorrectly reported to the State during the year ended June 30, 2018. Management has implemented procedures to ensure class size reporting is accurately reported in line with State requirements for subsequent reporting periods.

Education Levels/Experience of Public School Staff (No Schedule)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Findings: Obtained the October 1st PEP data submitted to the Department of Education noting that the PEP data submitted was missing teachers, principals, and assistant principals, as such, management's representation that the October 1st PEP data/listing was complete was not provided.

Noted 12 of the 25 selected whose experience in personnel file did not agree to experience on the schedule.

Noted no findings for the 25 selected for education.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Findings: None.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the performance and statistical data. 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 the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statute 24:514-1, 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 Louisiana Legislative Auditor as a public document.

December 31, 2018
Metairie, Louisiana

Wegmann Daxet + Company

FOUNDATION FOR LOUISIANA STUDENTS
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)

As of and For the Year Ended June 30, 2018

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

FOUNDATION FOR LOUISIANA STUDENTS
BATON ROUGE, LOUISIANA

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2018

<u>Certain Local Revenue Sources</u>	<u>Column A</u>	<u>Column B</u>
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		-
Total Local Taxation Revenue	\$	-
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$	-
Earnings from Other Real Property		33,456
Total Local Earnings on Investment in Real Property	\$	33,456
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	\$	-
Nonpublic Textbook Revenue	\$	-
Nonpublic Transportation Revenue	\$	-

**FOUNDATION FOR LOUISIANA STUDENTS
BATON ROUGE, LOUISIANA**

Class Size Characteristics

As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	43%	213	4%	17	2%	11	51%	250
Combination Activity Classes	34%	11	6%	2	-	-	60%	19

See Independent Accountants' Report on Applying Agreed Upon Procedures.



WEGMANN DAZET & COMPANY

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Foundation for Louisiana Students
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Foundation for Louisiana Students d/b/a University View Academy (the "School") 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, 2017 through June 30, 2018. The School'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 and inspect the School's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the School's operations):
 - b) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Results: No exceptions were noted as a result of applying the above procedure.
 - c) ***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.
Results: No exceptions were noted as a result of applying the above procedure.
 - d) ***Disbursements***, including processing, reviewing, and approving
Results: No exceptions were noted as a result of applying the above procedure.
 - e) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Results: No exceptions were noted as a result of applying the above procedure.

- f) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: No exceptions were noted as a result of applying the above procedure.

- g) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were noted as a result of applying the above procedure.

- h) *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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were noted as a result of applying the above procedure.

- i) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were noted as a result of applying the above procedure.

- j) *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 School's ethics policy.

Results: Not applicable to the School.

- k) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Not applicable to the School.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the School's main operating account. Select the School's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: We noted the bank reconciliations provided did not include evidence that they were prepared within 2 months of related statement closing date.

Management's Response: The School will include the prepared date on each reconciliation going forward as evidence that the reconciliation was prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions were noted as a result of applying the above procedure.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were noted as a result of applying the above procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

3. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were noted as a result of applying the above procedure.

4. For each location selected under #3 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the School has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were noted as a result of applying the above procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were noted as a result of applying the above procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were noted as a result of applying the above procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were noted as a result of applying the above procedure.

5. For each location selected under #3 above, obtain the School’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Results: No exceptions were noted as a result of applying the above procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.

Results: No exceptions were noted as a result of applying the above procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

6. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Results: No exceptions were noted as a result of applying the above procedure.

7. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note:

Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Results: No exceptions were noted as a result of applying the above procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were noted as a result of applying the above procedure.

8. Using the monthly statements or combined statements selected under #7 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions were noted as a result of applying the above procedure.

Contracts

9. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: Not applicable as the contracts selected were not subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Results: No exceptions were noted as a result of applying the above procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Results: Not applicable as the contracts selected have not been amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of applying the above procedure.

Payroll and Personnel

10. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were noted as a result of applying the above procedure.

11. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #10 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.)

Results: No exceptions were noted as a result of applying the above procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Results: We noted that 1 of the 5 employees tested did not have approved leave documented.

Management's Response: We will review our policies and procedures over documentation and approval of employee leave to ensure accumulated leave balances are accurately reported throughout the year.

- c) Observe that any leave accrued or taken during the pay period is reflected in the School's cumulative leave records.

Results: We noted that leave accrued and taken were not accurately reflected in the School's cumulative leave records.

Management Response: As noted above, we will review our policies and procedures over documentation and approval of employee leave to ensure accumulated leave balances are accurately reported throughout the year.

12. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: No exceptions were noted as a result of applying the above procedure.

13. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions were noted as a result of applying the above procedure.

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.

December 31, 2018
Metairie, Louisiana

Wegmann Daxet + Company