

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2017

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Independent Auditor's Report

To the Board of Directors of
Educators for Quality Alternatives, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Educators for Quality Alternatives, 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 Educators for Quality Alternatives, 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 schedule of compensation, benefits, and other payments to the agency head on page 11, as required by State law, 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 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 26, 2017 on our consideration of Educators for Quality Alternatives, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Educators for Quality Alternatives, Inc.'s internal control over financial reporting and compliance.

Hienz & Macaluso, LLC
Metairie, LA
December 26, 2017

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

Assets

Current Assets:

Cash and cash equivalents	\$	1,288,828
Deposits		8,750
Other receivable		28,887
Prepaid expenses		<u>25,249</u>

Total Current Assets		<u>1,351,714</u>
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Fixed Assets:

Building improvements		53,855
Less accumulated depreciation		<u>(29,606)</u>

Total Fixed Assets, Net		<u>24,249</u>
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Total Assets		<u>1,375,963</u>
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Liabilities and Net Assets

Current Liabilities:

Accounts payable and accrued liabilities		<u>157,869</u>
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Total Liabilities		<u>157,869</u>
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Net Assets:

Unrestricted		1,173,594
Temporarily restricted		<u>44,500</u>

Total Net Assets		<u>1,218,094</u>
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Total Liabilities and Net Assets	\$	<u>1,375,963</u>
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The accompanying notes are an integral part of these financial statements.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, Grants and Other Support:			
State and local public school funding	\$ 2,185,215	\$ -	\$ 2,185,215
Federal grants	213,759	-	213,759
Donations and grants	206,306	44,500	250,806
Other income	17,926	-	17,926
Net assets released from restrictions	25,000	(25,000)	-
Total Revenue, Grants and Other Support	2,648,206	19,500	2,667,706
Expenses:			
Program Services			
Regular programs	942,802	-	942,802
School administration	654,872	-	654,872
Pupil support services	343,303	-	343,303
Other instructional services	71,964	-	71,964
Special education programs	266,624	-	266,624
Other instructional programs	17,588	-	17,588
Transportation services	89,686	-	89,686
Food services	76,000	-	76,000
Management and General			
Operation and maintenance of plant	85,307	-	85,307
Central services	76,743	-	76,743
Business services	44,951	-	44,951
Total Expenses	2,669,840	-	2,669,840
Change in Net Assets	(21,634)	19,500	(2,134)
Net Assets, Beginning of Period	1,195,228	25,000	1,220,228
Net Assets, End of Period	\$ 1,173,594	\$ 44,500	\$ 1,218,094

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Change in Net Assets	\$ (2,134)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	411
(Increase) Decrease in:	
Grants receivable	42,132
Other receivable	(28,887)
Prepaid expenses	(14,898)
Increase (Decrease) in:	
Accounts payable and accrued liabilities	119,430
Net Cash Provided by Operating Activities	<u>116,054</u>
 Cash Flows from Investing Activities:	
Purchases of building improvements	<u>(24,660)</u>
Net Cash (Used) by Operating Activities	<u>(24,660)</u>
Net Increase in Cash and Cash Equivalents	91,394
Cash and Cash Equivalents, Beginning of Period	<u>1,197,434</u>
Cash and Cash Equivalents, End of Period	<u><u>\$ 1,288,828</u></u>

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – Summary of Significant Accounting Policies:

Educators for Quality Alternatives, Inc. (the “School”) was created as a non-profit corporation under the laws of the State of Louisiana on July 14, 2009. The School applied to the Louisiana Board of Elementary and Secondary Education (“BESE”) to operate a Type 5 charter school. The charter school contract, effective July 1, 2012, is entered into between the School and its Board of Directors and BESE for the purpose of operating The NET Charter High School. The school serves students aged from 16 – 21 years of age. On July 1, 2017, BESE granted the School an additional charter to operate another Type 5 charter school. The Net Gentilly commenced operations during the fiscal year ending June 30, 2018.

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 have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets – limited only by the broad limits resulting from the nature of the School, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors, and others entered into by the School in the course of its business.

Temporarily Restricted Net Assets – assets whose restrictions lapse with the passage of time and/or purpose.

Permanently Restricted Net Assets – assets whose restrictions do not lapse with the passage of time.

At June 30, 2017, the School has no permanently restricted net assets.

Use of 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 the reported amounts of assets and liabilities and the disclosure of contingent 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.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – Summary of Significant Accounting Policies (Continued):

Revenues

The School's primary sources of funding are state and local public school funding, federal grants and private donations. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Donated Services

For the year ended June 30, 2017, the School had a total of 61 volunteers who served approximately 3,583 hours. Volunteer services included tutoring and classroom assisting, building beautification, office help and internship mentors. The value of these services is not recognized in the accompanying financial statements due to the unspecialized nature of these services.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value if donor-contributed. The School capitalizes all property and equipment purchases over \$1,000. 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. Depreciation is calculated using the straight line method with an estimated useful life of the lease term for the building improvements. There was a three-year lease in place when the building improvements were constructed.

Income Taxes

The School is operating under Section 501(c) (3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the School considers all unrestricted cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

NOTE 2 – Cash and Cash Equivalents:

At June 30, 2017, cash consists of demand deposits in local banks of \$1,288,828.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 – Grants and Other Receivables:

Grants and other receivables are stated at the amount the School expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for doubtful accounts as the School believes all receivables are collectible.

NOTE 4 – Concentrations:

For the year ended June 30, 2017, the School received approximately 90% of its total revenues from Federal and State grantors. The School maintains cash balances at local financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the School's amounts may exceed the federally insured limits.

NOTE 5 – Contingencies:

Amounts received or receivable from federal, state or local agencies are subject to audit and adjustment by these 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 such agencies cannot be determined at this time, although the School expects any such amounts to be immaterial.

NOTE 6 – Retirement Plan:

Effective December 1, 2012, the School provides a 403(b) plan for all regular full-time employees. An employee becomes eligible to participate in the plan on the first day of the month following the date of hire. Contributions to the plan are made by way of pre-tax salary deferrals and are made at the sole discretion of the employee up to the maximum amount allowed by federal law. The plan allows for discretionary non-elective employer contributions, and all employees are immediately vested. For the year ended June 30, 2017, the School recorded retirement contributions in the amount of \$71,858 .

NOTE 7 – Expense Allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 8 – Leases:

The School leases its space under the terms of three operating leases expiring on August 31, 2018 and May 31, 2020, respectively.

For the year ended June 30, 2017, total rent expense amounted to \$165,028.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – Leases (Continued):

The future minimum lease payments under the above leases are as follows:

<u>Fiscal Year End</u>	<u>Lease Commitment</u>
June 30, 2018	\$377,848
June 30, 2019	273,918
June 30, 2020	<u>231,968</u>
	<u>\$883,734</u>

NOTE 9 – Property and Equipment:

For the year ended June 30, 2017, depreciation expense was \$411.

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.

NOTE 10 – Uncertain Income Taxes:

The School has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). The implementation of this topic had no impact on the statement of financial position or the statement of activities.

The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School’s tax filings are subject to review by various taxing authorities. The School’s open review periods are 2013-2015. Management has evaluated the School’s tax positions and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 11 – Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purpose:

Internship programming	\$ 7,500
Next steps programming	15,000
Homebound programming	7,000
Personalized learning lab	<u>15,000</u>
	<u>\$ 44,500</u>

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – Temporarily Restricted Net Assets (Continued):

Net assets were released from donor restrictions by satisfying the time or purpose specified by donors as follows:

General support	<u>\$ 25,000</u>
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NOTE 12 – Date of Management’s Review:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 26, 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

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head Name: Elizabeth Ostberg

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 85,000
Other Compensation - Bonus	12,500
Benefits - Employer Portion of Insurance	4,604
Benefits - Employer Portion of Retirement	5,580
Benefits - Other	751
Reimbursements	2,543
Total	<u>\$ 110,978</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**

To the Board of Directors of
Educators for Quality Alternatives, Inc.

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 Educators for Quality Alternatives, Inc. (a nonprofit organization) (the “School”), 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 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Educators for Quality Alternatives, Inc.’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 Educators for Quality Alternatives, Inc.’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. 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 Educators for Quality Alternatives, Inc.'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hienz & Macaluso, LLC

Metairie, LA

December 26, 2017

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, there were no audit findings.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2016, there were no audit findings.

SCHEDULES REQUIRED BY STATE LAW

(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)



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

To the Board of Directors of
Educators for Quality Alternatives, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Educators for Quality Alternatives, Inc. ("the School") (a non-profit organization) 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 the School 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. Management of the school is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable provisions of Government Auditing Standards published by the United States Comptroller General. 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 related to the following schedules 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 Schedule 1:
 - 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 noted.

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, Assistant Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and the School’s supporting payroll records as of October 1, 2016.
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.
4. We obtained a list of full-time classroom teachers, principals and assistant principals by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined if the individual’s education level was properly classified on the Schedule 2.

Findings: None noted.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on Schedule 3. 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 and/or the National School Lunch Program (CFDA 10.555) application.

Findings: None noted.

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

6. We obtained a list of full-time classroom teachers, principals and assistant principals by classification as of October 1, 2016 and as reported on Schedule 4 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 noted.

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired status as well as full time equivalent as reported on Schedule 5 and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on Schedule 5.
8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings: None noted.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on Schedule 6 and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2016 roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None noted.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. This schedule is not applicable to the School.

Graduation Exit Exam (GEE) (Schedule 8)

11. The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule 9)

12. This schedule is not applicable to the School.

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 management of the Educators for Quality Alternatives, Inc., the Louisiana Department of Education, the Louisiana Legislature and the Legislative Auditor, State of Louisiana, and is not intended to be 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

December 26, 2017

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
New Orleans, Louisiana

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

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	570,525	
Other Instructional Staff Activities	69,265	
Instructional Staff Employee Benefits	151,397	
Purchased Professional and Technical Services	72,527	
Instructional Materials and Supplies	50,413	
Instructional Equipment	45,016	
Total Teacher and Student Interaction Activities	<u> </u>	<u>959,143</u>
Other Instructional Activities		<u> </u>
Pupil Support Services	338,586	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services	<u> </u>	<u>338,586</u>
Instructional Staff Services	71,964	
Less: Equipment for Instructional Staff Services	<u> </u>	
Net Instructional Staff Services		<u>71,964</u>
School Administration	654,205	
Less: Equipment for School Administration	<u> </u>	
Net School Administration		<u>654,205</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u><u>2,023,898</u></u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u><u>\$45,016</u></u>

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

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%	0	0%	0	0%
Bachelor's Degree	2	67%	5	42%	0	0%	0	0%
Master's Degree	1	33%	5	42%	1	100%	1	100%
Master's Degree + 30	0	0%	2	16%	0	0%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	0	0%	0	0%	0	0%	0	0%
Total	3	100%	12	100%	1	100%	1	100%

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
New Orleans, Louisiana

Schedule 3

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

Type	Number
Elementary	0
Middle Jr. High	0
Secondary	1
Combination	0
Total	1

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

Schedule 4

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	0	0	0	0	0	0	0	0
Principals	0	0	1	0	0	1	0	2
Classroom Teachers	0	2	10	1	1	1	0	15
Total	0	2	11	1	1	2	0	17

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

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 Excluding Extra Compensation	\$45,104.00	\$45,104.00
Average Classroom Teachers Salary Including Extra Compensation	\$45,112.00	\$45,112.00
Number of Teacher Full-Time Equivalents (FTES) used in Computation of Average Salaries	15	15

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

Class Size Characteristics
 As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Precent	Number	Precent	Number	Precent	Number	Precent	Number
Elementary								
Elementary Activity Class								
Middle High								
Middle High Activity Class								
High	81.00%	78	4.00%	4	10.00%	10	1.00%	1
High Activity Class	4.00%	4						
Combination								
Combination Activity Class								

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
New Orleans, Louisiana

Schedule 7

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

This schedule is not applicable to the School.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
New Orleans, Louisiana

Schedule 8

Graduation Exit Examination (GEE)
For the Year Ended June 30, 2017.

This schedule is not applicable to the School.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
New Orleans, Louisiana

Schedule 9

iLEAP Tests
For the Year Ended June 30, 2017.

This schedule is not applicable to the School.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Educators for Quality Alternatives, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Educators for Quality Alternatives, Inc. (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 noted the entity's policies do not address items 2, 4, and 5 under **Purchasing** and items 2, 3, and 5 under **Contracting**.

Management's Response: Previously, EQA relied on its contracted FirstLine Schools back office team to add vendors and manage major contracts in accordance to their policies. However, as EQA is no longer contracting with FirstLine Schools, the EQA Finance Committee will draft policy language to address items 2, 4, and 5 under Purchasing and items 2, 3, and 5 under Contracting. Drafts will be brought to the board for approval to update EQA's Finance Policies.

Board (or Finance Committee, if applicable)

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 board met ten times during the fiscal year which is 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 November 29, 2016 minutes included discussion of lease negotiations.

Bank Reconciliations

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 do not 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 reconciliation.

Management's Response: The EQA Board Treasurer receives copies of the bank statements directly from the bank and/or via the online banking portal. This insures that the Treasurer can review the statements separately from the Executive Director's review. To provide evidence of such review, the Treasurer will begin signing the bank reconciliation provided by the Executive Director monthly.

- 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.

We noted one bank reconciliation that had reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period for which there was no documentation reflecting that they had been researched.

Management's Response: Starting with the 2017-18 school year, EQA has changed contractors from FirstLine Schools to 4th Sector Solutions for accounting and financial back office support. 4th Sector's entire business is focused on providing back office support for charter schools so we expect more rapid reconciliation and research for outstanding items.

Collections

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 (report if there are compensating controls performed by an outside party), 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.

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 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)

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.

We noted that per the entity's finance and accounting policies and procedures ("policies") that the executive director is allowed to initiate and approve purchases under a certain dollar threshold.

Management's Response: EQA's financial policies are written to take into account the small size of the organization and the organization's outsourcing of its accounting. For these reasons, the Executive Director is allowed to initiate and approve purchases under a certain dollar amount. As the organization grows, the Finance Committee reviews its policies and proposes changes as appropriate.

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

We noted that per the entity's finance and accounting policies and procedures ("policies") that the executive director is allowed to initiate and approve purchases under a certain dollar threshold.

Management's Response: See management's response above.

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.

We noted that per the entity's finance and accounting policies and procedures ("policies") that the executive director who has signatory authority is allowed to initiate and approve purchases under a certain dollar threshold.

Management's Response: See management's response above.

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 as no signature stamp or signature machine is used.

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

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

There is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

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

We noted a finance charge and late fee was assessed on the selected statement.

Management's Response: During a brief period, while managing the start-up and opening of the new school, the Executive Director was delayed in reconciling and thus paying the credit card bill. All precautions have been and will be taken to insure this does not occur again.

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

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) and report any amounts that exceed GSA rates.

We noted that the entity's written policies related to travel and expense reimbursements do not contain per diem and mileage rates.

Management's Response: Because of the limited instances of travel in the organization, per diem and reimbursement rates have not historically been included in the organization's financial policies. However, as an increasing number of employees, such as the Homebound Teacher, are eligible for mileage reimbursements, the EQA Finance Committee will draft an addition to the finance policy for review and approval by the full board.

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 expense and related documentation were reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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 does solicit quotes as a best practice.

- c) 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.

- d) 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

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 fiscal 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)

- 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)

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

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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the required notices were not posted on its premises and website as required by R.S. 24:523.1.

Management's Response: Both required notices were posted on the day that the independent accountant brought this to our attention.

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, LA
December 26, 2017