INNOVATORS IN MILESTONES, INC.

Audit of Financial Statements

June 30, 2017

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Hienz & Macaluso LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Innovators in Milestones, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Innovators in Milestones, Inc. (a nonprofit organization), which comprise the statement of financial position in liquidation as of June 30, 2017, and the related statement of activities in liquidation 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position in liquidation of Innovators in Milestones, Inc. as of June 30, 2017, and the changes in its net assets in liquidation for the year then ended in accordance with accounting principles generally accepted in the United States of America applied on the liquidation basis of accounting as described in the basis of accounting paragraph below.

Emphasis of a Matter

Going Concern

The accompanying financial statements have been prepared assuming that Innovators in Milestones, Inc. will not continue as a going concern as of June 30, 2017. As discussed in Note 12 to the financial statements, Innovators in Milestones, Inc. has terminated operations and began liquidation of all assets and liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Basis of Accounting

As described in Note 2, Innovators in Milestones, Inc. policy is to prepare its financial statements on the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

Supplementary 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, as required by Louisiana Revised Statute 24:513 (A) (3), is presented for the purpose 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 31, 2017, on our consideration of Innovators in Milestones, Inc. 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 Innovators in Milestones, Inc. internal control over financial reporting and compliance.

Hienz & Macaluso, LLC
Metairie, LA
December 31, 2017

INNOVATORS IN MILESTONES, INC.
STATEMENT OF FINANCIAL POSITION IN LIQUIDATION
JUNE 30, 2017

ASSETS:		
Current Assets:		
Cash	$	378,491
Grant receivables		76,166
Other receivables		1,378
Total current assets		456,035
Property and equipment:		
Furniture and equipment		495,885
Less accumulated depreciation		(475,704)
Net property and equipment		20,181
Noncurrent Assets:		
Deposits		2,650
Total noncurrent assets		2,650
Total assets	$	478,866
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	$	272,667
Total current liabilities		272,667
Net Assets:		
Unrestricted net assets		206,199
Total net assets		206,199
Total net assets and liabilities	$	478,866

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

INNOVATORS IN MILESTONES, INC.
STATEMENT OF ACTIVITIES IN LIQUIDATION
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES:		
State public school funding	$	3,905,222
Other state funding		24,895
Federal sources		293,928
Other income		54,490
Interest income		472
Total revenues		4,279,007
EXPENSES:		
Instruction:		
Regular education programs		1,579,948
Special education programs		334,077
Other instructional programs		6,097
Pupil support services		212,716
Instructional staff services		375,887
School administration		658,158
Operation and maintenance		815,533
Student transportation		330,600
Food services		8,002
Support services:		
General administration		134,666
Business services		252,608
Central services		18,408
Depreciation		16,503
Total expenses		4,743,203
Change in net assets		(464,196)
Net assets - beginning of year		670,395
Net assets - end of year	$	206,199

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

NOTE 1 – Nature of Operations:

Innovators in Milestones, Inc., a not-for-profit corporation, ("Milestone") was formed in August of 1998 in New Orleans, Louisiana. Milestone was dormant from inception through July 1, 2003. Milestone's stated purpose is to:

- Improve student learning
- Increase learning opportunities and admittance to quality education for all students
- Encourage the use of inventive teaching methods and a variety of governance, management and administrative structures
- Be meticulously accountable for educational results
- Create new professional opportunities for teachers and other school employees

On August 9, 2003, Milestone's reconstituted charter was approved by the Louisiana State Board of Elementary and Secondary Education ("BESE"), authorized by LA Charter School Demonstration Project, to operate an independent public school, Milestone SABIS Academy of New Orleans (the School). On December 6, 2016, BESE voted to revoke Milestone's charter; therefore, Milestone will cease operations on June 30, 2017.

The School operates as a Type 2 charter school as defined in LSA R.S. 17:3971, et. seq. The School serves eligible students in grades kindergarten through eighth grade in the metropolitan New Orleans area.

NOTE 2 – Summary of Significant Accounting Policies:

Basis of Accounting

Effective December 6, 2016, due to BESE's revocation of Milestone's charter, Milestone adapted the liquidation basis of accounting and revalued its assets and liabilities to the amounts expected to be collected and paid during the liquidation. The effect of the revaluation is included in the statement of activities in liquidation in instruction and support services. It is not presently determinable whether the amounts realizable from the disposition of the remaining assets or the amounts that creditors will agree to accept in the settlement of the obligations presently due them will differ materially from the amounts shown in the accompanying financial statements. Differences between the revalued amounts and actual cash transactions will be recognized in the year they can be estimated.

Financial Statement Presentation

The financial statements of Milestone are required to report information regarding its financial position and activities according to three classes of net assets:

NOTE 2 – Summary of Significant Accounting Policies (continued):

Financial Statement Presentation (continued)

• Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

• Temporarily Restricted - Net assets whose use by Milestone are limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Milestone pursuant to such stipulations. At June 30, 2017, there were no temporarily restricted net assets.

• Permanently Restricted - Net assets whose use by Milestone are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of Milestone. At June 30, 2017, there were no permanently restricted net assets.

Promises to Give

Contributions are recognized when the donor makes a promise to give to Milestone, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. For the year ended June 30, 2017, Milestone has not recorded any promises to give.

Minimum Foundation Program (MFP)

Milestone receives funding from BESE in an amount for pupils based on estimated daily attendance in the school. The amount of funding received is adjusted during the school year based on the October 1st student count, the February 1st student count and the results of any audits performed.

Other Funding

Other revenues received by Milestone consist of private and public grants.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying statement of activities.

NOTE 2 – Summary of Significant Accounting Policies (continued):

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 disclosures of 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.

Income Taxes

Milestone operates as a nonprofit entity and has been granted tax-exempt status under an advance ruling period by the Internal Revenue Service (IRS) under Section 501(c) (3) of the Internal Revenue Code and is therefore exempt from federal and state income taxes.

At June 30, 2003, Milestone's advance ruling period ended. The IRS subsequently determined that since Milestone was dormant during the advance ruling period (thereby receiving no public support) it would be classified as a "private foundation."

Milestone applied with the IRS for termination of the "private foundation" status and for a new five year advance ruling period to be classified as a "publicly supported organization" or "public charity." That application was approved by the IRS on July 6, 2005, to become effective as of July 1, 2005. The IRS terminated Milestone's private foundation status as of July 1, 2005 and determined it should be treated as a "public charity" subject to a new five year (60 month) advance ruling period which ended June 30, 2010.

Grants Receivable:

Milestone considers grants receivable to be fully collectible since the balance primarily consists of payments due under government contracts (federal and state grants). If amounts due become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment include furniture and equipment costing $1,000 or more, and having a useful life greater than one year. Depreciation is computed using the straight-line method over the asset's estimated life. The following are the estimated useful lives of property and equipment:

NOTE 2 – Summary of Significant Accounting Policies (continued):

Property and Equipment (continued)

Useful Lives

Furniture and fixtures	7 years
Security equipment	4 years
Kitchen equipment	3 years
Computer equipment	3 years

NOTE 3 – Cash:

At June 30, 2017, Milestone's cash balance consists of the following:

Demand deposits	$378,491

NOTE 4 – Risk Management:

Milestone is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which Milestone carries commercial insurance, covering the School's operation only. During the year ended June 30, 2017, the Board of Directors was covered with officers' and directors' insurance, which was part of its professional liability policy. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. There was no amount recorded in the financial statements for a potential loss.

NOTE 5 – Concentrations:

Milestone maintains cash balances at one local bank. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time throughout the year these balances exceed amounts covered by the FDIC.

For the year ended June 30, 2017, Milestone received primarily all of its revenues from state and federal sources.

NOTE 6 – Leases:

Milestone executed a lease with St. James Major Catholic Church for the facility located at 3774 and 3800 Gentilly Blvd. in New Orleans, Louisiana effective for the period of August 1, 2015 through July 31, 2018. For the year ended June 30, 2017, total lease expense amounted to $344,120. Subsequent to June 30, 2017, the lease was terminated due to BESE's revocation of Milestone's charter.

NOTE 7 – Grant Receivables:

At June 30, 2017, Milestone's grant receivables as reported on the statement of financial position in liquidation consist of the following:

U.S. DOE Grants-Title I	$76,166

NOTE 8 – Property and Equipment:

At June 30, 2017, Milestone's property and equipment on the statement of financial position in liquidation consist of the following:

	July 1, 2016	Additions	Deletions	June 30, 2017
Computer equipment	$ 113,404	$ 11,765	$ -	$ 125,169
Furniture and fixtures	336,162	1,655	-	337,817
Kitchen equipment	7,803	-	-	7,803
Leasehold improvements	7,720	-	-	7,720
Maintenance equipment	1,343	-	-	1,343
Security equipment	12,692	-	-	12,692
Storage buildings	3,341	-	-	3,341
Less: Accumulated Depreciation	(459,201)	(16,503)	-	(475,704)
	$ 23,264	$ (3,083)	$ -	$ 20,181

For the year ended June 30, 2017, depreciation expense amounted to $16,503.

All assets acquired with Department of Education funds are owned by Milestone while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with these funds will transfer to the appropriate agency. Subsequent to June 30, 2017, the assets acquired with Department of Education funds were returned to the State of Louisiana. The remaining fixed assets were donated to charter schools in the New Orleans metro area.

NOTE 9 – Board Member Compensation:

Board members are not compensated for their service; therefore, a schedule of board members' per diem is not presented.

NOTE 10 – Retirement Plan:

On April 1, 2005 Milestone implemented its 401(k) plan (the Plan) with an effective date of January 1, 2005. For the year ended June 30, 2017, Milestone recorded retirement expense in the amount of $1,381.

NOTE 11 – Uncertainty in Income Tax:

Milestone has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the FASB ASC which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the organization's tax returns. The organization would record interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The organization's open audit periods are 2013 - 2015. As of the date of this report, Milestone has filed an extension for the 2016 tax return. Management has evaluated the organization's tax positions and concluded that the organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 12 – Termination of Operations:

On December 6, 2016, BESE voted to revoke Milestone's charter resulting in the school closing and ceasing operations at the end of the fiscal year ending June 30, 2017. As a result of Milestone ceasing operations as of June 30, 2017, Milestone adapted the liquidation basis of accounting. Any remaining assets and liabilities of Milestone that are not from a public funding source will be disbursed at the discretion of the Board of Directors of Milestone.

As a result of discontinuing its operations, Milestone incurred additional liabilities and expenses related to closing. For the year ended June 30, 2017, $77,334 of expenses related to the closing is included accounts payable and accrued expenses on the statement of financial position in liquidation and in instruction and support services on the statement of activities in liquidation, respectively. Milestone expects to settle these additional liabilities subsequent to June 30, 2017.

Subsequent to June 30, 2017, Milestone collected the receivable amounts shown on the statement of financial position in liquidation.

Milestone expects the liquidation will be completed in the spring of 2018

NOTE 13 – Date of Management's Review:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2017, and determined that no events occurred that require disclosure except for the matters discussed in Note 12. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

INNOVATORS IN MILESTONES, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Agency Head Name: Lakeisha Robichaux

Purpose		Amount
Salary	$	214,991
Reimbursements		182
	$	215,173

Hienz & Macaluso LLC
Certified Public Accountants

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
Innovators in Milestones, 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 Innovators in Milestones, Inc. (a nonprofit organization), which comprise the statement of financial position in liquidation as of June 30, 2017 and the related statement of activities in liquidation for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Innovators in Milestones, 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 Innovators in Milestones, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Innovators in Milestones, 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 organization'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 organization'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 Louisiana Legislative Auditor as a public document.

Hienz & Macaluso, LLC
Metairie, LA
December 31, 2017

INNOVATORS IN MILESTONES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements:

Not applicable.

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

Not applicable.

Section III - Management Letter:

Not applicable.

INNOVATORS IN MILESTONES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements:

Not applicable.

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

Not applicable.

Section III - Management Letter:

Not applicable.

Hienz & Macaluso LLC
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Innovators in Milestones, Inc.

We have performed the procedures enumerated below, which were agreed to by the management of Innovators in Milestones, Inc.; 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 Innovators in Milestones, Inc. for the fiscal year ended June 30, 2017; 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. Management of Innovators in Milestones, Inc. 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 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 reported on the schedule:

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

   Findings: None

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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 to the School's supporting payroll records as of October 1st, 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 principals, assistant principals and full-time teachers 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 that the individual's education level was properly classified on the schedule.

Findings for Procedures 2, 3 and 4: None

Number and Type of Public Schools (Schedule 3)

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

Findings: None

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

6. We obtained a list of principals, assistant principals and full-time classroom teachers by classification as of October 1st, 2016 and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings: None

Public School Staff Data: Average Salaries (Schedule 5)

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

Findings: None

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

Findings: None

Class Size Characteristics (Schedule 6)

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

Findings: None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Findings: None

Graduation Exit Examination (GEE) (Schedule 8)

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

*i*LEAP Tests (Schedule 9)

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

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 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.

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 Innovators in Milestones, Inc. Schools, as required by Louisiana Revised Statue 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.

Hienz & Macaluso, LLC
Metairie, LA
December 31, 2017

Schedule 1

INNOVATORS IN MILESTONES, INC.
New Orleans, Louisiana

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

General Fund Instructional and Equipment Expenditures	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	$ 1,122,218	
Other Instructional Staff Activities	20,557	
Instructional Staff Employee Benefits	263,030	
Purchased Professional and Technical Services	53,964	
Instructional Materials and Supplies	53,714	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		$ 1,513,483
Other Instructional Activities	3,625	
		$ 3,625
Pupil Support Services	213,183	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		$ 213,183
Instructional Staff Services	464,743	
Less: Equipment for Instructional Staff Services	(1,655)	
Net Instructional Staff Services		$ 463,088
School Administration	665,808	
Less: Equipment for School Administration	$ (5,742)	
Net School Administration		$ 660,066
Total General Fund Instructional Expenditures (Total of Column B)		$ 2,853,445
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		$ 7,397

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

INNOVATORS IN MILESTONES, INC. **Schedule 2**
New Orleans, Louisiana

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

	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
Category	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	4	66%	9	60%	-	-	-	-
Master's Degree	1	17%	6	40%	-	-	-	-
Master's Degree + 30	-	-	-	-	1	100%	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	1	17%	-	-	-	-	-	-
Total	6	100%	15	100%	1	100%	-	-

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, INC. **Schedule 3**
New Orleans, Louisiana

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

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

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, 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	-	-	-	-	-	-	-	-
Principals	-	-	-	-	1	-	-	1
Classsroom Teachers	1	2	11	3	2	2	-	21
Total	1	2	11	3	3	2	-	22

See 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 Including Extra Compensation	$48,047	$48,047
Average Classroom Teachers Salary Excluding Extra Compensation	$47,780	$47,780
Number of Teacher Full-Time Equivalents (FTES) used in Computation of Average Salaries	17.4	17.4

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, INC. **Schedule 6**
New Orleans, Louisiana

Class Size Characteristics
As of October 1, 2016

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	59%	98	28%	47	13%	22	-	-
Elementary Activity Class	97%	32	3%	1	-	-	-	-
Middle High	-	-	-	-	-	-	-	-
Middle High Activity Class	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Class	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Class	-	-	-	-	-	-	-	-

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, INC.
New Orleans, Louisiana

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

District Achievement Level	English Language Arts			Mathematics		
Results	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	-	-	-	-	-	-
Mastery	9%	8%	21%	8%	8%	2%
Basic	36%	32%	45%	28%	13%	31%
Approaching Basic	34%	39%	29%	49%	50%	52%
Unsatisfactory	21%	21%	5%	15%	29%	15%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	Science			Social Studies		
Results	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	0%	-	-	-	-	-
Mastery	2%	3%	2%	4%	-	7%
Basic	28%	32%	57%	9%	-	55%
Approaching Basic	36%	45%	36%	30%	-	33%
Unsatisfactory	34%	20%	5%	57%	-	5%
Total	100%	100%	100%	100%	-	100%

District Achievement Level	English Language Arts			Mathematics		
Results	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	5%	-	-	-	-	5%
Mastery	8%	39%	46%	5%	19%	38%
Basic	37%	26%	38%	26%	23%	14%
Approaching Basic	32%	33%	13%	29%	40%	32%
Unsatisfactory	18%	2%	3%	40%	18%	11%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	Science			Social Studies		
Results	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	-	2%	3%	-	-	3%
Mastery	3%	7%	14%	5	-	11%
Basic	16%	39%	40%	13	-	43%
Approaching Basic	55%	26%	27%	39	-	38%
Unsatisfactory	26%	26%	16%	43	-	5%
Total	100%	100%	100%	100	-	100%

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, INC. **Schedule 8**
New Orleans, Louisiana

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

The GEE is no longer administered; therefore, this schedule is not applicable.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

iLEAP Tests
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	-	-	-	-	5%	-
Mastery	10%	17%	15%	15%	21%	5%
Basic	26%	29%	24%	23%	36%	41%
Approaching Basic	33%	26%	37%	38%	26%	39%
Unsatisfactory	31%	28%	24%	24%	12%	15%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	-	2%	0%	-	-	0%
Mastery	3%	7%	7%	3%	-	2%
Basic	23%	40%	41%	3%	-	51%
Approaching Basic	46%	31%	29%	42%	-	34%
Unsatisfactory	28%	20%	23%	52%	-	13%
Total	100%	100%	100%	100%	-	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	-	2%	-	-	-	-
Mastery	6%	30%	12%	-	0%	7%
Basic	33%	28%	33%	12%	44%	47%
Approaching Basic	37%	30%	46%	22%	37%	44%
Unsatisfactory	24%	10%	9%	66%	19%	2%
Total	100%	100%	100%	100%	100%	100%

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, INC. **Schedule 9**
New Orleans, Louisiana

iLEAP Tests (continued)
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	-	-	-	-	-	2%
Mastery	-	-	2%	2%	-	5%
Basic	16%	53%	33%	2%	-	39%
Approaching Basic	33%	26%	33%	24%	-	32%
Unsatisfactory	51%	21%	32%	72%	-	22%
Total	100%	100%	100%	100%	-	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	-	11%	4%	-	-	-
Mastery	9%	33%	22%	2%	11%	4%
Basic	22%	29%	51%	11%	33%	41%
Approaching Basic	43%	13%	20%	50%	40%	43%
Unsatisfactory	26%	14%	3%	37%	16%	12%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	-	0%	0%	-	-	8%
Mastery	2%	11%	6%	2%	-	2%
Basic	24%	42%	47%	7%	-	51%
Approaching Basic	48%	33%	31%	43%	-	33%
Unsatisfactory	26%	14%	16%	48%	-	6%
Total	100%	100%	100%	100%	-	100%

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

INNOVATORS IN MILESTONES, INC. **Schedule 9**
New Orleans, Louisiana

iLEAP Tests (continued)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	4%	14%	2%	-	-	-
Mastery	20%	28%	20%	4%	14%	2%
Basic	31%	28%	51%	27%	45%	42%
Approaching Basic	31%	17%	22%	49%	34%	53%
Unsatisfactory	14%	13%	5%	20%	7%	3%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	-	0%	0%	0%	-	-
Mastery	11%	17%	11%	4%	-	11%
Basic	29%	31%	40%	27%	-	47%
Approaching Basic	31%	38%	36%	27%	-	33%
Unsatisfactory	29%	14%	13%	42%	-	9%
Total	100%	100%	100%	100%	-	100%

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES

Hienz & Macaluso LLC
Certified Public Accountants

To the Board of Directors of Innovators in Milestone, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Innovators in Milestones, 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 that the Entity's written policies and procedures did not address the following area:
Purchasing – item 2

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 at a frequency during the fiscal year 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 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 June 29, 2017 minutes included a discussion about a contract.

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.

   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.

      No reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period were noted.

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.

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

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

      We noted that purchase orders were approved by a person who did not initiate the purchase.

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

      We noted that payments were processed with all of the supporting documentation.

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

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases. The person who makes the final authorization for disbursements does not have responsibility for initiating or recording purchases.

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

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

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

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

    Not applicable as no signature stamp or signature machine is used.

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.

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

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

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

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

         The transaction was supported by an original itemized receipt.

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

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

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

         No other documentation was required.

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

       No exceptions were noted.

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

No exceptions were noted.

Travel and Expense Reimbursement

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.

    No exceptions were noted.

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.

       The reimbursed expenses did not exceed the GSA rates.

    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 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.

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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.

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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the required notices were posted on its premises and website as required by R.S. 24:523.1.

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 31, 2017