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**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**

**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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Postlethwaite & Netterville

A Professional Accounting Corporation

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**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

## TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 12
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	13
<u>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	14 - 15



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors for  
Lycée Français de la Nouvelle-Orléans  
New Orleans, Louisiana:

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

We have audited the accompanying financial statements of Lycée Français de la Nouvelle-Orléans ("Lycée") which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for years ended June 30, 2017 and 2016, and the related notes to the financial statements.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Lycée'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 Lycée'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 Lycée Français de la Nouvelle-Orléans as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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 13, 2017, on our consideration of Lycée's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Lycée's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 13, 2017

**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 3,603,134	\$ 2,820,436
Accounts receivable, less allowance for doubtful accounts of \$24,483	109,395	127,573
Grants receivable - due from government agencies	149,812	80,469
Prepaid expenses	<u>79,300</u>	<u>99,427</u>
Total current assets	<u>3,941,641</u>	<u>3,127,905</u>
Property, plant, and equipment, net (note 3)	<u>1,129,005</u>	<u>671,760</u>
Total assets	<u>\$ 5,070,646</u>	<u>\$ 3,799,665</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	590,490	246,911
Deferred revenue	<u>162,172</u>	<u>108,363</u>
Total current liabilities	<u>752,662</u>	<u>355,274</u>
Total liabilities	<u>752,662</u>	<u>355,274</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	<u>4,317,984</u>	<u>3,444,391</u>
Total net assets	<u>4,317,984</u>	<u>3,444,391</u>
Total liabilities and net assets	<u>\$ 5,070,646</u>	<u>\$ 3,799,665</u>

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

**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues and support:</b>						
Federal grants	\$ -	\$ 289,339	\$ 289,339	\$ -	\$ 267,520	\$ 267,520
State grants	7,343,780	317,768	7,661,548	6,172,073	346,461	6,518,534
Tuition and activity income	613,518	-	613,518	606,595	-	606,595
Contributions	146,116	-	146,116	196,774	-	196,774
Food	79,994	-	79,994	112,763	-	112,763
Other income	18,640	-	18,640	21,878	-	21,878
Net assets released from restrictions	607,107	(607,107)	-	613,981	(613,981)	-
<b>Total revenues and other support</b>	<b>8,809,155</b>	<b>-</b>	<b>8,809,155</b>	<b>7,724,064</b>	<b>-</b>	<b>7,724,064</b>
<b>Expenses:</b>						
Program services:						
Elementary and kindergarten	3,006,452	-	3,006,452	2,273,925	-	2,273,925
Prekindergarten	281,640	-	281,640	284,266	-	284,266
Special education	852,712	-	852,712	565,957	-	565,957
Extracurricular activities	161,384	-	161,384	156,869	-	156,869
Aftercare	176,317	-	176,317	200,958	-	200,958
Student services	542,866	-	542,866	365,683	-	365,683
Other program services	66,391	-	66,391	46,178	-	46,178
Total program services	5,087,762	-	5,087,762	3,893,836	-	3,893,836
Support services:						
Business services and payroll	1,270,217	-	1,270,217	1,050,131	-	1,050,131
Operations and maintenance	888,344	-	888,344	776,346	-	776,346
Management and general	114,119	-	114,119	107,438	-	107,438
Professional and technical services	242,628	-	242,628	151,942	-	151,942
Other support services	332,492	-	332,492	328,476	-	328,476
Total support services	2,847,800	-	2,847,800	2,414,333	-	2,414,333
<b>Total expenses</b>	<b>7,935,562</b>	<b>-</b>	<b>7,935,562</b>	<b>6,308,169</b>	<b>-</b>	<b>6,308,169</b>
Change in net assets	873,593	-	873,593	1,415,895	-	1,415,895
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>3,444,391</b>	<b>-</b>	<b>3,444,391</b>	<b>2,028,496</b>	<b>-</b>	<b>2,028,496</b>
<b>NET ASSETS AT END OF THE YEAR</b>	<b>\$ 4,317,984</b>	<b>\$ -</b>	<b>\$ 4,317,984</b>	<b>\$ 3,444,391</b>	<b>\$ -</b>	<b>\$ 3,444,391</b>

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

**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 873,593	\$ 1,415,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	86,317	30,474
Bad debt expense	66,391	46,178
Changes in operating assets and liabilities:		
Accounts receivable	(48,213)	(135,692)
Grants receivable - due from government agencies	(69,343)	11,275
Prepaid expenses	20,127	19,960
Accounts payable and accrued expenses	249,635	(56,448)
Deferred revenue	53,809	3,520
	<u>1,232,316</u>	<u>1,335,162</u>
Net cash provided by operating activities		
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of property and equipment	<u>(449,618)</u>	<u>(149,811)</u>
Net cash used in investing activities	<u>(449,618)</u>	<u>(149,811)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Payments on line of credit, net	<u>-</u>	<u>(448,474)</u>
Net cash used in financing activities	<u>-</u>	<u>(448,474)</u>
Net increase in cash	782,698	736,877
Cash, beginning of year	<u>2,820,436</u>	<u>2,083,559</u>
Cash, end of year	<u>\$ 3,603,134</u>	<u>\$ 2,820,436</u>

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

# LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

## NOTES TO FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies**

#### Organization

Lycée Français de la Nouvelle-Orléans (“Lycée”) was incorporated as an educational institution organized to create a top-notch academic and multicultural school environment to inspire its students to reach their full potential. At June 30, 2017, Lycée offers classes in Pre-Kindergarten (4 year old) through Sixth grade organized per the French education model.

The Board of Elementary and Secondary Education (BESE) approved the granting of a charter to Lycée effective June 30, 2011 for an initial period ending on June 30, 2016, to operate a Type 2 Charter School, as defined in LA R.S. 17:3998(A)(2). This charter was renewed on July 1, 2016 for seven years ending on June 30, 2023. Lycée commenced operations with the 2011-2012 school year.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board under *ASC No. 958 Not-for-Profit Entities*.

Lycée 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. Accordingly, the net assets of Lycée and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of Lycée and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of Lycée pursuant to those stipulations. At June 30, 2017 and 2016, Lycée has no permanently restricted net assets.

#### Cash

Cash includes amounts on deposit at local financial institutions.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

## LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

##### Accounts Receivable (continued)

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2017 and 2016, management has established an allowance of \$24,483 for estimated uncollectible receivables.

##### Property, Plant, and Equipment

Lycée capitalizes all expenditures for property and equipment in excess of \$5,000 and expenditures for repairs and improvements that materially prolong the useful lives of assets capitalized. Property is recorded at historical cost or, if donated, at the approximate fair value at the date of donation. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 3 to 5 years for furniture and equipment, 5 years for leasehold improvements, and 39 years for building.

##### Contributions and Revenue Recognition

Lycée reports contributions of cash or other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statement of activities.

Revenues from federal and state grants are recorded when Lycée has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by Lycée, or when otherwise earned under the terms of the grants.

##### Contributed Services

Lycée receives services donated by parents and community members in carrying out Lycée's mission. The value of these services is not recognized in the accompanying financial statements as they do not meet the criteria for recognition under generally accepted accounting principles.

##### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

## NOTES TO FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies (continued)**

#### Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in Note 6. Accordingly, certain costs have been allocated among the instructional and supporting services benefited.

#### Tuition Revenue and Deferred Revenue

Tuition revenue represents amounts charged for students in Pre-Kindergarten (4 year old) classes. Tuition revenue includes school year tuition, summer camp tuition, and fees related to afterschool care services. Revenue is recognized based on accrual accounting in accordance with generally accepted accounting principles. Lycée recognizes tuition revenue over the course of the term for which it is earned, regardless of when it is received. Receipt of tuition which has yet to be earned is recorded as deferred revenue.

#### Tax Exempt Status

Lycée is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

Lycée applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, Lycée has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore the implementation of this standard has not had a material effect on Lycée.

#### Recent Accounting Changes

In August, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted. Lycée is currently assessing the impact of this pronouncement on the financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. This ASU is effective for fiscal years beginning after December 15, 2019. Lycée is currently assessing the impact of this pronouncement on its financial statements.

**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**

**NOTES TO FINANCIAL STATEMENTS**

**2. Property, Plant, and Equipment**

Property, plant, and equipment consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 360,000	\$ 360,000
Building and improvements	113,258	95,232
Leasehold improvements	253,061	128,760
Furniture, fixtures, and equipment	275,721	153,440
Construction-in-Progress	278,954	-
	<u>1,280,994</u>	<u>737,432</u>
Less accumulated depreciation	<u>(151,989)</u>	<u>(65,672)</u>
Property, plant, and equipment, net	<u>\$ 1,129,005</u>	<u>\$ 671,760</u>

In May 2017, Lycée entered into an agreement with the Louisiana State Department of Education through the Recovery School District ('RSD') where as it was agreed that the RSD will provide a school campus to Lycée commencing in May 2017 through June 2019. The land and building is not owned by Lycée and therefore is not included in property, plant, and equipment.

**3. Line of Credit**

On May 4, 2015, Lycée obtained a line of credit of \$800,000 with a local financial institution at a rate based on Wall Street Journal Prime (3.25% per annum at June 30, 2015) plus 1.75% floating with a floor of 5%. The line was secured by real estate and matured on May 3, 2016. The balance on the line of credit was \$448,474 at June 30, 2015 and was paid in full in September 2015.

On February 3, 2017, Lycée obtained a line of credit of \$300,000 with a local financial institution at a rate based on Wall Street Journal Prime (4.25% per annum at June 30, 2017). The line is set to mature on February 2, 2018. The balance on the line of credit was \$0 as of June 30, 2017.

**4. Operating Leases**

During the year ended June 30, 2017, Lycée had several lease agreements in place for the school facilities used. The lease terms and maturity date for each lease varies depending on the agreed upon terms.

Future minimum lease payments under operating leases as of June 30, 2017 are as follows:

<u>Period Ending June 30</u>	<u>Amount</u>
2018	\$ 174,000
2019	210,000
2020	36,000

**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**

**NOTES TO FINANCIAL STATEMENTS**

**4. Operating Leases (continued)**

Rent expense for all operating leases during the years ended June 30, 2017 and 2016 was \$516,017 and \$456,763, respectively.

On June 30, 2017, Lycée entered into a lease agreement commencing July 1, 2017 through June 30, 2027 in the amount of \$260,000 per year with an annual increase of five percent.

**5. Functional Allocation of Expenses**

Expenses have been reported in the statements of activities by natural classification. Lycée presents functional classifications of expenses charged to program services. Instructional program services represent management's estimate of expenses that can be directly allocated to supporting classroom and teaching activities and programs. Support services include those expenses related to the administrative operations, including accounting and administrative functions. Functional expenses for the years ended June 30, 2017 and 2016 are as follows:

	<b>2017</b>		
	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Salaries	\$ 3,678,025	\$ 1,085,741	\$ 4,763,766
Employee benefits	813,699	183,662	997,361
Materials and supplies	411,710	143,872	555,582
Miscellaneous	66,552	332,492	399,044
Occupancy	-	859,405	859,405
Professional and technical services	117,776	242,628	360,404
Total expenses	<u>\$ 5,087,762</u>	<u>\$ 2,847,800</u>	<u>\$ 7,935,562</u>

	<b>2016</b>		
	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Salaries	\$ 2,819,199	\$ 891,656	\$ 3,710,855
Employee benefits	586,192	158,475	744,667
Materials and supplies	342,735	120,427	463,162
Miscellaneous	46,178	328,476	374,654
Occupancy	-	763,357	763,357
Professional and technical services	99,532	151,942	251,474
Total expenses	<u>\$ 3,893,836</u>	<u>\$ 2,414,333</u>	<u>\$ 6,308,169</u>

## LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

### NOTES TO FINANCIAL STATEMENTS

#### **6. Defined Contribution Retirement Plan**

Lycée has a 401(k) plan that was adopted on July 20, 2011. Employees 21 years of age and older are eligible to participate in the plan the first day of each month following their hire date. Under the terms of the plan, Lycée matched 100% of the employee's contributions up to 5% of total salary. For the years ended June 30, 2017 and 2016, Lycée made \$167,544 and \$93,576, respectively, in employer matching contributions to the plan.

#### **7. Credit Risk Concentration**

Lycée deposits its cash with financial institutions in the greater New Orleans area. As of June 30, 2017 and 2016, all cash accounts at each financial institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. From time to time the amounts on deposit may exceed the federally insured limits. Lycée has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

#### **8. Contingencies-Grant Programs**

Lycée participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Lycée has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2017 and 2016 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Lycée.

#### **9. Economic Dependency**

Lycée receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding (MFP) and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds Lycée receives could be reduced significantly and have an adverse impact on its operations. Except as described below, management is not aware of any actions that will significantly affect the amount of funds Lycée will receive relating to its grant awards.

In September 2014, the Iberville Parish School Board and the Louisiana Association of Educators filed separate lawsuits against Louisiana Board of Elementary and Secondary Education (BESE) and the Louisiana Department of Education (LDOE) challenging the constitutionality of the state's ability to use the MFP to fund Type 1B and all Type 2 charter schools. While these lawsuits may threaten the current funding mechanism for Type 2 charter schools, including Lycée, the District Court ruled in favor of BESE and LDOE. An appeal is pending. Lycée is uncertain of the ultimate outcome of the lawsuits and no amounts are recorded in the financial statements relating to the lawsuits.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO FINANCIAL STATEMENTS

**10. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 13, 2017, and determined that the following occurred that requires disclosure. No events after this date have been evaluated for inclusion in financial statements.

In November 2017, Amis du Lycée Français, a separate legal entity, was created to operate exclusively for the benefit of Lycée through fundraising. Lycée shall be sole member of Amis du Lycée Français and Lycée's Director of Development will serve as the Executive Director of Amis du Lycée Français.

**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head Name: Keith Bartlett, Principal

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 128,679
Benefits - insurance	547
Benefits - retirement	4,601
Benefits - life insurance /disability	-
Deferred compensation	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	1,559
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<u>\$ 135,386</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors for  
Lycée Français de la Nouvelle-Orléans  
New Orleans, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lycée Français de la Nouvelle-Orléans ("Lycée") which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lycée'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 Lycée's internal control. Accordingly, we do not express an opinion on the effectiveness of Lycée'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 Lycée'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 Lycée's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lycée's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 13, 2017

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**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**

**NEW ORLEANS, LOUISIANA**

**PERFORMANCE AND STATISTICAL DATA**

**FOR THE YEAR ENDED JUNE 30, 2017**

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**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**NEW ORLEANS, LOUISIANA**

**PERFORMANCE AND STATISTICAL DATA SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2017**

**Independent Accountants' Report**  
**On Applying Agreed-Upon Procedures**

A Professional Accounting Corporation

To the Board of Directors  
Lycée Français de la Nouvelle-Orléans  
New Orleans, Louisiana:

We have performed the procedures enumerated below, which were agreed to by the management of Lycée Français de la Nouvelle-Orléans ("Lycée"), the Louisiana Department of Education, the Louisiana Legislature Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Lycée 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 24:514.1. Management of Lycée 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 sample of 25 transactions and inspected supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue (no revenue reported),
  - Total Local Earnings on Investment in Real Property (no revenue reported),
  - Total State Revenue in Lieu of Taxes (no revenue reported),
  - Nonpublic Textbook Revenue (no revenue reported), and
  - Nonpublic Transportation Revenue (no revenue reported).

**We noted no exceptions.**

**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 Schedule 2 and to Lycée supporting payroll records as of October 1<sup>st</sup>.

**We noted no exceptions.**



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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 Schedule 2.

**We noted no exceptions.**

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on Schedule 2. We traced a sample of 25 employees to the individual's personnel file and determine if the individual's education level was properly classified on Schedule 2.

**We noted one exception. An employee who was certified was incorrectly classified as not certified on Schedule 2. Subsequent to identifying this exception, Lycée updated Schedule 2 for the correct classification.**

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 1 Grants to Local Educational Agencies (CFDA 84.010) application.

**We noted no exceptions.**

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on Schedule 4 and traced the same 25 employees used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

**We noted seven exceptions. Lycée classified four employees as the 4 -10 years' experience on Schedule 4, but supporting documentation indicated these employees had more than 10 years of experience. Lycée classified two employees as the 4 to 10 years of experience on Schedule 4, but supporting documentation indicated these employees had less than 4 years of experience. Subsequent to identifying these exceptions, Lycée updated Schedule 4 to the correct years of experience. For one employee classification, the years of experience could not be agreed to supporting documentation within the personnel file due to missing documentation.**

Public School Staff Data (Schedule 5)

7. We obtained a list 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 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 the schedule.

**We noted no exceptions.**

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

**We noted no exceptions.**

*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 sample of 10 classes to the October 1<sup>st</sup> roll books and determined if the class was properly classified on the schedule.

**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, noting no exceptions.**

**In our sample of ten classes selected, we noted five classes that had a difference between the class size noted on the October 1<sup>st</sup> roll book and the class size reported on Schedule 6. Each class had a difference of one student – we obtained an explanation from management regarding this difference and noted it related to the timing of a student joining the school.**

*Louisiana Educational Assessment Program (LEAP) for the 21<sup>st</sup> Century (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 Lycée.

**We noted no exceptions.**

*The Graduation Exit Exam (GEE) (Schedule 8)*

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

*The iLEAP Test Results (Schedule 9)*

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

**We noted no exceptions.**



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This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Lycée, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 13, 2017

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**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**NEW ORLEANS, LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2017**

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**LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS**  
**NEW ORLEANS, LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2017**

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

To the Board of Directors  
Lycée Français de la Nouvelle-Orléans  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of Lycée Français de la Nouvelle-Orléans (Lycée) and the Louisiana Legislative Auditor (LLA) (the specified parties) 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. Lycée'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***

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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

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above and noted the following exception:**

- **No written policy on (2) how vendors are added to the vendor list.**

- c) *Disbursements*, including processing, reviewing, and approving

**We performed the procedures above and noted no exceptions.**

- d) *Receipts*, including receiving, recording, and preparing deposits

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

***Written Policies and Procedures (continued)***

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- 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

**We performed the procedures above and noted the following exceptions:**

- **No written policies regarding (3) legal review or (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

**We performed the procedures above and noted the following exception:**

- **No written policies regarding (2) allowable business uses for credit cards.**

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

**We performed the procedures above and noted the following exception:**

- **No written policies specifying (2) dollar thresholds by category of expense.**

- 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.

**We performed the procedures above and noted the following exceptions:**

- **No written policies regarding (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.**

***Management response:***

***1) Purchasing, Contracting, Credit Cards, Travel and Expense Reimbursement, and Ethics: Lycée management will update written policies and procedures to include controls related to specific areas within purchasing, contracting, credit cards, travel and expense reimbursements, and ethics.***

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

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2. Obtain and inspect 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.

**We performed the procedures above and noted the following exceptions:**

- **The Organization by-laws require that the board meet on a monthly basis. We noted there were minutes to support that the board met eight times during the year ended June 30, 2017.**
- 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.

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above and noted no exceptions.**

***Management response:***

***2a) Board meetings:*** Lycée Board will hold regularly scheduled monthly meetings and keep minutes for each meeting.

### ***Bank Reconciliations***

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

**We performed the procedures above and noted no exceptions.**

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;

**We performed the procedures above and noted no exceptions.**

- 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 performed the procedures above and noted the following exceptions:**

- **Of the 23 bank reconciliations that we tested, one bank reconciliation did not show evidence of being reviewed by management.**
- 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 performed the procedures above and noted the following exceptions:**

- **One bank reconciliation, as of end of the fiscal period, had reconciling items that were outstanding for more than 6 months and there was no documentation of management researching the reconciling items.**

### ***Management response:***

**4b) Review of Bank Reconciliation:** *Lycée management will ensure all bank statements have been reviewed and approved on a monthly basis.*

**4c) Research of Reconciling Items:** *Lycée management will discuss outstanding reconciling items at Finance Committee meetings.*

### Collections

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

**We performed the procedures above and noted no exceptions.**

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:

- a) 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.

**We performed the procedures above and noted the following exceptions:**

- **The person responsible for collecting cash is (2) recording the related transaction.**
  - **No written documentation stating that the person responsible for collecting cash is (3) not required to share the same cash register or drawer with another employee.**
- b) 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.

**We performed the procedures above and noted no exceptions.**

- c) 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.

**We performed the procedures above and noted the following exception:**

- **Of the five collections that we tested, one deposit was not made for 36 days.**

***Collections (continued)***

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- 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.

**We performed the procedures above and noted no exceptions.**

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.

**We performed the procedures above and noted no exceptions.**

***Management's response:***

***6a) Cash Collection Policies:*** Due to the size of the organization, the Bookkeeper is responsible for collecting and recording cash because we do not want multiple people touching the cash. However, Lycée management will require teachers to present a cash log along with their signature on the log to verify the total amount. The Director of Finance will attach this signed log along with the deposit slip from the bank. Additionally, Lycée management will update policies and procedures to include the person responsible for collecting cash does not share a drawer with another employee.

***6c) Cash Deposits:*** Lycée management will update policy to require cash deposits in excess of \$1,000 to be made within 3 business days.

***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.

**We performed the procedures above and noted no exceptions.**

9. Using the disbursement population from #8 above, select 25 disbursements (or 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 performed the procedures above and noted the following exceptions:**

- **Of the 25 items tested, one item was properly initiated by a manual purchase order, and the other 24 items had an approved contract or quote.**

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

**We performed the procedures above and noted the following exceptions:**

- **Of the 25 items tested, one item was properly approved by someone who did not initiate the purchase. Of the 25 items tested, 24 items had an approved contract or quote and there was no documentation of initiation.**

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

**We performed the procedures above and noted no exceptions.**

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.

**We performed the procedures above and noted no exceptions.**

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 performed the procedures above and noted no exceptions**



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

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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, inspect entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**We performed the procedures above and noted no exceptions.**

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.

**We performed the procedures above and noted no signature stamp or signature machine is used and no exceptions.**

***Management's response:***

***9) Purchase Initiation and Approval: Purchases made with an approved quote/contract are consistent with Lycée Policies and Procedures.***

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

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

**We performed the procedures above and noted no exceptions.**

15. Using the listing prepared by management, 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.

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

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)

**We performed the procedures above and noted no exceptions**

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

**We performed the procedures above and noted the following exceptions:**

- Of the 40 transactions tested, two transactions were for meals in the amounts of \$23.21 and \$39.95. Neither of these two transactions had documentation of the individuals participating.

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

**We performed the procedures above and noted no exceptions.**

*Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)*

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- 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.

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above and noted no exceptions**

*Management's response:*

*16a) Transaction Support: Lycée management will update policies & procedures around meal expenses to include all parties in attendance.*

### *Travel and Expense Reimbursement*

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

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted the following exceptions:**

- **There is no policy at Lycee on per diem.**

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.

**We performed the procedures above and noted no exceptions.**

- 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.]

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

***Travel and Expense Reimbursement (continued)***

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- 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.

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

***Management's response:***

***18) Per Diem:*** Lycée management will update policies and procedures to include a policies and procedures to include a policy on per diem for travel expenses.

***Contracts***

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

**We performed the procedures above and noted no exceptions.**

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.

**We performed the procedures above and noted no exceptions.**

- 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:

**Of the five contracts selected, one contract was subject to the Louisiana Public Bid Law or Procurement Code.**

*Contracts (continued)*

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- 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)

**We performed the procedures above and noted no exceptions.**

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above, noted no exceptions, and noted the following:**

- **One contract amended on September 16, 2016 by decreasing the total value of the contract by \$23,917.45. The original contract terms provide for such amendment.**

- d) 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.

**We performed the procedures above and noted no exceptions.**

- e) Obtain/inspect contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

**We performed the procedures above and noted no exceptions.**

***Payroll and Personnel***

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

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above and noted no exceptions.**

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or 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.)

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above and noted no exceptions.**

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.

**We performed the procedures above and noted no exceptions.**

***Payroll and Personnel (continued)***

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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.

**Lycee uses a third-party payroll service provider and no exceptions were noted in the remittance of funds to the service provider. Required reporting and remittance related to payroll taxes and retirement contributions is administered by the service provider.**

***Ethics***

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26. Using the five 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.

**We performed the procedures above and noted no exceptions.**

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, inspect 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.

**We performed the procedures above and noted no exceptions.**

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

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Items 28-30 were not included as not applicable to nonprofits.

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/inspect 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.

**No misappropriations of public funds or assets.**

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

**We performed the procedures above and noted that the notice required by R.S. 24:523.1 is posted on the premise of the main campus. The notice required by R.S. 24:523.1 is not posted on the Lycée website.**

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

**We performed the procedures above and noted no exceptions.**

*Management's response:*

*32) R.S. 24:523.1: Lycée management will post the notice required by R.S. 24:523 on the website.*

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.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 13, 2017