

**THE FRIENDS OF KING SCHOOL**  
**AUDIT OF FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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As of and For the Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

December 31, 2018

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

We have audited the accompanying financial statements of The Friends of King School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Friends of King School as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of The Friends of King School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Friends of King School's internal control over financial reporting and compliance.

*Hienz & Macaluso, LLC*  
Metairie, LA

**THE FRIENDS OF KING SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	7,207,148
Restricted cash		200,071
Grants receivable		1,199,607
Accounts receivable		-
Other assets		43,478
<b>Total current assets</b>		<u>8,650,304</u>

**Property and Equipment:**

Equipment		108,816
Vehicles		22,841
Accumulated depreciation		<u>(87,281)</u>
<b>Total property and equipment, net</b>		<u>44,376</u>

<b>Total assets</b>	<b>\$</b>	<u><u>8,694,680</u></u>
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**LIABILITIES AND NET ASSETS**

**Current liabilities:**

Accounts payable	\$	526,828
Salaries and benefits payable		191,273
Funds held on behalf of others		<u>200,071</u>
<b>Total current liabilities</b>		<u>918,172</u>

<b>Total liabilities</b>		<u>918,172</u>
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**Net assets:**

Unrestricted net assets		7,239,435
Temporarily restricted net assets		<u>537,073</u>
<b>Total net assets</b>		<u>7,776,508</u>

<b>Total liabilities and net assets</b>	<b>\$</b>	<u><u>8,694,680</u></u>
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The accompanying notes are an integral part of these financial statements.

**THE FRIENDS OF KING SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
State public school funding	\$ 4,646,486	\$ -	\$ 4,646,486
Local public school funding	6,760,602	-	6,760,602
Federal sources	1,627,238	865,354	2,492,592
Other state funding	447,029	-	447,029
Contributions and donations	8,963	-	8,963
Other income	130,461	-	130,461
Net assets released from restrictions	959,192	(959,192)	-
	<u>14,579,971</u>	<u>(93,838)</u>	<u>14,486,133</u>
<b>Expenses:</b>			
Program expenses	11,330,372	-	11,330,372
Administrative expenses	3,124,615	-	3,124,615
	<u>14,454,987</u>	<u>-</u>	<u>14,454,987</u>
<b>Change in net assets</b>	124,984	(93,838)	31,146
<b>Net assets, beginning of year</b>	<u>7,114,451</u>	<u>630,911</u>	<u>7,745,362</u>
<b>Net assets, end of year</b>	\$ <u>7,239,435</u>	\$ <u>537,073</u>	\$ <u>7,776,508</u>

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

**THE FRIENDS OF KING SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Expenses:</b>	<b>Program Expenses</b>	<b>Administrative Expenses</b>	<b>Total Expenses</b>
Salaries	\$ 7,755,451	\$ 1,241,149	\$ 8,996,600
Employee benefits	680,642	165,334	845,976
Payroll taxes	570,345	116,724	687,069
Materials and supplies	528,641	80,250	608,891
Transportation	665,370	-	665,370
Professional services	302,237	324,775	627,012
Retirement	362,807	97,583	460,390
Food purchases	338,842	-	338,842
Occupancy	-	361,328	361,328
Insurance	31,656	120,595	152,251
Administrative fee	-	220,539	220,539
Miscellaneous	38,941	342,301	381,242
Travel	30,375	20,683	51,058
Telephone and postage	25,065	5,481	30,546
Dues and fees	-	7,135	7,135
Depreciation	-	20,738	20,738
	<u>\$ 11,330,372</u>	<u>\$ 3,124,615</u>	<u>\$ 14,454,987</u>

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

**THE FRIENDS OF KING SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 31,146
Adjustments to reconcile change in net assets	
net cash provided by operating activities:	
Depreciation	20,738
Decrease in grants receivable	24,736
Decrease in accounts receivable	34
Increase in other assets	(30,478)
Increase in accounts payable	455,103
Increase in salaries and benefits payable	30,203
<b>Net cash provided by operating activities</b>	<u>531,482</u>
 <b>Cash Flows from Investing Activities</b>	
Purchase of capital assets	<u>(9,938)</u>
<b>Net cash used in investing activities</b>	<u>(9,938)</u>
<b>Net increase in cash and cash equivalents</b>	<u>521,544</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>6,685,604</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 7,207,148</u>

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

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The Friends of King School (“the School”) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2005 to operate a Type V public charter school d/b/a Dr. Martin Luther King, Jr. Charter School for Science and Technology (the “MLK School”). In 2012, the School was granted by BESE a charter to operate an additional Type V public charter school d/b/a Joseph A. Craig Elementary School (the “Craig School”). The School seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measures pupil progress toward stated goals; and participates in pupil assessment required by law, regulation and BESE policy. The School serves eligible students in pre-kindergarten through twelfth grade in New Orleans, Louisiana.

The mission of the School is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute, and think critically according to their fullest potential.

On July 1, 2011, the MLK School’s operating agreement renewal with the BESE went into effect. This allows the School to use the facilities and contents located at 1617 Caffin Avenue, New Orleans, Louisiana 70117, or any other locations that may be approved by the School and BESE. This agreement expired on June 30, 2015. The School pays the Recovery School District (RSD) on behalf of MLK School, an administrative fee amounting to 2% of all Minimum Foundation Program (MFP) revenue received. On January 14, 2015, BESE approved the transfer of MLK School to the jurisdiction of the Orleans Parish School Board effective July 1, 2015 as a Type 3b charter. This agreement will expire on June 20, 2022.

On July 1, 2012, the School entered into an operating agreement with BESE which allows the School to use the facilities and contents located at 1423 St. Philip Street, New Orleans, Louisiana 70116, or any other locations that may be approved by the School and BESE. This agreement expires on June 30, 2020 and may be renewed at the option of BESE. The School pays RSD on behalf of the Craig School, an administrative fee amounting to 2% of all MFP revenue received.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

**Basis of Presentation**

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

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

*Temporarily Restricted Net Assets* – assets specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

*Permanently Restricted Net Assets* – assets whose restrictions do not lapse with the passage of time. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions. Presently, the School does not have any permanently restricted net assets.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

**Revenues**

The School's primary sources of funding are through federal and state grants. The grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**Property and Equipment**

Property and equipment acquisitions greater than \$5,000 are recorded at historical cost or estimated historical cost if historical cost is not available. Depreciation is calculated using the straight line method with useful lives of 5 to 7 years. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

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

For the year ended June 30, 2018, depreciation expense was \$20,738.

**Income Taxes**

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

THE FRIENDS OF KING SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**Cash and Cash Equivalents**

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

**Compensated Absences**

All ten month employees accrue ten days of sick leave each year. All twelve month employees accrue ten days of sick leave and ten days of vacation pay. Any unused vacation days are paid in the subsequent year. Upon termination, the School does not compensate employees for unused sick or vacation days.

**NOTE 2 – Cash and cash equivalents**

At June 30, 2018, cash consists of demand deposits in a local financial institution of \$7,207,148.

The School maintains cash accounts at a local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2018 cash deposits in excess of FDIC insured limits were approximately \$7.3 million. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**NOTE 3 – Grant and Other Receivables**

At June 30, 2018, grants receivable totaled \$1,199,607 which consisted of federal, state and private grants. These receivables are considered fully collectible; therefore, management does not consider an allowance for doubtful accounts to be necessary.

**NOTE 4 – Concentrations**

The School received approximately 99% of its total revenues from Federal and State grantors.

All of the students of the School reside in the Greater New Orleans area.

As noted earlier, the School is leasing its buildings rent free from the Louisiana Recovery School District. Should these leases not be extended, it may have an unfavorable impact on the School. The School does not record donated facilities.

**NOTE 5 - Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – Contingencies (continued)**

grantors cannot be determined at this time, although the School expects any such amounts to be immaterial.

The School has employment contracts as is standard in the field of education with most of the teachers which expired in May, 2018. Additionally, all contracts provide for a minimum annual salary and other benefits.

**NOTE 6 – Retirement Plan**

Effective September 1, 2012, the School began sponsoring a defined contribution plan (the 403(b) Plan) covering all employees who make contributions to the Plan. The School may elect to make discretionary contributions to the Plan each year. Total expense for the year ended June 30, 2018 was \$460,390.

**NOTE 7 – Expense Allocation**

The costs of providing various programs and other activities have been summarized in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 8 – Board Members' Compensation**

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

**NOTE 9 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for specific purposes are made. None of the temporarily restricted net assets are time restricted by donors.

Temporarily restricted net assets as of June 30, 2018 are available for the following purposes:

Instructional and other	<u>\$537,073</u>
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THE FRIENDS OF KING SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10 – Grant Revenues**

For the year ended June 30, 2018, federal grant revenues consisted of the following:

National School Lunch Program	\$ 649,187
School Breakfast Program	177,931
Title I Grants to Local Educational Agencies	875,584
Temporary Assistance for Needy Families (TANF)	296,378
Special Education Grants	305,478
Title IV	16,394
School Improvement Grants	18,687
Improving Teacher Quality State Grants	130,622
Education for Homeless Children and Youth	180
Career and Technical Education - Basic Grants to States	<u>22,151</u>
	<u>\$2,492,592</u>

**NOTE 11 – Uncertain Income Taxes**

On July 1, 2009, the School adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASC ASC. The implementation of this topic had no impact on the statement of financial position or statement of activities.

The School's tax returns through 2016 have been filed appropriately. As of the date of this report, the School has been approved for an extension to file their 2017 tax return. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2014 through 2016. Management has evaluated the School's tax Positions and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**NOTE 12 – Line of Credit**

The School maintained a \$300,000 unsecured line of credit with a local financial institution. The line of credit bore interest at the Wall Street Journal prime rate plus 1% (4.75% as of June 30, 2017) and matured February 18, 2018. As of June 30, 2018 the School had no outstanding borrowings under the line of credit.

**NOTE 13 – Funds Held on Behalf of Others**

The School acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$200,071 as of June 30, 2018, and are reported as both an asset (restricted cash) and a liability (funds held on behalf of others). Consequently, there is no effect on the School's net assets.

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14 – In-Kind Support**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended June 30, 2018 there were no non-cash contributions.

The School received rent-free use of a school building from the RSD and also the use of property and equipment rent-free. The use of the property and equipment is not recorded as an in-kind contribution from BESE as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction since both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

**NOTE 15 – Risk Management**

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the year ended June 30, 2018.

**NOTE 16 – Date of Management's Review**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been included for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**THE FRIENDS OF KING SCHOOL  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head Name: Dr. Doris Roche-Hicks

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 158,422
Benefits - Employer Portion of Medicare and Social Security	10,336
Benefits - Employer Portion of Retirement	9,299
Benefits - Other	9,181
PIP	2,447
	<hr/> <b>\$ 189,685</b> <hr/>

**THE FRIENDS OF KING SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<i>Federal Grantor/Program or Cluster Title</i>	<i>CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<b>United States Department of Education</b>		
(Passed through the Louisiana Department of Education)		
Title I Grants to Local Educational Agencies	84.010	\$875,584
<b>Special Education Cluster (IDEA)</b>		
Special Education Grants to States	84.027	301,047
Special Education - Preschool Grants	84.173	4,431
<b>Total Special Education Cluster</b>		<u>305,478</u>
Career and Technical Education Basic Grants to States	84.048	22,151
Education for Homeless Children and Youth	84.196	180
Improving Teacher Quality State Grants	84.367	130,622
School Improvement Grants	84.377	18,687
Title IV A SSAE	84.424	16,394
<b>Total United States Department of Education</b>		<u>1,369,096</u>
<b>United States Department of Health and Human Services</b>		
(Passed through the Louisiana Department of Education)		
Temporary Assistance for Needy Families	93.558	296,378
<b>Total United States Department of Health and Human Services</b>		<u>296,378</u>
<b>United States Department of Agriculture</b>		
(Passed through the Louisiana Department of Education)		
<b>Child Nutrition Cluster</b>		
School Breakfast Program	10.553	177,931
National School Lunch Program	10.555	649,187
<b>Total Child Nutrition Cluster</b>		<u>827,118</u>
<b>Total United States Department of Agriculture</b>		<u>827,118</u>
<b>Total Other Programs</b>		<u>2,492,592</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$2,492,592</u></u>

The accompanying notes are an integral part of this schedule.

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Friends of King School (the School) under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C – Relationship to Financial Statements**

Federal awards are included in federal sources in the statement of activities for the year ended June 30, 2018.

**NOTE D – De Minimus Cost Rate**

During the year ended June 30, 2018, the School did not elect to use the 10% de minimus cost rate covered in §200.414 of the Uniform Guidance.



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

December 31, 2018

To the Board of Directors  
The Friends of King School  
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 The Friends of King School (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Friends of King School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Friends of King School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Friends of King School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA



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

December 31, 2018

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

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

We have audited The Friends of King School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Friends of King School's major federal programs for the year ended June 30, 2018. The Friends of King School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current year findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of The Friends of King School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Friends of King School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Friends of King School's compliance.

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

In our opinion, The Friends of King School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

Management of The Friends of King School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Friends of King School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Friends of King School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**THE FRIENDS OF KING SCHOOL**  
**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**A. Summary of Auditor's Results**

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

	<u>CFDA Number</u>
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Temporary Assistance for Needy Families	93.558
8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. The Friends of King School was determined to be a low-risk auditee.

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

There were no financial statement findings or questioned costs for the year ended June 30, 2018.

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

There were no federal award findings or questioned costs for the year ended June 30, 2018.

**D. Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

**THE FRIENDS OF KING SCHOOL  
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**E. Other Matter**

**Alleged Ethics Violations**

In October 2014, the Louisiana State Board of Ethics filed charges alleging that the School's CEO and three additional employees violated the Louisiana Code of Governmental Ethics. According to Louisiana Revised Statute (LRS) 17:3996(B)(20), the School is subject to the Louisiana Code of Governmental Ethics (specifically as it relates to the hiring of immediate family members) because Friends of King, Inc. agreed in its charter contract to comply with the terms of the code. If found to be in violation of the State ethics laws, it could result in fines/penalties assessed against the employees. In June 2018, the Ethics Adjudicatory Board ruled against the school's CEO and the three employees. In September 2018, the school's CEO and the three employees were granted an appeal by the First Circuit Court of Appeals in Baton Rouge, LA. As of the date of this report, a ruling has not been issued. There are no charges against Friends of King, Inc. or Friends of King School District and, therefore, no fines could be assessed against those entities. It is uncertain at this time what effect this matter will have on the financial statements and on grant agreements.

**THE FRIENDS OF KING SCHOOL**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

There were no prior year findings.

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

There were no prior year findings.

*Section III - Management Letter:*

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



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

December 31, 2018

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of The Friends of King School; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of The Friends of King School for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin; in compliance with Louisiana Revised Statute 24:514. Management of The Friends of King School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

**Class Size Characteristics (Schedule 2)**

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

Findings: None

**Education Levels/Experience of Public School Staff (NO SCHEDULE)**

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

Findings: None

**Public School Staff Data: Average Salaries (NO SCHEDULE)**

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

Findings: None

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation standards 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 The Friends of King School, as required by Louisiana Revised Statute 24:514.1, and the results 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 Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**THE FRIENDS OF KING SCHOOL**  
**New Orleans, Louisiana**

**Schedule 1**

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

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,647,411	
Other Instructional Staff Activities	607,763	
Instructional Staff Employee Benefits	1,060,006	
Purchased Professional and Technical Services	73,336	
Instructional Materials and Supplies	110,872	
Instructional Equipment	<u>6,049</u>	
Total Teacher and Student Interaction Activities		\$ 5,505,437
Other Instructional Activities		27,434
Pupil Support Activities	494,501	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		494,501
Instructional Staff Services	463,459	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		<u>463,459</u>
School Administration	2,208,121	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>2,208,121</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 8,698,952</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 6,049</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes	\$ -	
Renewable Ad Valorem Tax	-	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-	
Sales and Use Taxes	<u>-</u>	
Total Local Taxation Revenue		<u>\$ -</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ -	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		<u>\$ -</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		<u>\$ -</u>
Nonpublic Textbook Revenue	<u>\$ -</u>	
Nonpublic Transportation Revenue	<u>\$ -</u>	

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

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

**Class Size Characteristics**

As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	21%	37	13%	16	25%	14		
Elementary Activity Classes	1%	1	2%	2			20%	1
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	75%	129	80%	99	68%	39	0%	0
Combination Activity Classes	3%	6	6%	7	7%	4	80%	4
Totals	100%	173	100%	124	100%	57	100%	5

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



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

Board of Directors of The Friends of King School  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by The Friends of King School (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. 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:

***Bank Reconciliations***

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

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

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

Each of the 3 bank reconciliations selected were prepared later than 2 months from the related statement date.

**Management's Response**

There have been occasions where the bank statements were not officially reconciled within 2 months of the statement closing date due to the fact that while researching older outstanding items, adjustments, voids, stop payments, etc., may have had to be made. Although the bank statements may have not been officially reconciled, they were reviewed within a few days after receipt. Going forward, Friends of King will make every effort to have the bank statements reconciled within 2 months of the statement closing dates.

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

Each of the 3 bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or review checks, has reviewed each bank reconciliation.

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

Management has documentation that it has researched reconciling items that have been outstanding for more than 12 months.

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

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

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

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

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

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

Finance charges and late fees were not assessed on the selected statement.

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

No exceptions were noted.

## *Contracts*

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

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

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

The contracts selected were not subject to the Louisiana Bid Law, therefore this step is not applicable.

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

This step is not applicable.

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

None of the contracts selected for testing were amended.

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

Each of the payments selected agreed to the contract terms as well as the terms and conditions of the contract.

## *Payroll and Personnel*

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

We obtained management's representation that the listing was complete. Each of the 5 employees' paid salaries agreed to the authorized salaries/pay rates in the personnel files.

7. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #6 above, obtain attendance records and leave documentation for the pay period, and:

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

All selected employees documented their daily attendance and leave.

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

Supervisors approved the attendance and leave of the selected employees.

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

All leave accrued or taken during the pay period was reflected in the entity's cumulative leave records.

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

For the one employee that received a termination payment, we agreed the hours to the cumulative leave records, and agreed the pay rate to the authorized pay rate in the personnel file.

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

We obtained the required representation.

### *Other*

---

10. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

This step is not applicable as there were no misappropriations during the fiscal period.

11. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the entity has posted the required notices both on its premises and 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.

***Hienz & Macaluso, LLC***  
**Metairie, Louisiana**  
December 31, 2018