

LEGACY OF EXCELLENCE, INC.
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Legacy of Excellence, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of **Legacy of Excellence, Inc. (LoE)** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **LoE** as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **LoE** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **LoE's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **LoE's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **LoE's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the accompanying Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of LoE'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 solely 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 LoE's internal control over financial reporting and compliance.

Bruno & Tervalon, LLP

BRUNO & TERVALON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 15, 2022

LEGACY OF EXCELLENCE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Cash	\$ 913,151
Cash restricted for student activities (NOTE 3)	84,846
Grants receivable (NOTE 2)	6,360,440
Prepaid expenses	90,925
Deposits	24,417
Property and equipment, net (NOTE 9)	<u>700,539</u>
 Total assets	 <u><u>\$ 8,174,318</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 862,260
Accrued expenses (NOTE 17)	640,981
Due to State of Louisiana	115,845
Line of credit (NOTE 18)	<u>792,386</u>
 Total liabilities	 <u>2,411,472</u>
 Net Assets:	
Without donor restrictions (NOTE 1)	5,668,193
With donor restrictions (NOTES 1 and 16)	<u>94,653</u>
 Total net assets	 <u>5,762,846</u>
 Total liabilities and net assets	 <u><u>\$ 8,174,318</u></u>

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

LEGACY OF EXCELLENCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES	Without Donor Restrictions	With Donor Restrictions	Total
Local sources:			
Minimum Foundation Program	\$ 4,229,507	\$ -	\$ 4,229,507
Contributions	34,655	5,000	39,655
Student activity fees	-	11,688	11,688
Other	149,435	-	149,435
Total local sources	<u>4,413,597</u>	<u>16,688</u>	<u>4,430,285</u>
State sources:			
Minimum Foundation Program	3,361,686	-	3,361,686
Grants	100,105	-	100,105
Total state sources	<u>3,461,791</u>	<u>-</u>	<u>3,461,791</u>
Federal grants	<u>6,546,344</u>	<u>-</u>	<u>6,546,344</u>
Net assets released from restrictions (NOTE 16)	<u>48,610</u>	<u>(48,610)</u>	<u>-</u>
Total revenues	<u>14,470,342</u>	<u>(31,922)</u>	<u>14,438,420</u>
EXPENSES			
Program services	6,796,557	-	6,796,557
Supporting services	3,927,700	-	3,927,700
Total expenses	<u>10,724,257</u>	<u>-</u>	<u>10,724,257</u>
Changes in net assets	3,746,085	(31,922)	3,714,163
Net assets, beginning of year	<u>1,922,108</u>	<u>126,575</u>	<u>2,048,683</u>
Net assets, end of year	<u>\$ 5,668,193</u>	<u>\$ 94,653</u>	<u>\$ 5,762,846</u>

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

LEGACY OF EXCELLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES	SUPPORTING SERVICES	Total
	Instruction	Management and General	
Salaries	\$ 3,644,836	\$ 1,227,734	\$ 4,872,570
Employee benefits	1,267,824	516,966	1,784,790
Total salaries and employee benefits	<u>4,912,660</u>	<u>1,744,700</u>	<u>6,657,360</u>
Purchased professional and technical services	157,591	490,285	647,876
Purchased property services	18,550	453,914	472,464
Student transportation services	1,323,100	-	1,323,100
Insurance	-	192,277	192,277
Communications	5,089	-	5,089
Food service management	-	11,340	11,340
Other purchased services	-	224,731	224,731
Student activity	48,610	-	48,610
Supplies	330,957	40,678	371,635
Utilities	-	134,534	134,534
Depreciation	-	221,040	221,040
Authorizer fee expense (NOTE 13)	-	353,205	353,205
Dues	-	35,644	35,644
Miscellaneous	-	25,352	25,352
Total expenses	<u>\$ 6,796,557</u>	<u>\$ 3,927,700</u>	<u>\$ 10,724,257</u>

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

LEGACY OF EXCELLENCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 3,714,163
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	221,040
Changes in assets and liabilities:	
Increase in grants receivable	(5,731,190)
Decrease in prepaid expense	41,557
Increase in accounts payable	80,523
Increase in deferred revenue	115,845
Increase in accrued liabilities	<u>7,761</u>
Net cash used in operating activities	<u>(1,550,301)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(610,953)</u>
Net cash used in investing activities	<u>(610,953)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	<u>792,386</u>
Net cash provided by financing activities	<u>792,386</u>
Decrease in cash	(1,368,868)
Cash, beginning of year	<u>2,366,865</u>
Cash, end of year	<u><u>\$ 997,997</u></u>

RECONCILIATION TO FINANCIAL STATEMENTS:

Cash	\$ 913,151
Cash restricted for student activities	<u>84,846</u>
	<u><u>\$ 997,997</u></u>

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

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

Legacy of Excellence, Inc. (LoE) was awarded a Type 3 charter by NOLA Public Schools (formerly Orleans Parish School Board) in 2018 to operate Benjamin Franklin Math and Science Elementary School. The charter for **LoE** was approved for an initial five (5) year period that commenced on July 1, 2018 and expiring on June 30, 2023 and subject to renewal following the end of the initial operating period.

LoE's vision is to accelerate the learning of all students through data driven inquiry, reflective teaching and powerful learning. The mission of **LoE** is to educate children to excel academically and individually.

During the 2021-2022 school year, **LoE** provided educational services to students in pre-kindergarten through eighth grades, with a total enrollment at **LoE** of 753.

Basis of Accounting

LoE's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property and Equipment

Fixed assets of **LoE** are recorded as assets (capitalized) and are stated at historical costs if purchased or at fair market value at the date of the gift, if donated. **LoE** follows the policy of capitalizing all individual fixed assets purchased or donated greater than \$1,000 or if acquired through a bulk purchase or donation greater than \$10,000, in aggregate. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset, generally 3 to 20 years for improvements and for other property and equipment.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by **LoE**. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. **LoE** had no cash equivalents at June 30, 2022.

Income Taxes

LoE is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

LoE files as a tax-exempt organization. Should that status be challenged in the future, tax years ended June 30, 2021, 2020 and 2019 remain open for examination by taxing authorities.

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Basis of Reporting

LoE has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **LoE** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **LoE** are included in this category.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Revenue and Support

Grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Minimum Foundation Program (MFP)

In accordance with Louisiana state law, **LoE** receives annually a per pupil amount (MFP Funds) from NOLA Public Schools. NOLA Public Schools receives from **LoE** an administrative fee of 5% of MFP funds (see NOTE 13).

Other Funding

Other revenues received consist of federal and state grants, and other revenue sources.

NOTE 2 - GRANTS RECEIVABLE:

At June 30, 2022, grants receivable consisted of the following:

Title I	\$ 810,073
Title II	8,500
Title III	3,549
Title IV	16,298
Direct Student Services	100,525
NIET	21,699
8G	12,235
LA 4	9,160
NOLA PS State	36,739
NOLA PS Local	401,241
EEF	41,469
Strong Start	480
ESSER II	2,435,980
ESSER III	1,404,541
ESSER III EBI	<u>1,057,951</u>
	<u>\$6,360,440</u>

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - FUNCTIONAL ALLOCATION EXPENSES:

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

NOTE 4 - STUDENT ACTIVITY FUNDS:

LoE maintains a separate bank account for student activities. The amounts in this account are collected for various activities from students and parents and are restricted for their collected purpose. Restricted school activity funds totaled \$84,846 at June 30, 2022.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following at June 30, 2022:

Cash and cash equivalents	\$ 997,997
Grants receivable	<u>6,360,440</u>
	7,358,437
Less amount not available to be used within one year:	
Net assets with donor restrictions	<u>(94,653)</u>
Financial assets available for general expenditures within one year	<u>\$7,263,784</u>

NOTE 6 - IN-KIND CONTRIBUTIONS:

LoE also receives donated services from a number of unpaid volunteers assisting LoE with its programs, activities, and operations. An estimated value of these services cannot be reasonably determined as a result of the variety of services provided by the varying qualifications of the volunteers. Because the criteria for recognition under FASB ASC Section 958-605 have not been satisfied, these donated services have not been recorded in the financial statements.

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - RETIREMENT SYSTEM:

Substantially all employees of **LoE** participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute 8% of the annual covered payroll to the plan. For the year ended June 30, 2022, **LoE** is required to contribute 25.8% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee.

For the year ended June 30, 2022, **LoE** contributions to the plan totaled \$1,222,572 and are included in employee benefits on the statement of functional expenses.

NOTE 8 - CONCENTRATION OF CREDIT RISK:

LoE maintains non-interest-bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on deposit accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. Total uninsured cash balance at June 30, 2022 was \$1,495,098.

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - PROPERTY AND EQUIPMENT:

At June 30, 2022, property and equipment is stated at cost as follows:

Leasehold improvements	\$ 142,012
Equipment	939,193
Furniture	7,024
Software	76,657
Less: Accumulated depreciation	<u>(464,347)</u>
Net equipment	<u>\$ 700,539</u>

NOTE 10 - RISK MANAGEMENT:

LoE is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which **LoE** carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 11 - CONCENTRATION OF REVENUE SOURCE:

MFP revenue accounts for 52% of **LoE's** total support for the year ended June 30, 2021. State and federal grants are on a cost-reimbursement basis and account for 46% of **LoE's** total support for the year ended June 30, 2022. If the amount of revenue received should fall below budgeted award levels, **LoE's** operating results could be adversely affected.

NOTE 12 - FACILITY LEASE:

LoE entered into a facility lease with the NOLA Public Schools to lease school property owned by NOLA Public Schools for purposes of **LoE** operating a charter school. The term of the facility lease commenced on July 1, 2018 and terminates on June 30, 2022. NOLA Public Schools may extend the term of the lease in accordance with the facility lease agreement.

In consideration of the use of NOLA Public Schools' school property, **LoE** agreed to pay NOLA Public Schools a use fee based on a formula to compute NOLA Public Schools' per pupil unit cost, as defined in section 4.1.2 of the facility lease agreement (see NOTE 13).

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - FACILITY LEASE (CONTINUED):

LoE is responsible for the maintenance costs of the leased property and for property repairs costing \$10,000 or less. NOLA Public Schools is responsible for repairs in excess of \$10,000 that are not caused by the negligence of **LoE**. Any facility alterations to the lease property must be approved by NOLA Public Schools.

NOTE 13 - AUTHORIZER FEE EXPENSE:

Authorizer fee expense was incurred by **LoE** for services provided by NOLA Public Schools at June 30, 2022, as follows:

LEA service fee (see NOTE 12)	\$202,217
MFP administrative fee (see NOTE 1)	<u>150,988</u>
Total	<u>\$353,205</u>

NOTE 14 - CONTINGENCY:

LoE is a recipient of grants from the state, local and federal funding agencies. The grants are governed by various state, local and federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of **LoE** and are subject to audit and/or review by grantors. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the state, local and federal agencies may be subject to recapture.

NOTE 15 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors of **LoE** is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2022.

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions in the amount of \$94,653 are available for student activities at June 30, 2022.

Net assets with donor restrictions in the amount of \$48,610 were released from restrictions by incurring expenses satisfying the student activity restrictions specified by donors at June 30, 2022.

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 17 - ACCRUED EXPENSES:

Accrued expenses consists of the following at June 30, 2022:

Accrued payroll	\$ 285,494
Accrued retirement	351,488
Other	<u>3,999</u>
	<u>\$ 640,981</u>

NOTE 18 - LINE OF CREDIT:

LoE has available a bank line of credit for any amount up to \$2,500,000 at June 30, 2022. The line of credit is secured by bank accounts and general tangibles. Draws on the line of credit bear interest at 1.25 % above the bank's prime rate (3.25 % at September 1, 2021). **LoE** was obligated for \$792,386 at June 30, 2022.

NOTE 19 - NEW PRONOUNCEMENTS:

The FASB issued Accounting Standards Update No. 2016-02 affecting ASC 842, *Leases*, which provides guidance for any entity that enters into a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 *Leases*. The primary objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022.

LoE is currently assessing the impact of this new pronouncement on its financial statements.

NOTE 20 - RELATED PARTY TRANSACTIONS:

There were no related party transactions for the fiscal year ended June 30, 2022.

LEGACY OF EXCELLENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 21 - SUBSEQUENT EVENTS:

LoE is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **LoE** performed such an evaluation through December 15, 2022, the date which the financial statements were available to be issued.

LEGACY OF EXCELLENCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Name	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Education</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: LA State Department of Education</u>		
Title I, Part A	84.010A	\$ 830,174
Title II, Part A	84.367A	8,500
Title IVA SSAE	84.424A	16,297
Direct Student Services	84.010A	91,133
TIF 5 (TAP)	84.374A	122,427
ESSER II Formula	84.425D	2,938,892
ESSER III Formula	84.425U	1,404,541
ESSER III EB Interventions	84.425U	<u>1,134,380</u>
Total LA State Department of Education		<u>6,546,344</u>
Total U.S. Department of Education		<u>6,546,344</u>
Total Expenditures of Federal Awards		<u>\$ 6,546,344</u>

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **LoE** under programs of the federal government for the year ended June 30, 2022 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of, the basic financial statements.

NOTE 2: **LoE** did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2022.

See independent auditors' report on supplementary information.

SCHEDULE II

LEGACY OF EXCELLENCE
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022

Chief Executive Officer Name: Darryl Kilbert

<u>Purpose</u>	<u>Amount</u>
Salary – <i>Dec 1, 2021 thru May 31, 2022</i>	\$ 67,998
Benefits – insurance	-0-
Benefits – retirement	-0-
Stipend	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Dues	-0-
Unvouchered expenses	-0-
Special meals	-0-

See independent auditors' report on supplementary information.

**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 of
Legacy of Excellence, Inc.
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 **Legacy of Excellence, Inc. (LoE)**, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 15, 2022.

Internal Control Over Financial Reporting

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

This report is intended solely for the use of the Board of Directors, its management, grantor agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon, LLP

Bruno & Tervalon, LLP

New Orleans, LA

December 15, 2022

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

To the Board of Directors of
Legacy of Excellence, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Legacy of Excellence, Inc.'s (LoE)** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **LoE's** major federal programs for the year ended June 30, 2022. **LoE's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **LoE** 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **LoE** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **LoE's** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **LoE's** federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **LoE's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **LoE's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **LoE's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **LoE's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 **LoE's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on **LoE's** response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. **LoE's** response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bruno & Tervalon, LLP

Bruno & Tervalon, LLP
New Orleans, LA

December 15, 2022

LEGACY OF EXCELLENCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

We have audited the financial statements of **Legacy of Excellence, Inc.** as of and for the year ended June 30, 2022, and have issued our report thereon dated December 15, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2022, resulted in an unmodified opinion.

SECTION I - Summary of Auditors' Results

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported**; material weaknesses: **No**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Significant deficiencies in internal control over major programs: **None Reported** Material weaknesses: **No**.
- D. The type of report issued on compliance for major programs: **Unmodified**.
- E. Any audit findings which are required to be reported under section 200.516 of OMB Uniform Guidance: **No**.
- F. Major program:
Elementary and Secondary School Emergency Relief, CFDA Nos. – 84.425D and 84.425U
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**.
- H. Auditee qualified as a low-risk auditee under section 200.520 of OMB Uniform Guidance: **Yes**.
- I. A management letter was issued: **No**.

LEGACY OF EXCELLENCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2022

**SECTION II - Findings Related to the Financial Statements Required
In Accordance with Government Auditing Standards**

No matters were reported.

SECTION III - Federal Award Findings and Questioned Cost

No matters were reported.

LEGACY OF EXCELLENCE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Internal Control and Compliance Material to the Financial Statements

No matters reported.

Section II - Internal Control and Compliance Material to Federal Awards

No matters reported.

Section III - Management Letter

No comments reported.

LEGACY OF EXCELLENCE, INC.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING BESE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2022

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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING BESE AGREED-UPON PROCEDURES**

To the Board of Directors of
Legacy of Excellence, Inc.,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by management of **Legacy of Excellence, Inc. (LoE)**, 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 **LoE** for the fiscal year ended June 30, 2022, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514 I. Management of **LoE** 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 described on pages 3 and 4 either for the purpose for which this report has been requested or for any other purpose.

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 **LoE**, as required by Louisiana Revised Statute 24:514 I, 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 Louisiana Legislative Auditor as a public document.

Bruno & Tervalon, LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 15, 2022

PROCEDURES AND FINDINGS

Our 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, reviewed supporting documentation and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

No differences noted.

Class Size Characteristics (SCHEDULE 2, formerly SCHEDULE 6)

2. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2021 roll books for those classes and observed that the class was properly classified on the schedule.

We noted two (2) of ten (10) classes tested did not agree to the schedule.

Management Response

During the 2021-2022 year some classes may not reflect student enrollment in the quarter including October 1, 2021 due to school transfers. We noted a number of students who were enrolled and did not show up or enrolled, attended the week and did not return. As school begins to normalize post COVID-19, we do not see this as an issue moving forward.

PROCEDURES AND FINDINGS, CONTINUED

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

3. We obtained the October 1st PEP data submitted to the Department of Education, 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 is 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.

No differences noted.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained the June 30th PEP data submitted to the Department of Education of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data is 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.

No differences noted.

LEGACY OF EXCELLENCE, INC.
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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

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

SCHEDULE 2 - Class Size Characteristics (formerly SCHEDULE 6)

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

LEGACY OF EXCELLENCE, INC.
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2022

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 2,818,555	
Other Instructional Staff Activities	654,281	
Employee Benefits	1,267,824	
Purchased Professional and Technical Services	95,139	
Instructional Materials and Supplies	329,671	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	\$ 5,165,470

Other Instructional Activities 23,639

Pupil Support Activities 379,817
Less: Equipment for Pupil Support Activities -
Net Pupil Support Activities 379,817

Instructional Staff Services 472,966
Less: Equipment for Instructional Staff Services -
Net Instructional Staff Services 472,966

School Administration 1,346,352
Less: Equipment for School Administration -
Net School Administration 1,346,352

 Total General Fund Instructional Expenditures \$ 7,388,244

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ -

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ -

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See accompanying independent accountants' report on applying agreed-upon procedures.

LEAGACY OF EXCELLENCE, INC.
Class Size Characteristics
As of October 1, 2021

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	62.8%	135	37.2%	80	0.0%	0	0.0%	0
Elementary Activity Classes	52.9%	9	41.2%	7	5.9%	1	0.0%	0
Middle/Jr. High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Middle/Jr. High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

LEGACY OF EXCELLENCE, INC.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2022

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of **Legacy of Excellence, Inc.**
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2022. **Legacy of Excellence, Inc. (LoE's)** management is responsible for those C/C areas identified in the SAUPs.

LoE has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions were noted.
 - 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.
No exceptions were noted.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No exceptions were noted.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
No exceptions were noted.
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
No exceptions were noted.
 - 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.
No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

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

No exceptions were noted.

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

No exceptions were noted.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions were noted.

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

No exceptions were noted.

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were noted.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period 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:

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

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

- 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

No exceptions were noted.

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

No exceptions were noted.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exceptions were noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions were noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions were noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted.

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

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

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9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions were noted.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

No exceptions were noted.

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

11. 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.

No exceptions were noted.

12. 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 whether 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) were reviewed and approved, in writing (or electronically approved), 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.]

No exceptions were noted.

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

No exceptions were noted.

13. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted.

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Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions were noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Contracts

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

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

No exceptions were noted.

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

No exceptions were noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exceptions were noted.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted.

Payroll and Personnel

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

No exceptions were noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #15 above, obtain attendance records and leave documentation for the pay period, and:

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

No exceptions were noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were noted.

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

No exceptions were noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were noted.

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

No exceptions were noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were noted.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were noted.

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Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

Fraud Notice

23. 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.

No exceptions were noted.

24. Observe 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.

No exceptions were noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions were noted.

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- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions were noted.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions were noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted.

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28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

No exceptions were noted for procedures 28 a) to e).

We were engaged by **LoE** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of **LoE** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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This report is intended 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.

Bruno & Tervalon, LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 15, 2022