

10498

NEW ORLEANS MILITARY AND MARITIME ACADEMY

AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 06 2013**

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**Hienz
Macaluso** LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 14, 2013

The Board of Directors
New Orleans Military and Maritime Academy

We have audited the accompanying statement of financial position of New Orleans Military and Maritime Academy (the School), a non-profit organization, as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2013, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The schedules required by Louisiana State Law included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Hienz & Macaluso, LLC
Metairie, LA

NEW ORLEANS MILITARY AND MARITIME ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 102,383
Total current assets	<u>102,383</u>

Property and equipment, net	<u>49,853</u>
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Total assets	\$ <u>152,236</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 86,563
Accrued salaries and benefits	144,792
Line of credit	<u>45,000</u>
Total current liabilities	<u>276,355</u>

Total liabilities	<u>276,355</u>
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Net assets

Unrestricted net assets	(124,119)
Temporarily restricted net assets	<u>-</u>

Total net assets	<u>(124,119)</u>
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Total liabilities and net assets	\$ <u>152,236</u>
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The accompanying notes are an integral part of these financial statements.

NEW ORLEANS MILITARY AND MARITIME ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
State public school funding	\$ 866,580	\$ -	\$ -	\$ 866,580
Federal funding	203,228	-	-	203,228
Grants	-	203,668	-	203,668
Other income	9,804	-	-	9,804
Contributions and donations	6,150	-	-	6,150
Other state funding	3,123	-	-	3,123
Net Assets Released from Restrictions	314,936	(314,936)	-	-
Total Revenue	1,403,821	(111,268)	-	1,292,553
Expenses				
Instructional Services				
Regular programs	381,872	-	-	381,872
School administration	379,546	-	-	379,546
Other instructional programs	215,411	-	-	215,411
Operation and maintenance of plant service	195,893	-	-	195,893
Special education programs	72,194	-	-	72,194
Student transportation services	68,981	-	-	68,981
Pupil support services	32,063	-	-	32,063
Food services	18,441	-	-	18,441
Other services	5,800	-	-	5,800
Total Instructional Services	1,370,202	-	-	1,370,202
Support services				
Business services	104,314	-	-	104,314
Central services	38,331	-	-	38,331
Enterprise operations	12,927	-	-	12,927
General administration	2,166	-	-	2,166
Total Support Services	157,738	-	-	157,738
Total expenses	1,527,940	-	-	1,527,940
Change in net assets	(124,119)	(111,268)	-	(235,387)
Net assets, beginning of period	-	111,268	-	111,268
Net assets, end of period	\$ (124,119)	\$ -	\$ -	\$ (124,119)

The accompanying notes are an integral part of these financial statements

**NEW ORLEANS MILITARY AND MARITIME ACADEMY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Cash Flows from Operating activities	
Change in net assets	\$ (235,387)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	17,363
Increase in accounts payable	86,563
Increase in accrued salaries and benefits	<u>144,792</u>
Total adjustments	<u>248,718</u>
Net cash provided by operating activities	<u>13,331</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(67,216)</u>
Net cash used in investing activities	<u>(67,216)</u>
Cash Flows from Financing Activities	
Net increase in line of credit	<u>45,000</u>
Net cash provided by financing activities	<u>45,000</u>
Net decrease in cash and cash equivalents	(8,885)
Cash and cash equivalents, beginning of period	<u>111,268</u>
Cash and cash equivalents, end of period	<u>\$ 102,383</u>

The accompanying notes are an integral part of these financial statements

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – Summary of Significant Accounting Policies

New Orleans Military and Maritime Academy, Inc. (the School) was created as a non-profit organization under the laws of the State of Louisiana. The School applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 2 charter school. On May 20, 2011, BESE approved the charter. The charter was granted for a minimum of five years. The School serves eligible students in the ninth grade.

The School leases its buildings rent free from the Louisiana Recovery School District.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Unrestricted Net Assets – limited only by the broad limits resulting from the nature of the 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 whose restrictions lapse with the passage of time.

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

Presently, the School has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 the State Public School Fund and federal grants, as well as private donations. Federal grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. 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.

Income Taxes

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

Cash and Cash Equivalents

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

Paid Time Off

Full-time employees are eligible to earn paid time off in addition to school holidays and break periods. Paid time off begins to accrue on the first day an employee works for the school. Unused paid time off is rolled over to the following year. As of June 30, 2012, the School's liability for paid time off was \$20,317.

NOTE 2 – Cash and cash equivalents

As of June 30, 2012, cash consists of demand deposits in a local bank of \$102,383.

NOTE 3 – Line of Credit

Effective May 4, 2012, the School obtained a variable rate revolving line of credit in the amount of \$100,000 maturing in one (1) year from the effective date. At the time of execution, the initial interest rate was calculated as 2.989% per annum. The balance as of June 30, 2012, was \$45,000.

NOTE 4 – Concentrations

The School received approximately 76% of its total revenues from Federal and State grantors.

The School maintains a cash balance at a local bank. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, these accounts may exceed the federally insured limits.

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – Concentrations (continued)

As noted earlier, the School is leasing its buildings from the Louisiana Recovery School District rent free. Should these leases not be extended, it may have an unfavorable impact on the School. See further discussion in Note 12.

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

NOTE 6 – Retirement Plan

Effective January 1, 2012, the School executed a Multiple Employer Participation Agreement, electing to become a participating employer in a multiple employer 401(k) plan for all regular employees who are 21 years of age or older. An employee becomes eligible to participate in the plan upon completing one (1) month of service. Contributions to the plan are made by way of pre-tax salary deferrals and are made at the sole discretion of the employee up to the maximum amount allowed by federal law. The School will make a matching contribution equal to 50% of participant's elective deferrals, but not to exceed 6% of participant compensation, and profit sharing contributions at the discretion of the School. All employees are immediately vested in matching contributions. There is a 3-year vesting period for employer profit-sharing contributions. For the period ended June 30, 2012, the School recorded retirement contributions in the amount of \$0.

NOTE 7 – Expense Allocation

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

NOTE 8 – Board Member's Compensation

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

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 – Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified and /or time restriction by donors as follows:

Walton Family Foundation	\$ 161,268
United States Marine Corps	53,668
Libby-Dufour Foundation	40,000
The Greater New Orleans Foundation	35,000
German Protestant Orphans Association Foundation	15,000
Pro Bono Publico	<u>10,000</u>
	<u>\$314,936</u>

NOTE 10 – Uncertain Income Taxes

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 2010 tax return has been filed appropriately. As of January 14, 2013, the School has been approved for an extension to file their 2011 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 period is 2010. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 11-- Property and Equipment

Property and equipment consists of machinery and equipment of \$67,216. Depreciation expense for the year ended June 30, 2012 was \$17,363. Depreciation is calculated using the straight line method with useful lives of 5 years.

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.

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – Deficit in Net Assets

The School is working diligently through better budgeting, higher enrollment, cost cutting, and development activities to eliminate remaining deficits in operating funds by the close of the 2012-2013 fiscal year. In its first year of operations, the School made the best possible budget efforts based on data provided from a variety of local educational sources. Enrollment was lower than expected and some students left the School in the first few weeks due to a lack of understanding the demands of the curriculum and JROTC requirement. Cost cutting attempts were hampered by late delivery of invoices by supporting organizations and variances from budget estimates. The School's leadership and Board of Directors attempted with great success to mitigate these shortfalls as seen in the grant proceeds provided. However, the School was not able to meet all deficits in time due to late arrival of larger invoices and limited time to make budget adjustments after receipt without drastically impacting the academic program for students.

The 2012-2013 budget is more accurate based on better knowledge of actual costs. Student enrollment has also increased, allowing measured approach to increased costs and further sharing of administrative overhead. The School's leadership and Board of Directors revised and approved an updated budget in August 2012 to reflect a more accurate student count of 230 students based on accepted applications and an associated budget that provided funds to eliminate all remaining debts by the end of the 2013 fiscal year. A minor reduction, from 230-219 students was experienced at the beginning of the school year. The School anticipates another adjustment in MFP as current enrollment is 223 students. The School's leadership has already instituted cost cutting measures to mitigate these losses and remain on track to close out all debts by end of the fiscal year. In addition, the School is receiving some revenues from the rental of the Federal City Auditorium and successful grant proceeds. The Board of Directors has begun a Development Program effort to provide additional revenues for operations and capital equipment.

NOTE 13 – Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 14, 2013, and determined that the following events occurred that require disclosure.

On January 19, 2012, the Louisiana State Bond Commission approved the issuance of up to \$11 million in Revenue Bonds to finance the location of the permanent operations of the School at Federal City, including the design, rehabilitation, demolition, construction and equipping of buildings with a combination of classrooms, halls and office and/or conference room and related site improvements and to fund a debt reserve fund. Effective October 25, 2012, the Office of Community Development awarded \$7,500,000 of Community Development Block Grant (CDBG) Disaster Recovery Program funds to Algiers Development Corporation, Inc. for the construction and rehabilitation of New Orleans Maritime and Military Academy on the Federal City site in New Orleans, Louisiana. In addition, the School entered into an agreement with New Orleans Federal Alliance (NOFA) on October 31, 2012, for a \$3,600,000 Bridge Loan. The

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 – Subsequent Events (continued)

proceeds of the Bridge loan and the CDBG grant will be used to make a Leverage Loan in the amount of \$11,000,000 to fund the project. The Leverage Loan as well as other committed sources will fund the total estimated project cost of \$17,547,383. New Orleans Military and Maritime Academy will qualify for the New Market Tax Credit, State Historic Tax Credit, and Federal Historic Tax Credit which will subsidize the cost of the project.

The School received a conditional approval by Baptist Community Ministries for a funding request in the amount of \$405,000 over three years.

**Hienz
Macaluso** LLC
Certified Public Accountants

**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***

January 14, 2013

To the Board of Directors of
New Orleans Military and Maritime Academy

We have audited the financial statements of New Orleans Military and Maritime Academy (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated January 14, 2013. 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.

Internal Control Over Financial Reporting

Management of New Orleans Military and Maritime Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered New Orleans Military and Maritime Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Orleans Military and Maritime Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings, referenced as 2012-01 Misappropriation of Assets, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Orleans Military and Maritime Academy's financial statements are free of 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*.

New Orleans Military and Maritime Academy's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit New Orleans Military and Maritime Academy's response and, accordingly, we express no opinion on it.

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

**NEW ORLEANS MILITARY AND MARITIME ACADEMY
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

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

2012 –01 Misappropriation of Assets

Management is responsible for establishing and maintaining efficient and effective internal controls over financial reporting to detect errors due to fraud and/or misstatement, in a timely manner. During the course of our audit, we noted that management discovered a misappropriation in the amount of \$31,000 that was detected after the termination of a key employee. Management converted to a computerized accounting software in July 2012. In the process of entering transactions from the prior year, two checks were identified as fraudulent. A police report was filed in November 2012, charges are pending.

Recommendation:

We recommend that New Orleans Military and Maritime Academy establish internal controls over financial reporting, including but not limited to, policies and procedures for cash disbursements and routine monitoring to determine the effectiveness of the established controls.

Corrective Action:

The School performed an internal audit after the termination of the previous business manager. We retained the services of a qualified CPA firm in May 2012 with experience in Charter School finance. We hired a new instructor with business background to conduct an internal reconciliation of finances. The School purchased Quickbooks software in July 2012 and all financial records from 2012 fiscal year were uploaded from the manual files. Management discovered two (2) instances of fraudulent activity and took actions to notify the Board of Directors and local authorities. Management, working with external CPA, other schools, and internal personnel, developed enhanced comprehensive financial policies to include processes, forms, and software to improve financial management practices and mitigate future risk of improper use of funds. These policies were published and in place on October 15, 2012. All policies will be reviewed annually along with employee and student handbooks.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.

**NEW ORLEANS MILITARY AND MARITIME ACADEMY
SCHEDULE OF PRIOR PERIOD FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

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

2011 – 01 Late Submission of Review/Attestation Report

Under Louisiana statute, the School was required to complete and submit a review/attestation report within six months of the School's year end. The School did not meet the deadline for submitting the report to the Legislative Auditor, resulting in noncompliance with Louisiana law.

This finding was resolved during the current year.

Section II – Internal Control and Compliance Material to Federal Awards

There were no prior year findings.

Section III - Management Letter

2011-02 Accurate and Timely Financial Reporting

Management needs improved internal controls over the financial reporting process, including preparing the financial statements and recording recurring and nonrecurring adjustments to the financial statements.

This finding was resolved during the current year.

**Hienz
Macaluso** LLC
Certified Public Accountants

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

January 14, 2013

To the Board of Directors
New Orleans Military and Maritime Academy

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of New Orleans Military and Maritime Academy (the School) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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). This agreed-upon procedures engagement was performed in accordance with 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose

Our procedures and findings related to the accompanying schedules of supplemental information and are as follows:

PROCEDURES AND FINDINGS

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

- 1 We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following reported on the schedule
 - ❖ Total General Fund Instructional Expenditures,
 - ❖ Total General Fund Equipment Expenditures,
 - ❖ Total Local Taxation Revenues,
 - ❖ Total Local Earnings on Investment in Real Property;
 - ❖ Total State Revenue in Lieu of Taxes,
 - ❖ Nonpublic Textbook Revenue; and
 - ❖ Nonpublic Transportation Revenue.

We reviewed the supporting documentation for the selected transactions and determined that they were classified correctly and reported in the proper amounts on the appropriate schedule

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and the School’s supporting payroll records as of October 1, 2011.

Finding None

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Finding. None

- 4 We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2011 as reported on the schedule. We traced a random sample of 25 teachers and the principals to their respective personnel file and determined if their education level was properly classified on the schedule.

Finding. None

Number and Type of Public Schools (Schedule 3)

- 5 We obtained a list of schools by type -as reported on the schedule. We compared the list of schools (only one school as reported in Schedule 3) and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84 010) application and/or the National School Lunch Program (CFDA 10 555) application

Finding None

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

- 6 We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2011 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule

Finding

We determined that teachers' years of experience were not properly reported in the personnel report.

Corrective Action

Due to clerical error, teachers' years of service were improperly reported on the personnel report. Management will maintain personnel files to include, but not limited to, updating years of experience for teachers', annually. Years of experience will be corrected on the following submission of personnel data

Public School Staff Data (Schedule 5)

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

Finding: None

8. For all teachers, we recalculated the average salaries and full-time equivalents reported in the schedule.

Finding None

Class Size Characteristics (Schedule 6)

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

Finding None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Not applicable

The Graduation Exit Exam (Schedule 8)

11. Because this schedule only applies to grades ten and eleven, we did not obtain test scores as provided by the testing authority or reconcile scores as reported by the testing authority to scores reported in the schedule by the School

Not applicable

The iLEAP Tests (Schedule 9)

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

Not applicable

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you

This report is intended solely for the use of the Board of Directors and management of New Orleans Military and Maritime Academy, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document

Hienz & Macaluso, LLC
Metairie, LA

Schedule 1

NEW ORLEANS MILITARY AND MARITIME ACADEMY
NEW ORLEANS, LOUISIANA

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2012

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 427,083	
Other Instructional Staff Activities	25,821	
Instructional Staff Employee Benefits	60,109	
Purchased Professional and Technical Services	-	
Instructional Materials and Supplies	26,236	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u> </u>	\$ 539,249
Other Instructional Activities		11,722
Pupil Support Activities	31,549	
Less Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	<u> </u>	31,549
Instructional Staff Services	-	
Less Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<u> </u>	<u> </u>
School Administration	362,732	
Less Equipment for School Administration	-	
Net School Administration	<u> </u>	362,732
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 945,253</u>
Total General Fund Equipment Expenditures (Object 730, Function Series 1000-4000)		<u>\$ -</u>
<u>Certain Local Revenue Sources</u>		
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		<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		3,123,733
Total State Revenue in Lieu of Taxes		<u>\$ 3,123,733</u>
Nonpublic Textbook Revenue		<u>\$ -</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

See independent accountant's report on applying agreed upon procedures

**NEW ORLEANS MILITARY AND MARITIME ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule 2

**Education Levels of Public School Staff
As of October 1, 2011**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	2	40%				
Bachelor's Degree	1	33%	1	20%				
Master's Degree	2	67%	1	20%				
Master's Degree + 30	0	0%						
Specialist in Education			1	20%				
Ph D or Ed D					1	100%		
Total	3	100%	5	100%	1	100%	0	0%

See independent accountant's report on applying agreed upon procedures

**NEW ORLEANS MILITARY AND MARITIME ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule 3

Number and Type of Schools
For the Year Ended June 30, 2012

Type	Number
Elementary	
Middle Jr High	
Secondary	1
Combination	
Total	1

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

**NEW ORLEANS MILITARY AND MARITIME ACADEMY
NEW ORLEANS, LOUISIANA**

Schedule 4

**Expenience of Public Pncipals, Assistant Pncipals and Full time Classroom Teachers
As of October 1, 2011**

	0-1 Yr	2-3 Yrs	4-10 Yrs	11-14 Yrs	15-19 Yrs	20-24 Yrs	25+ Yrs	Total
Assistant Principals								
Principals			1					
Classroom Teachers	6		1			1		
Total	6		2		0	1		9

See independent accountant's report on applying agreed upon procedures

**Public School Staff Data Average Salaries
For the Year Ended June 30, 2012**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$55,892 00	\$48,778 00
Average Classroom Teachers Salary Excluding Extra Compensation	\$55,892 00	\$48,778 00
Number of Teacher Full-Time Equivalents (FTES) used in Computation of Average Salaries	8	5

See independent accountant's report on applying agreed upon procedures

**Class Size Characteristics
As of October 1, 2011**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Class								
Middle High	74 65%	53	15 49%	11	1 41%	1		
Middle High Activity Class	1 41%	1	5 63%	4	1 41%	1		
High								
High Activity Class								
Combination								
Combination Activity Class								

See independent accountant's report on applying agreed upon procedures

**New Orleans Military and Maritime Academy
New Orleans, LA**

Schedule 7

**Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2012**

The School did not have grades 4 or 8 for the year ended June 30, 2012, therefore, this schedule does not apply

See independent accountant's report on applying agreed upon procedures

**New Orleans Military and Maritime Academy
New Orleans, LA**

Schedule 8

**Graduation Exit Exam
For the Year Ended June 30, 2012**

The School did not have grades 10 or 11 for the year ended June 30, 2012, therefore, this schedule does not apply

See independent accountant's report on applying agreed upon procedures

**New Orleans Military and Maritime Academy
New Orleans, LA**

Schedule 9

**Iowa and iLEAP Tests
For the Year Ended June 30, 2012**

The School did not have grades 3, 5, 6 or 7 for the year ended June 30, 2012. Grade 9 iLeap was dropped by the Department of Education for the 2012 fiscal year, therefore, this schedule does not apply.

See independent accountant's report on applying agreed upon procedures