

**Bayou Community Academy, Inc.
Charter School**

Financial Statements
and Independent Auditor's Report
June 30, 2019

**Bayou Community Academy, Inc.
Charter School**

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2019

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**Bayou Community Academy, Inc.
Charter School**

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Bayou Community Academy, Inc. Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou Community Academy, Inc. Charter School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Board of Trustees and the Schedules of Compensation, Benefits, and Other Payments to the Director on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019 on our consideration of Bayou Community Academy, Inc. Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Martin and Pelletier

Houma, Louisiana
October 23, 2019

FINANCIAL STATEMENTS

**Bayou Community Academy, Inc.
Charter School**

Statement of Financial Position
June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,452,925
Investments	8,179,840
Prepaid expenses	<u>46,810</u>

Total current assets 9,679,575

Property and equipment, net of accumulated depreciation of \$247,524	<u>566,705</u>
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TOTAL ASSETS \$ 10,246,280

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 30,772
Retirement contributions payable	149,938
Accrued payroll	126,401
Accrued expenses	2,851
Payroll taxes payable	4,516
Deferred compensation	99,516
Compensated absences	<u>36,725</u>

Total current liabilities 450,719

Net assets:

Without donor restrictions	<u>9,795,561</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 10,246,280

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions
REVENUE, GRANTS, AND OTHER SUPPORT	
Grants:	
State public school funding	\$ 4,315,971
Other local sources	299,778
Fundraising	39,324
In-kind contributions	27,814
	4,682,887
TOTAL REVENUE, GRANTS, AND OTHER SUPPORT	
EXPENSES	
Program services	
Regular education programs	1,701,416
School administration	423,269
Operation and maintenance	242,209
Special education programs	218,346
Pupil support services	154,072
Student transportation services	110,291
Special programs	93,040
Instructional staff services	86,447
Non-instructional services	55,779
Other instructional programs	51,059
Central services	1,963
Management and general	
Business services	167,305
General administration	154,360
Fundraising	43,009
	3,502,565
TOTAL EXPENSES	3,502,565
INCREASE IN NET ASSETS	1,180,322
OTHER INCREASE IN NET ASSETS	
Investment income	175,597
	1,355,919
INCREASE IN NET ASSETS	1,355,919
NET ASSETS, BEGINNING OF PERIOD	8,439,642
NET ASSETS, END OF PERIOD	\$ 9,795,561

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services						
	Regular Education Programs	School Administration	Operation and Maintenance	Special Education Programs	Pupil Support Services	Student Transportation Services	Special Programs
Salaries and stipends	\$ 1,120,162	\$ 289,348	\$ 23,697	\$ 116,678	\$ 108,755	\$ 41,898	\$ 58,139
Retirement expense	274,963	86,456	6,626	43,673	28,535	-	15,065
Group insurance	134,869	27,177	6,081	4,726	13,010	1,014	18,084
Rent	-	-	153,180	-	-	-	-
Professional services	5,604	195	23,303	48,496	-	-	-
Dues and fees	-	495	-	-	-	-	-
Equipment	66,509	1,521	-	1,217	-	-	-
Materials and supplies	28,367	5,092	10,553	465	1,007	-	-
Miscellaneous	1,513	187	2,771	-	-	-	700
Textbooks/workbooks	32,251	-	-	500	-	-	-
Fundraising expense	-	-	-	-	-	-	-
Payroll taxes	20,312	5,209	432	2,131	1,981	769	1,052
Automobile lease	-	-	-	-	-	34,410	-
Insurance	-	-	454	-	-	21,533	-
Depreciation	-	-	-	-	-	-	-
Travel and gasoline expense	1,198	1,360	-	460	784	10,467	-
Telephone and postage	4,250	6,229	-	-	-	-	-
Utilities	-	-	14,789	-	-	-	-
Printing and copying	9,730	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Repairs and maintenance	1,576	-	323	-	-	200	-
Workmen's compensation	112	-	-	-	-	-	-
	<u>\$ 1,701,416</u>	<u>\$ 423,269</u>	<u>\$ 242,209</u>	<u>\$ 218,346</u>	<u>\$ 154,072</u>	<u>\$ 110,291</u>	<u>\$ 93,040</u>

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services (Cont.)				Management and General			Total
	Instructional Staff Services	Non-instructional Services	Other Instructional Programs	Central Services	Business Services	General Administration	Fundraising	
Salaries and stipends	\$ 48,906	\$ -	\$ 42,871	\$ -	\$ 109,014	\$ -	\$ -	\$ 1,959,468
Retirement expense	13,058	-	4,695	-	29,163	-	-	502,234
Group insurance	6,081	-	16	-	6,992	-	-	218,050
Rent	-	-	-	-	-	-	-	153,180
Professional services	-	-	-	-	7,149	34,068	-	118,815
Dues and fees	-	-	-	-	-	93,461	-	93,956
Equipment	241	-	30	-	1,967	-	-	71,485
Materials and supplies	-	16,219	57	-	2,635	-	-	64,395
Miscellaneous	1,533	39,560	2,279	1,963	1,719	184	-	52,409
Textbooks/workbooks	15,736	-	-	-	-	-	-	48,487
Fundraising expense	-	-	-	-	-	-	43,009	43,009
Payroll taxes	892	-	759	-	1,981	-	-	35,518
Automobile lease	-	-	-	-	-	-	-	34,410
Insurance	-	-	-	-	-	4,474	-	26,461
Depreciation	-	-	-	-	-	18,264	-	18,264
Travel and gasoline expense	-	-	-	-	2,066	852	-	17,187
Telephone and postage	-	-	352	-	4,610	-	-	15,441
Utilities	-	-	-	-	-	-	-	14,789
Printing and copying	-	-	-	-	-	-	-	9,730
Advertising	-	-	-	-	-	3,057	-	3,057
Repairs and maintenance	-	-	-	-	9	-	-	2,108
Workmen's compensation	-	-	-	-	-	-	-	112
	<u>\$ 86,447</u>	<u>\$ 55,779</u>	<u>\$ 51,059</u>	<u>\$ 1,963</u>	<u>\$ 167,305</u>	<u>\$ 154,360</u>	<u>\$ 43,009</u>	<u>\$ 3,502,565</u>

See accompanying notes.

**Bayou Community Academy, Inc.
Charter School**

Statement of Cash Flows
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 1,355,919
Adjustment to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation	18,264
(Increase) decrease in operating assets:	
Receivables	700
Prepaid expenses	(46,810)
Increase (decrease) in operating liabilities:	
Accounts payable	(6,818)
Retirement contributions payable	6,248
Accrued payroll	(13,543)
Accrued expenses	(15)
Payroll taxes payable	(105)
Deferred compensation	(3,744)
Compensated absences	21,056

**NET CASH FLOWS PROVIDED BY OPERATING
ACTIVITIES**

1,331,152

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(7,017)
Purchases of investments	(1,075,597)

NET CASH FLOWS USED IN INVESTING ACTIVITIES

(1,082,614)

NET INCREASE IN CASH AND CASH EQUIVALENTS

248,538

BEGINNING CASH AND CASH EQUIVALENTS

1,204,387

ENDING CASH AND CASH EQUIVALENTS

\$ 1,452,925

See accompanying notes.

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2019

Note 1 – Organization and Operations

Bayou Community Academy, Inc. (the School) was created as a non-profit corporation under the laws of the State of Louisiana on January 29, 2009. The School operates as a Type I charter school under a charter granted by the Lafourche Parish School Board which expires on June 30, 2026. The School serves eligible students in pre-kindergarten through eighth grade.

The School paid Lafourche Parish School Board an administrative fee representing 2% of the total revenue received under the State Public School – MFP Funding amounting to \$86,319.

Note 2 – Summary of Significant Accounting Policies

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. Financial Statement Presentation – The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the School is required to present statements of functional expenses and cash flows.

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. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restrictions. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

B. Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, in accordance with accounting principles generally accepted in the United States of America.

C. Cash and Cash Equivalents – For the purpose of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

D. Revenues – The School's primary source of funding is through the State Public School – MFP Funding.

E. Property and Equipment – Property and equipment of the School 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

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Cont.)

capitalized. Depreciation of all exhaustible property and equipment is charged as an expense against operations. Property and equipment reported on the statement of financial position are net of accumulated depreciation. Normal building maintenance and minor equipment purchases are included as expenses of the School. Property and equipment acquisitions are capitalized if the purchase price exceeds \$1,000 and the asset has a useful life greater than one year. Depreciation expense for the year ended June 30, 2019 was \$18,264. Depreciation is calculated using the straight-line method over useful lives of three to seven years.

- F. Income Taxes – The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made as the School had no taxable activities.
- G. Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- H. Advertising – Advertising costs are expensed as incurred. Advertising expense totaled \$3,057 for the year ended June 30, 2019.
- I. Recent Pronouncement – In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses, and investment return. The Organization has implemented ASU 2016-14 and has presented the financial statements accordingly.
- J. Functional Expenses – The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied.

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2019.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2019

Note 3 – Concentrations of Credit Risk

The School maintains its cash in one financial institution located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 at this institution. The School exceeded federally insured limits during the year; however, the School was adequately collateralized by pledged securities at all times during the year ended June 30, 2019.

The School received 92% of its revenues in the year ended June 30, 2019 from the State Public School – MFP Funding, subject to its charter school contract.

Note 4 – Investments

The School's investments are limited to funds deposited with Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a.7-like investment pool. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 33 days as of June 30, 2019.
- Foreign currency risk: Not applicable to 2a7-like pools.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2019

Note 4 – Investments (Cont.)

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investments in LAMP as of June 30, 2019 amounted to \$8,179,840 and are classified on the Statement of Financial Position as "Investments".

Note 5 – Fair Values of Financial Instruments

The School's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, investments, and accounts payable. Management estimates that the fair value of all financial instruments as of June 30, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Note 6 – Property and Equipment

A summary of changes in property and equipment follows:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital asset, not being depreciated:				
Land	\$ 509,858	\$ -	\$ -	\$ 509,858
Capital assets, being depreciated:				
Computers and peripherals	201,189	7,017	(5,893)	202,313
Computer software	16,128	-	-	16,128
Furniture and equipment	71,102	-	-	71,102
Musical instruments	14,828	-	-	14,828
	<u>813,105</u>	<u>7,017</u>	<u>(5,893)</u>	<u>814,229</u>
Less: accumulated depreciation	<u>(235,153)</u>	<u>(18,264)</u>	<u>5,893</u>	<u>(247,524)</u>
Total	<u>\$ 577,952</u>	<u>\$ (11,247)</u>	<u>\$ -</u>	<u>\$ 566,705</u>

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

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2019

Note 7 – Deferred Compensation

For ten-month employees, such as teachers, July 2019 payroll costs are recorded as deferred compensation. These employees earned such compensation by completing their contracts with the School in May or June 2019. While they work for a ten-month period, they get paid over a twelve-month period. The contract period for these employees was August 5, 2018 to May 25, 2019, and the amount of deferred compensation that was recorded is \$99,516.

Note 8 – Compensated Absences

Annual leave is to be granted to all 230-240 day employees for the purpose of rehabilitation and restoration of work efficiency. The School has five employees in this category. All 230-240 day employees shall earn such leave based on years of experience. Any unused annual leave at the time of separation (termination of employment or death) shall be paid to the employee or his/her heirs. As of June 30, 2019, compensated absences payable equaled \$36,725.

Note 9 – In-Kind Contributions

In-kind contributions represent the estimated fair value of general corporate goods and services provided. Contributed goods are valued at fair market value on the date of the donation. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

In-kind contributions for the year ended June 30, 2019 included gala fundraiser donations totaling \$27,814.

The value of donated volunteer services is not reflected in the accompanying financial statements since they do not meet the recording criteria as per FASB 116. However, a substantial number of volunteers have donated significant amounts of their time in the School's program, administrative, and fundraising activities.

Note 10 – Retirement Plans

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

The TRSL provides retirement benefits, as well as, disability and survivor benefits. Twenty years of service credit are required to become vested for retirement benefits, five years of service credit if the employee reaches age sixty, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a

Bayou Community Academy, Inc.
Charter School

Notes to Financial Statements
Year Ended June 30, 2019

Note 10 – Retirement Plans (Cont.)

publicly available financial report for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2019, the employer contribution rate was 26.7%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2019 was \$495,607.

In addition to TRSL, certain employees of the School participate in the Louisiana School Employees' Retirement System (LSERS). The LSERS is a cost-sharing, multiple-employer defined benefit plan, which guarantees a benefit based on age, years of service, and final average compensation at retirement, not on the amount of contributions. LSERS members are non-instructional personnel of the Louisiana public school system. Employees must work more than 20 hours per week to become a member of this system. Twenty years of service or five years of service (if the member is at least age 62) are required to become vested in the system.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate, which was 28.4% for fiscal year 2018-2019. The School's contribution to the plan for the year ended June 30, 2019 was \$6,626.

Note 11 – Uncertain Income Taxes

The School's 2017 tax return was filed appropriately. As of October 2019, the School had not filed its 2018 tax return as the filing due date had been extended to May 15, 2020. 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 2015 to 2018. 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 provisions of this guidance.

Note 12 – Operating Leases

On June 30, 2018, the School entered into a written lease agreement with the Lafourche Parish School Board for the rental of property to be used for the operation of Bayou Community Academy, Inc. The lease is for a term of three years, beginning July 1, 2018 and ending on June 30, 2021. The agreement includes 36 monthly payments of \$11,765. The total expense under this lease for the year ended June 30, 2019 is \$141,180.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2019

Note 12 – Operating Leases (Cont.)

Future minimum lease payments on this lease are as follows:

<u>June 30,</u>	
2020	\$ 141,180
2021	<u>141,180</u>
	<u>\$ 282,360</u>

Bayou Community Academy, Inc. entered into a written lease agreement for office space for a term of four years, beginning April 1, 2017 and ending March 31, 2021. The agreement includes 48 monthly payments of \$1,000. The total expense under this lease for the year ended June 30, 2019 is \$12,000.

Future minimum lease payments on this lease are as follows:

<u>June 30,</u>	
2020	\$ 12,000
2021	<u>9,000</u>
	<u>\$ 21,000</u>

On August 1, 2018, the School entered into a School Bus Lease Service/Maintenance Agreement with a locally-owned school bus provider to lease three school buses. The agreement stipulates a rate of \$11,100 per vehicle payable in ten payments of \$1,110 per month per vehicle. The total expense under this lease for the year ended June 30, 2019 is \$34,410. All payments required under this lease were satisfied during the year ended June 30, 2019.

Note 13 – Commitment

As per the terms of the Act of Cash Sale, Bayou Community Academy, Inc. must begin construction on the land it purchased on September 10, 2015 within five years from the date of purchase.

Note 14 – Liquidity and Availability of Financial Assets

The following reflects the School's financial assets as of June 30, 2019, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

**Bayou Community Academy, Inc.
Charter School**

Notes to Financial Statements
Year Ended June 30, 2019

Note 14 – Liquidity and Availability of Financial Assets (Cont.)

Current assets	\$ 9,679,575
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,679,575</u>

Note 15 – Subsequent Events

On September 3, 2019, Bayou Community Academy, Inc. entered into a Contract for Construction and a Standard Form of Agreement with an architect for the construction of a new school campus as discussed in Note 13. The expected construction commencement date is July 15, 2020. The expected substantial completion date is August 1, 2021. The estimated cost of this project is \$11,000,000. The School is also anticipating \$3,000,000 of additional costs related to equipment and other components required to complete the project.

Subsequent events were evaluated through October 23, 2019, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**Bayou Community Academy, Inc.
Charter School**

Schedule of Board of Trustees
For the Year Ended June 30, 2019

Board Members

Compensation

William Crawford 522 Green Street Thibodaux, Louisiana 70301	\$-0-
Jim Barr 402 West 2 nd Street Thibodaux, Louisiana 70301	\$-0-
Jerad David 504 Ashland Drive Thibodaux, Louisiana 70301	\$-0-
Hal Callais 800 East 1 st Street Thibodaux, Louisiana 70301	\$-0-
Monique Robinson-Clark 412 Cavaness Drive Houma, Louisiana 70364	\$-0-
Nolan Smith 156 Brooklyn Lane Raceland, Louisiana 70394	\$-0-
Shelba Harlan 312 Amis Street Thibodaux, Louisiana 70301	\$-0-
Danny Baker 141 Towne Way Thibodaux, Louisiana 70301	\$-0-

See independent auditor's report.

**Bayou Community Academy, Inc.
Charter School**

Schedules of Compensation, Benefits, and Other
Payments to the Director
For the Year Ended June 30, 2019

Agency Head Name: Sandy Holloway, Director, July 1, 2018 to May 31, 2019

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 93,766
Benefits - retirement	25,036
Retirement payment	20,845
Dues	353
Cell phone	318
Registration fees	284
Special meals	186
Travel	87
Reimbursements	43

Agency Head Name: Melanie Becnel, Director, June 17, 2019 to June 30, 2019

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 3,470
Benefits - retirement	926
Benefits - insurance	463
Cell phone	39
Dues	-
Registration fees	-
Special meals	-
Travel	-
Reimbursements	-

These schedules satisfy the reporting requirements of R.S. 24:513(A)(3).

See independent auditor's report.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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

To the Board of Trustees
Bayou Community Academy, Inc.
Thibodaux, Louisiana

We have audited 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, the financial statements of Bayou Community Academy, Inc. Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 October 23, 2019.

Internal Control Over Financial Reporting

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of management, Board of Directors, and the Louisiana Legislative Auditor for the State of Louisiana 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.



Houma, Louisiana
October 23, 2019

OTHER INFORMATION

**Bayou Community Academy, Inc.
Charter School**

Schedule of Findings and Responses
As of and for the Year Ended
June 30, 2019

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of Bayou Community Academy, Inc. Charter School.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters material to the financial statements of Bayou Community Academy, Inc. Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

No findings material to the financial statements of Bayou Community Academy, Inc. Charter School were noted during the audit.

Section III – Internal Control Findings

No findings related to Bayou Community Academy, Inc. Charter School’s internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section IV – Federal Award Findings and Questioned Costs

This section is not applicable.

REPORTS BY MANAGEMENT

**Bayou Community Academy, Inc.
Charter School**

Schedule of Prior Findings and Resolution Matters
As of and for the Year Ended
June 30, 2019

Note: All prior findings relate to the June 30, 2018 audit engagement.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

**Bayou Community Academy, Inc.
Charter School**

Management's Corrective Action
Plan for Current Year Findings
As of and for the Year Ended
June 30, 2019

The contact person for all corrective actions noted below is Mrs. Lacey Crochet, Business Manager for Bayou Community Academy, Inc. Charter School.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)
(UNAUDITED)

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

To the Board of Trustees, the Louisiana Department of Education,
and the Louisiana Legislative Auditor
Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Bayou Community Academy, Inc. Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (LLA) (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Bayou Community Academy, Inc. for the fiscal year ended June 30, 2019; 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), in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We have 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 accounts for each of the categories reported on Schedule 1.

We noted no exceptions.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2018 roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

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

3. We obtained the October 1, 2018 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/listing was complete. We tested the entire population of 28 individuals, traced to each individual's personnel file, and observed that each individual's education level, and experience was properly classified on the PEP data or equivalent listing prepared by management.

We noted the following exceptions:

- **One teacher was incorrectly marked as Object Code 119 (Other Salaries) instead of 112 (Teachers).**
- **Two teachers with Master's Degrees were incorrectly marked as having Bachelor's Degrees.**
- **One of the teacher's number of years' experience was incorrect.**

These issues have since been corrected on the most current PEP data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained 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 obtained management's representation that the data/listing was complete. We then tested the entire population of 27 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.

We noted no exceptions.

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 Bayou Community Academy, Inc. Charter School, as required by Louisiana Revised Statute 24:514.I,

and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Martin and Pelquin

Houma, Louisiana
October 23, 2019

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**
General Fund Instructional and Support Expenditures
And Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$	1,190,973
Other Instructional Staff Activities		146,877
Instructional Staff Employee Benefits		520,610
Purchased Professional and Technical Services		54,100
Instructional Materials and Supplies		62,141
Instructional Equipment		67,756
		<hr/>
Total Teacher and Student Interaction Activities	\$	2,042,457
Other Instructional Activities		21,406
Pupil Support Services		154,072
Less: Equipment for Pupil Support Services		-
		<hr/>
Net Pupil Support Services		154,072
Instructional Staff Services		86,447
Less: Equipment for Instructional Staff Services		(241)
		<hr/>
Net Instructional Staff Services		86,206
School Administration		423,269
Less: Equipment for School Administration		(1,521)
		<hr/>
Net School Administration		421,748
		<hr/>
Total General Fund Instructional Expenditures	\$	2,725,889
		<hr/>
Total General Fund Equipment Expenditures	\$	78,502
		<hr/>

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		-
		<hr/>
Total Local Taxation Revenue	\$	-
		<hr/>
Local Earnings on Investment in Real Property		
Earnings from 16th Section Property	\$	-
Earnings from Other Real Property		-
		<hr/>
Total Local Earnings on Investment in Real Property	\$	-
		<hr/>
State Revenue in Lieu of Taxes		
Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
		<hr/>
Total State Revenue in Lieu of Taxes	\$	-
		<hr/>
Nonpublic Textbook Revenue	\$	-
Nonpublic Transportation Revenue	\$	-
		<hr/>

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

Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana
 Class Size Characteristics
 As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	20%	4	75%	15	5%	1	0%	0

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

**Martin
and
Pellegrin**

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Houma, Louisiana 70360

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

To the Board of Trustees
Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana

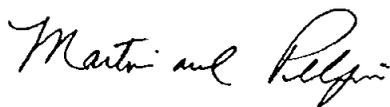
We have performed the procedures enumerated below, which were agreed to by the management of Bayou Community Academy, Inc. Charter School (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The School's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described on pages 30-41.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Houma, Louisiana
October 23, 2019

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

The required procedures and our findings are as follows:

Procedures performed on the School's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect the School's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and inspected the School's written policy for budgeting.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for purchasing and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for receipts/collections and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Obtained and read the written policy for payroll and personnel and found it contained all listed requirements, except as noted below.

Exceptions: There has been a special circumstance where one employee is earning overtime. Overtime is not addressed in the written payroll/personnel policy.

Management's response: This special circumstance is being monitored very closely and is expected to end soon. Although this special circumstance is expected to end soon, management will consider adding a section for overtime in the written payroll/personnel policy.

- 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

Performance: Inquired management of its written policies related to contracting.

Exceptions: Although management does not have a written policy for contracting, the Director is responsible for written contracts and consults with an attorney when necessary.

Management's response: Management will consider adopting a written a policy for contracting.

- 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

Performance: Obtained and read the written policy for credit cards and found it contained all requirements listed above, except as noted below.

Exceptions: Management's policy on credit cards does not include specific transactions to fall under allowable business uses nor does it mention the required approvers. However, each credit card use requires purchase approval. According to the written purchase order policy, the Director or Principal can approve purchases.

Management's response: Management will consider adding allowable business uses and the approvers to the written credit card policy.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy

Performance: Obtained and read the ethics policy of Lafourche Parish Public Schools, which the School adheres to.

Exceptions: While the policy is extensive, signature verification in number 4 above is not included. Also, the only action mentioned is for the violation of a conflict of interest. Actions are not mentioned for any other violations.

Management's response: Management will consider adopting the missing components.

- j) 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

Performance: Obtained and read management's description of its disaster recovery/business continuity procedures and found it contained all requirements listed above.

Exceptions: The description was not in the form of a formal, board adopted written policy.

Management's response: Management will consider adopting a policy for disaster recovery/business continuity.

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.
 - b) 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.

Performance: Determined that the procedures under #2 could be excluded as the School did not have any exceptions in the Board or Finance Committee category in Year 1 and was thereby exempt in Year 2.

Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Bank Reconciliations

3. Obtain a listing of client 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;
 - 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; and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Determined that the procedures under #3 could be excluded as the School did not have any exceptions in the Bank Reconciliations category in Year 1 and was thereby exempt in Year 2.

Collections

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 five deposit sites (or all deposit sites if less than five).

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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. five collection locations for five 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:

Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of client to determine that cash drawers/registers are not shared by employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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 verifies the reconciliation.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performance: Inspected policy manuals and inquired of client to determine if employees with access to cash are covered by a bond or insurance policy.

Exceptions: Each employee that is responsible for collecting cash is not bonded or covered by insurance.

Management's response: Management will consider adding the cash-receiving employees to the list of bonded employees.

7. Randomly select two deposit dates for each of the entity's bank accounts. Obtain supporting documentation for each of the deposits (maximum of ten deposits) and:

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

Performance: Inspected receipts to determine if they are sequentially pre-numbered.

Exceptions: While the receipts for cash were sequentially pre-numbered, several of them did not include dates. Also, two of the receipts for cash were missing.

Management's response: Management will take greater care to ensure that each cash deposit is supported by a dated receipt.

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

Performance: Inspected deposits from two random deposit dates to determine if they had sequentially pre-numbered receipts, system reports, and other collection documentation that agreed to the respective deposit slips.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 five locations (or all locations if less than five).
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, 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.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
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 five disbursements for each location, obtain supporting documentation for each transaction and:

**Bayou Community Academy, Inc. Charter School
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Determined that the procedures under numbers 8-10 could be excluded as the School did not have any exceptions in the Non-Payroll Disbursements category in Year 2.

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.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Performance: Determined that the procedures under numbers 11-13 could be excluded as the School did not have any exceptions in the Credit Cards/Debit Cards/Fuel Cards/P-Cards category in Year 2.

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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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Determined that the procedures under #14 could be excluded as the School did not have any exceptions in the Travel and Travel-Related Expense Reimbursements category in Year 1 and was thereby exempt in Year 2.

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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law.

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- c) If the contract was amended, observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Determined that the procedures under #15 could be excluded as the School did not have any exceptions in the Contracts category in Year 2.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

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Performance: Determined that the procedures under numbers 16-19 could be excluded as the School did not have any exceptions in the Payroll and Personnel category in Year 1 and was thereby exempt in Year 2.

Ethics

20. Obtain ethics documentation for five randomly selected employees/officials from management, and:

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

Performance: Determined that five randomly selected employees completed one hour of ethics training during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Performance: Determined that five randomly selected employees attested through signature verification that he/she read the ethics policy during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other

21. 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.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.