

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Belle Chasse Academy, Inc. and Affiliate**  
Belle Chasse, Louisiana

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

We have audited the accompanying consolidated financial statements of **Belle Chasse Academy, Inc. and Affiliate (BCA)** (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Belle Chasse Academy, Inc. and Affiliate**  
Belle Chasse, Louisiana

**Auditors' Responsibility, Continued**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **BCA** as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Belle Chasse Academy, Inc. and Affiliate**  
Belle Chasse, Louisiana

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Also, the accompanying Schedule of Compensation, Benefits and Other Payments to School Leader is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Belle Chasse Academy, Inc. and Affiliate**  
Belle Chasse, Louisiana

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of **BCA's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **BCA's** internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

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

December 13, 2018

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

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**ASSETS**

Current assets:

Cash and cash equivalents (NOTES 1 and 8)	\$ 4,027,875
Restricted cash and cash equivalents (NOTES 1 and 8)	1,909,609
Grants receivable	729,294
Due from employees	48,389
Prepaid expenses	92,117
Investments (NOTE 2)	6,974,558
Unconditional promise to give (NOTE 3)	<u>10,700</u>

Total current assets 13,792,542

Long-term unconditional promise to give (NOTE 3)	342,400
Bond issuance costs	613,106
Property and equipment, net (NOTE 4)	<u>16,263,472</u>

Total assets \$31,011,520

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable and accrued liabilities	\$ 681,488
Bonds payable, current (NOTE 5)	380,000
Interest payable	<u>204,721</u>

Total current liabilities 1,266,209

Noncurrent liabilities:

Bonds payable, long-term, net (NOTE 5)	<u>18,159,207</u>
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Total liabilities 19,425,416

Net assets:

Unrestricted (NOTE 1)	11,233,004
Temporarily restricted (NOTE 1)	<u>353,100</u>

Total net assets 11,586,104

Total liabilities and net assets \$31,011,520

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

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES AND SUPPORT (NOTE 8)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Local Sources:			
Income from meals	\$ 212,931	\$ -0-	\$ 212,931
Contributions	112,972	-0-	112,972
Fundraising	42,048	-0-	42,048
Preschool tuition	32,725	-0-	32,725
Investment loss	(2,843)	-0-	(2,843)
Other	124,261	-0-	124,261
Net assets released from time restrictions	<u>10,700</u>	<u>(10,700)</u>	<u>-0-</u>
Total revenues from local sources	<u>532,794</u>	<u>(10,700)</u>	<u>522,094</u>
State Sources:			
Minimum Foundation Program	11,298,958	-0-	11,298,958
Grants	<u>18,753</u>	<u>-0-</u>	<u>18,753</u>
Total revenues from state sources	<u>11,317,711</u>	<u>-0-</u>	<u>11,317,711</u>
Federal Sources - Grants:	<u>4,418,067</u>	<u>-0-</u>	<u>4,418,067</u>
Total revenues	<u>16,268,572</u>	<u>(10,700)</u>	<u>16,257,872</u>

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

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**EXPENSES**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Program Services:			
Regular instruction	\$ 6,025,904	\$ -0-	\$ 6,025,904
Special instruction	1,070,128	-0-	1,070,128
Other instruction	<u>726,241</u>	<u>-0-</u>	<u>726,241</u>
Subtotal	<u>7,822,273</u>	<u>-0-</u>	<u>7,822,273</u>
Supporting Services:			
Pupil support	487,568	-0-	487,568
Instructional staff	400,061	-0-	400,061
General administration	149,040	-0-	149,040
School administration	822,547	-0-	822,547
Business services	922,883	-0-	922,883
Plant services	1,125,368	-0-	1,125,368
Transportation	515,331	-0-	515,331
Central services	760,903	-0-	760,903
Food services	<u>690,363</u>	<u>-0-</u>	<u>690,363</u>
Subtotal	<u>5,874,064</u>	<u>-0-</u>	<u>5,874,064</u>
Depreciation	762,069	-0-	762,069
Interest	<u>1,245,200</u>	<u>-0-</u>	<u>1,245,200</u>
Total expenses	<u>15,703,606</u>	<u>-0-</u>	<u>15,703,606</u>
Change in net assets	564,966	(10,700)	554,266
Net assets, beginning of year	<u>10,668,038</u>	<u>363,800</u>	<u>11,031,838</u>
Net assets, end of year	<u>\$11,233,004</u>	<u>\$ 353,100</u>	<u>\$11,586,104</u>

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

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
	Instruction	Management and General	Total
Salaries and wages	\$ 6,355,631	\$ 3,046,838	\$ 9,402,469
Payroll taxes	506,207	246,668	752,875
Employee benefits	488,891	269,686	758,577
Total salaries and related expenses	<u>7,350,729</u>	<u>3,563,192</u>	<u>10,913,921</u>
Professional services	173,666	335,012	508,678
Materials and supplies	151,439	313,277	464,716
Repairs and maintenance	-0-	74,176	74,176
Utilities	-0-	171,826	171,826
Insurance	-0-	77,716	77,716
Transportation	15,515	492,693	508,208
Food service	-0-	242,865	242,865
Postage, phone and cable	32,429	432,634	465,063
Meals and travel	5,385	12,881	18,266
Dues, fees and licenses	15,873	71,859	87,732
Other expenses	77,237	84,246	161,483
Depreciation	-0-	762,069	762,069
Interest	-0-	1,246,887	1,246,887
Total expenses	<u>\$ 7,822,273</u>	<u>\$ 7,881,333</u>	<u>\$ 15,703,606</u>

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

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 554,266
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	762,069
Amortization expense	30,177
Unrealized loss in investments	56,727
Increase in grants receivable	(542,138)
Increase in due from employees	(48,389)
Increase in prepaid expenses	(92,894)
Decrease in unconditional promise to give	10,700
Decrease in accounts payable and accrued liabilities	(37,788)
Decrease in interest payable	<u>(3,375)</u>
Net cash provided by operating activities	<u>689,355</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment	(152,980)
Purchases of investments	(8,427,448)
Sales of investments	<u>1,396,163</u>
Net cash used in investing activities	<u>(7,184,265)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Principal payments on bonds payable	<u>(360,000)</u>
Net cash used in financing activities	<u>(360,000)</u>

Decrease in cash, cash equivalents, and restricted cash (6,854,910)

Cash, cash equivalents and restricted cash, beginning of year 12,792,394

Cash, cash equivalents and restricted cash, end of year \$ 5,937,484

Supplemental Disclosure for Cash Flows Purposes:

Interest paid \$ 1,248,574

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

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies:

Organization

**Belle Chasse Academy, Inc. (the Academy)** was originally granted a five (5) year charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2001 to operate a Type 2 public charter school. BESE granted a ten (10) year renewal of the charter effective June 30, 2017 through June 30, 2027. **The Academy** seeks to provide a quality education and cater to the special needs of military-dependent students, as well as provide convenient access for parents that have long and unusual work hours. **The Academy** seeks to reduce service-connected disruptions and stress on military-dependent students who frequently transfer schools. **The Academy** also provides continuing student counseling on the unique challenges associated with being a military-dependent child.

**The Academy** accepts students from military families that are located in the New Orleans region, residing both on and off base. While military dependents (to include U. S. Coast Guard dependents) will have priority, according to the approved charter, **the Academy** is a charter public school and has an enrollment policy that may allow non-military dependent students entrance if space is available.

During the 2017-2018 school year, **the Academy** served kindergarten through eighth grades, with an enrollment of 966 students.

The educational mission of **the Academy** is to establish a quality community-oriented charter school, which fosters an educational environment for the military-dependent child and provides:

- o Substantial and direct community and parental participation in school administration;
- o A pooling of resources among community members, parents, and educators;

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

Organization, Continued

- o A comprehensive system to hold teachers, parents, and school administrators accountable for the student educational process;
- o A reliable, flexible, results-oriented, and adaptable system to effectively measure student achievement; and
- o Increased options for parents and students when choosing a school within Plaquemines Parish and contiguous parishes.

Consolidation

The accompanying consolidated financial statements include the accounts of **Belle Chasse Academy, Inc. (the Academy)** and its affiliate, **Belle Chasse Educational Foundation (the Foundation)**, a special-purpose-entity lessor. **The Foundation** meets the criteria for consolidation with **the Academy** as outlined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810-25-8, *Not-for-Profit Entities, Consolidation*. All significant inter-organizational balances and transactions were eliminated in consolidation.

**The Foundation** is a nonprofit organization formed in 2001, which leases school facilities and equipment to **the Academy**. **The Academy** has no ownership interest in **the Foundation**. **The Academy** is the guarantor of **the Foundation's** bonds payable, which amounted to \$18,539,207 at June 30, 2018 (see also NOTE 5).

Total assets of **the Foundation** included in the consolidated financial statements amounted to \$2,875,815. Results of **the Foundation's** operations included in the consolidated financial statements after elimination of inter-organizational transactions consisted primarily of rent expense totaling \$10,700 and amortization of bond issuance costs totaling \$12,918.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

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Financial Statement Presentation

In accordance with the provisions of FASB ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, which establishes standards for external financial reporting by not-for-profit organizations, **Belle Chase Academy, Inc. and Affiliate (BCA)** classifies resources for accounting and reporting purposes into three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

A description of the three net asset categories is as follows:

- o Unrestricted net assets include support, revenues, and expenses for the general operations of **BCA**.
- o Temporarily restricted net assets include contributions for which donor-imposed restrictions have not been met.
- o Permanently restricted net assets are contributions which are required by donor-imposed restriction to be held in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At June 30, 2018, there were no permanently restricted net assets.

Basis of Accounting

The consolidated financial statements of **BCA** are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

Basis of Accounting, Continued

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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

BCA classifies as cash and cash equivalents all highly liquid debt instruments purchased with original maturities of three (3) months or less. Restricted cash and cash equivalents are maintained in separate accounts and are limited in use to: 1) payment of costs in constructing, furnishing, improving and equipping improvements to **the Foundation's** existing facilities; 2) maintaining reserve funds as required by the Lease Financing Agreement; and 3) accumulating lease payments made by **the Academy** and disbursing semi-annual bond payments. Restricted cash and cash equivalents are unavailable for use for other purposes.

Property and Equipment

Property and equipment with a cost of \$5,000 or more are recorded as assets (capitalized) and are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Routine repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over estimated useful lives ranging from five (5) to forty (40) years.

Revenue Recognition

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

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued

In accordance with FASB ASC 958-605-25, *Not-for-Profit Entities, Revenue Recognition*, contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Contributed Services

BCA receives contributed services from a number of unpaid volunteers assisting BCA with its programs, activities, and operations. An estimated value of these services cannot be reasonably determined as a result of the variety of services provided by and the varying qualifications of the volunteers. Because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied, contributed services are not recorded in the consolidated financial statements.

Compensated Absences

BCA's employees are entitled to paid vacation, sick and personal days off; however, none may be carried forward to subsequent years. Since BCA's employment contracts are renewed annually, employees are not allowed to carry over such time and are paid for unused leave at the end of the school year.

Special Legislative Funding - Minimum Foundation Program Formula (MFP)

BCA, as a Type 2 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at the school. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the results of any audits performed.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,  
Continued:

Income Taxes

**The Academy and the Foundation** are exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying consolidated financial statements.

**The Academy and the Foundation** files as tax-exempt organizations. Should that status be challenged in the future, tax years ended June 30, 2014 and later remain open for examination by the taxing authorities.

Functional Allocation of Expenses

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

NOTE 2 - Investments:

At June 30, 2018, **BCA's** investments consist of U.S. Treasury securities with fair value of \$6,974,558 and cost basis of \$7,026,636. Investments are presented on the financial statements at fair value. Carrying value is estimated to approximate fair value.

Fair values of investments are determined by quoted market prices and other relevant information generated by market transactions.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Investments, Continued:

Fair value of assets measured on a recurring basis at June 30, 2018 are as follows:

	<u>Fair Value</u>	<u>FAIR VALUE MEASUREMENTS AT REPORTING DATE USING</u> Quoted Prices in Active Markets for Identical Assets (Level 1)
U.S. Treasury bills	\$ <u>6,974,558</u>	\$ <u>6,974,558</u>

The following summarizes **BCA's** investment return for the year ended June 30, 2018:

Dividend and interest income	\$ 88,048
Unrealized loss	<u>(90,891)</u>
Total investment income (loss)	\$ <u>(2,843)</u>

NOTE 3 - 50-Year Land Lease:

In October 2001, **the Foundation** entered into a sublease agreement with Louisiana Navy Family Housing L.L.C. to lease the land on which **the Academy** is located for a rental payment of one dollar (\$1) for the entire lease term of October 1, 2001 to October 1, 2051. In the June 30, 2002 fiscal year, a temporarily restricted contribution and receivable (unconditional promise to give) was recognized for \$535,000, which was the fair value amount of the free use of the land at the beginning of the lease term. Over the period of the lease, the unconditional promise to give is reduced by the annual amortized rent expense of \$10,700.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - 50-Year Land Lease, Continued:

The amount of unconditional promise to give receivable at June 30, 2018 is as follows:

Receivable in less than one year	\$ 10,700
Receivable in one to five years	42,800
Receivable in more than five years	<u>299,600</u>
Total unconditional promise to give	<u>\$353,100</u>

NOTE 4 - Property and Equipment:

The following is a summary of property and equipment at June 30, 2018:

Land improvements	\$ 583,063
Building and improvements	23,312,246
Furniture and fixtures	520,377
Machinery and equipment	1,618,933
Software	<u>234,500</u>
	26,269,119
Less: accumulated depreciation and amortization	<u>(10,005,647)</u>
Property and equipment, net	<u>\$ 16,263,472</u>

Depreciation expense for the year ended June 30, 2018 totaled \$762,069.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 5 - Bonds Payable:

On June 1, 2011, **the Foundation** issued \$20,725,000 of Series 2011 Revenue Bonds through the Louisiana Public Facilities Authority, the proceeds of which were made available for the purposes of: (a) financing the construction, furnishing, improving and equipping of improvements to the **Foundation's** existing facilities; (b) refinancing the **Foundation's** outstanding loan with a bank (incurred to finance the original construction of the existing facilities); (c) funding a reserve fund; and (d) paying costs of issuance of the bonds. The Series 2011 Revenue Bonds consist of Serial and Variable Rate Bonds, which have a final maturity of May 1, 2041 and bear interest at rates that range from 5.625% to 6.75%. **The Academy** is the guarantor of the bonds.

According to Article III, Section 703 of the Financing Agreement Among Louisiana Public Facilities Authority and **the Foundation** and **the Academy**, dated as of June 1, 2011, **the Academy** is required to maintain on a quarterly basis a Debt Service Coverage Ratio of 1.20 to 1.00. **The Academy's** Debt Service Coverage Ratio was 1.59 based on the audited June 30, 2018 financial statements.

The bonds are secured by a mortgage lien, collateral assignment and continuing security interest in all movable and immovable property covered by the lease agreement between **the Foundation** and **the Academy**.

Minimum maturities on bonds payable for the next five fiscal years, the aggregate due in more than five fiscal years, and the amount of the unamortized discount are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2019	\$ 380,000
2020	400,000
2021	420,000
2022	445,000
2023	475,000
Thereafter	<u>16,500,000</u>
	18,620,000
Less: unamortized discount	<u>(80,793)</u>
Bonds payable, net	<u>\$18,539,207</u>

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - Defined Contribution Plan:**

**BCA** sponsors a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. During the year ended June 30, 2018, **BCA** made matching contributions to the plan of 2% of employee compensation. Employer contributions during the year ended June 30, 2018 were \$97,807.

**NOTE 7 - Risk Management:**

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

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

**NOTE 8 - Concentrations of Risk:**

**BCA** receives a substantial amount of its revenue from federal and state governments. Revenues earned from federal and state governments totaled \$15,735,778, or 97%, of total revenue for the year ended June 30, 2018.

**BCA** maintains nine (9) interest bearing and non-interest bearing deposit accounts at two (2) financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides up to \$250,000 deposit insurance coverage per depositor, per insured financial institution. At June 30, 2018, **BCA** had uninsured deposits totaling \$5,505,244.

**NOTE 9 - Board of Directors' Compensation:**

The Board of Directors is a voluntary board, therefore, no compensation was paid to any board member during the year ended June 30, 2018.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 10 - Commitments:**

**BCA** leases computers and office equipment under non-cancellable operating leases. Future minimum lease payments under the non-cancellable operating leases are as follows:

For the Year Ending <u>June 30,</u>	
2019	\$ 212,580
2020	212,580
2021	<u>199,575</u>
	<u>\$624,735</u>

Lease expense totaled \$301,680 for the year ended June 30, 2018.

**NOTE 11 - Contingencies:**

**BCA** is a recipient of grants from federal and state sources. The grants are governed by various federal and state guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants are under the control and administration of **BCA** and are subject to audit and/or review by federal and state agencies. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of applicable federal and state agencies may be subject to recapture.

**NOTE 12 - Subsequent Events:**

**BCA** is required to evaluate events or transactions that may occur after the consolidated statement of financial position date for potential recognition or disclosure in the consolidated financial statements. **BCA** performed such an evaluation through December 13, 2018, the date which the consolidated financial statements were available to be issued.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 13 - Recently Issued Accounting Pronouncements:

In February 2016, the FASB issued ASU 2016-02, *Conforming Amendments Related to Leases (Topic 842)*. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of financial position and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2019 with early adoption permitted. **BCA** is evaluating the impact that implementation of this Update will have on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which significantly changes the presentation requirements for financial statements of not-for-profit entities. The amendments are intended to improve the guidance on net asset classification as well as the information presented in the financial statements and notes regarding liquidity, financial performance and cash flows for not-for-profit entities. Specifically, the ASU: 1) reduces complexity and improves understandability of net asset classifications, 2) improves transparency and utility of information regarding an entity's liquidity, 3) improves consistency in the type of information provided about expenses, and 4) improves consistency in the reporting of operating cash flows in the statement of cash flows. The ASU is effective for annual periods beginning after December 15, 2017. Early application of the amendments in this Update is permitted and should be applied on a retrospective basis in the year that the Update is first applied. **BCA** is evaluating the impact that implementation of this Update will have on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this Update are effective for nonpublic entities for annual periods beginning after December 15, 2018, with early adoption permitted. **BCA** does not expect the new guidance to have a material impact on the consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
<b><u>U.S. Department of Education</u></b>		
<b><u>Direct Awards</u></b>		
Impact Aid	84.041	\$ <u>3,258,185</u>
Total Direct Awards		<u>3,258,185</u>
<b><u>Awards from a Pass-Through Entity</u></b>		
<b><u>Passed-through: LA State Department of Education</u></b>		
Title I, Part A - Improving the Academic Achievement of the Disadvantaged	84.010	107,507
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	24,225
Title IVA-SSAE	84.424A	10,000
Special Education Cluster:		
Individuals with Disabilities Education Act (IDEA), Part B	84.027	158,451
Individuals with Disabilities Education Act (IDEA), Part B, Pre-K	84.173A	966
Enhancing Education Through Technology	84.318	8,446
21 <sup>st</sup> Century Community Learning Center	84.287C	331,303
High Cost Services	84.027A	12,528
SRCL-Striving Readers Comprehensive Literacy	84.371C	<u>92,772</u>
Total Passed-through Awards		<u>746,198</u>
Total U.S. Department of Education		<u>4,004,383</u>

See Independent Auditors' Report on Supplementary Information.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
<b><u>U.S. Department of Agriculture</u></b>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-through: LA State Department of Education</u>		
Child Nutrition Cluster:		
National School Lunch Program	10.555	\$ 228,587
Child and Adult Care Food Program (CACFP)	10.558	<u>4,716</u>
Total Passed-through Awards		<u>233,303</u>
Total U.S. Department of Agriculture		<u>233,303</u>
<b><u>U.S. Department of Defense</u></b>		
<i><u>Direct Awards</u></i>		
Department of Defense Impact Aid	12.558	12,471
Competitive Grant: Promoting K-12 Achievement at Military Connected Schools	12.556	<u>167,910</u>
Total Direct Awards		<u>180,381</u>
Total U.S. Department of Defense		<u>180,381</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b><u>\$4,418,067</u></b>

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **the Academy** under programs of the federal government for the year ended June 30, 2018 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

NOTE 2: **The Academy** has not elected to use the 10% de minus indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE II**

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO SCHOOL LEADER  
FOR THE YEAR ENDED JUNE 30, 2018**

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School Leader Name: Ms. Jane M. Dye

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 174,426
Benefits - insurance	-0-
Benefits - retirement	3,034
Benefits - office parking	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-
	<hr/>
	<u>\$ 177,460</u>

See the Independent Auditors' Report on Supplementary Information.



Member  
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Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

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

To the Board of Directors of  
**Belle Chasse Academy, Inc. and Affiliate**  
Belle Chasse, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of **Belle Chasse Academy, Inc. and Affiliate (BCA)** (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered **BCA'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of **BCA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **BCA's** internal control.

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

**Internal Control Over Financial Reporting, Continued**

*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 consolidated 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 **BCA's** consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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*.

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

**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 **BCA's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **BCA's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

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

December 13, 2018

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

To the Board of Directors of  
**Belle Chasse Academy, Inc. and Affiliate**  
Belle Chasse, Louisiana

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

We have audited the compliance of **Belle Chasse Academy, Inc. and Affiliate (BCA)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **BCA's** major federal programs for the year ended June 30, 2018. **BCA's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

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

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(CONTINUED)

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

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

---

(CONTINUED)

**Report on Internal Control Over Compliance**

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

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

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

---

(CONTINUED)

**Report on Internal Control Over Compliance, Continued**

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

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

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

December 13, 2018

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

---

**Section I – SUMMARY AUDITORS' RESULTS**

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **None Reported.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **No.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **None Reported.**
- G. Type of report issued on compliance for major programs: **Unmodified.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **No.**
- I. Was a management letter issued? **No.**

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

**Section I - SUMMARY OF AUDITORS' RESULTS, CONTINUED**

J. Identification of Major Programs:

**United States Department of Education**

Impact Aid (CFDA No. 84.041)

21<sup>st</sup> Century Community Learning Center (CFDA No. 84.287C)

K. Dollar threshold used to distinguish between Type A and Type B programs:

**\$750,000**

L. Auditee qualified as a "low-risk" auditee: **No.**

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

**Section II - FINDINGS RELATING TO THE FINANCIAL  
STATEMENTS REPORTED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

No matters reported.

**Section III - FINDINGS AND QUESTIONED COSTS  
RELATED TO FEDERAL AWARDS**

No matters reported.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

**Section I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

No matters reported.

**Section II - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

No matters reported.

**Section III - MANAGEMENT LETTER**

No matters reported.

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE**

**EXIT CONFERENCE**

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The audit report was discussed during the course of the audit and at an exit conference held with management and a member of the Board of Directors of **Belle Chasse Academy, Inc.** The individuals who participated in those discussions were as follows:

**BELLE CHASSE ACADEMY, INC.**

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Mrs. Jane M. Dye	--	School Leader
Mr. Michael Rocks	--	Director of Operations
Mrs. Sheila J. Glass, CPA	--	Business Manager
Mr. Steve Summers	--	Board Chair
Mr. David Eustis	--	Board Treasurer

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

---

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Mrs. Sherina R. Clavier, CPA	--	Manager
Mr. Clyde M. Hunter, CPA	--	Senior Accountant

**BELLE CHASSE ACADEMY, INC.**

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

**FOR THE YEAR ENDED JUNE 30, 2018**

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

---

To the Board of Directors of  
**Belle Chasse Academy, Inc.**,  
the Louisiana Department of Education,  
and the Louisiana Legislative Auditor

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by management of **Belle Chasse Academy, Inc. (the Academy)**, the Louisiana Department of Education and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of **the Academy** for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514 I. Management of **the Academy** is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 3 and 4 either for the purpose for which this report has been requested or for any other purpose.

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

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

---

**(CONTINUED)**

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of **the Academy**, as required by Louisiana Revised Statute 24:514 I, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



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

December 13, 2018

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

---

**(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue,
  - Total Local Earnings on Investment in Real Property,
  - Total State Revenue in Lieu of Taxes,
  - Nonpublic Textbook Revenue, and
  - Nonpublic Transportation Revenue.

*No differences noted.*

***Class Size Characteristics (SCHEDULE 2, formerly SCHEDULE 6)***

2. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2017 roll books for those classes and observed that the class was properly classified on the schedule.

*One (1) class was misclassified on the schedule in the 21-26 range that should have been classified in the 1-20 range.*

**Management's Response**

Data will be reviewed to ensure that reporting reflect students who withdraw correctly.

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

---

**(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

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

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

*We noted three (3) teachers whose years experience on the October 1<sup>st</sup> PEP data was different from the information in the personnel file.*

**Management's Response**

Corrections were noted and additional auditing practices will be in place moving forward to verify the years of service match the contract/resume/PEP.

**Public School Staff Data: Average Salaries (No Schedule)**

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

*We noted four (4) teachers whose salary on the June 30<sup>th</sup> PEP data was different from the information in the personnel file.*

**Management's Response**

Corrections were noted and additional auditing practices will be in place moving forward to verify salary balances prior to reporting.

**BELLE CHASSE ACADEMY, INC.**  
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -  
PERFORMANCE AND STATISTICAL DATA)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**SCHEDULE 2 - Class Size Characteristics (formerly SCHEDULE 6)**

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

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

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	3,575,197	
Other Instructional Staff Activities		2,376,618	
Instructional Staff Employee Benefits		995,098	
Purchased Professional and Technical Services		27,372	
Instructional Materials and Supplies		145,689	
Instructional Equipment		5,750	
Total Teacher and Student Interaction Activities	\$		7,125,724

Other Instructional Activities 696,549

Pupil Support Activities 487,568  
 Less: Equipment for Pupil Support Activities -  
 Net Pupil Support Activities 487,568

Instructional Staff Services 400,061  
 Less: Equipment for Instructional Staff Services -  
 Net Instructional Staff Services 400,061

School Administration 822,547  
 Less: Equipment for School Administration -  
 Net School Administration 822,547

Total General Fund Instructional Expenditures \$ 9,532,449

Total General Fund Equipment Expenditures \$ -

**Certain Local Revenue Sources**

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

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

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

**Class Size Characteristics**  
**As of October 1, 2017**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	15%	4	48%	13	37%	10	0%	0
Elementary Activity Classes	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High	8%	1	50%	6	42%	5	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	0%	0	0%	0	0%	0	0%	0
High Activity Classes	0%	0	0%	0	0%	0	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

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

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

**BELLE CHASSE ACADEMY, INC.**

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

**FOR THE YEAR ENDED JUNE 30, 2018**



**Member**

American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

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

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To the Board of Directors of **Belle Chasse Academy Inc.**  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by **Belle Chasse Academy Inc. (the Academy)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. **The Academy's** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed 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 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.

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

**PROCEDURES AND FINDINGS**

The procedures and findings related to the Statewide Agreed-Upon Procedures are as follows:

**Written Policies and Procedures**

1. We obtained **the Academy's** written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and **the Academy's** operations):

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

*No exceptions were noted.*

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions were noted.*

c) Disbursements, including processing, reviewing, and approving.

*No exceptions were noted.*

d) Receipts, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cut-off procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exceptions were noted.*

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

*No exceptions were noted.*

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

- 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.

*The Academy's contracting policy does not address standard terms and conditions.*

**Management's Response**

**BCA will develop standard terms and procedures for contracts for specific goods/services to be performed and costs; timing of service delivery; period covered by the contract; clearly defined performance standards and measurable outcomes; how vendor performance will be evaluated/monitored; if and how the contract may be amended or terminated; and consequences for failure to meet contract requirements.**

- g) Credit Cards, 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.

*No exceptions were noted.*

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

*No exceptions were noted.*

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 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.

*No exceptions were noted.*

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

*Debt requirements are not applicable to nonprofits.*

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

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

2. We obtained and inspected 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) Observed that the Board/Finance Committee met with a quorum at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, bylaws or other equivalent document.

*No exceptions were noted.*

- b) For those entities reporting on the governmental accounting model, observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

*No exceptions were noted.*

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

*This procedure is not applicable.*

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

**Bank Reconciliations**

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify **the Academy's** main operating account. We selected all four (4) of **the Academy's** bank accounts and randomly selected one (1) month from the fiscal period. We obtained and inspected the corresponding bank statement and reconciliation for each account, and observed that:

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

*No exceptions were noted.*

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

*No exceptions were noted.*

- 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.

*We noted the bank reconciliations for the Operating and Student Activity Fund accounts had seven (7) and two (2) reconciling items, respectively older than twelve (12) months; however, there was no documentation reflecting management researched these items.*

**Management's Response**

**The Academy will develop policy and procedure for documenting phone calls, letters, emails, and meetings regarding attempts to reach payees, and recording dates of escheating to the state.**

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

**Cash Collections**

4. We obtained 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.

*No exceptions were noted.*

5. For the Academy's only deposit site, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one (1) location for the deposit site, obtained and inspected the written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at each collection location such that:

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

7. We randomly selected two (2) deposit dates for each of the four (4) bank accounts selected for procedure #3 under "Bank Reconciliations" above. We then obtained supporting documentation for each of the eight (8) deposits and:

a) Observed that receipts are sequentially pre-numbered.

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

d) Observed that the deposit was made within one (1) business day of receipt at the collection location (within one week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100).

*We noted four (4) of eight (8) deposits were made more than one (1) business day after receipt.*

**Management's Response**

**The Academy will ensure all staff involved in the collection of payments are aware that from initial collection of funds to ultimate deposit into the bank must be accomplished within 3 to 5 business days.**

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

*No exceptions were noted.*

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

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

*No exceptions were noted.*

9. For the one (1) location identified under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*We noted that the employee responsible processing payments is also responsible for adding/modifying vendor files and no other employee is responsible for periodically reviewing changes to vendor files.*

**Management's Response**

**A team of BCA staff are involved in processing payments, including, but not limited to, the CEO, the Director of Operations and the Business Manager. A team of leadership staff are also involved in the selection of vendors. Currently, the staff member who physically enters vendors into our accounting system does not have any authority to select the vendors to be added to the system. However, he will no longer be authorized to make physical entry of vendors. This responsibility will now be assigned to the Finance Assistant. The Finance Assistant will also periodically review changes to vendor files.**

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

- 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.

*We noted that the officials responsible for signing checks returns the signed checks to the employee responsible for processing payments to be mailed.*

**Management's Response**

**The Finance Assistant will now receive payments for mailing.**

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

- a) Observed that the disbursement matched the related original invoice/billing statement.

*No exceptions were noted.*

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*We noted no evidence of segregation of duties related to the processing and approval of payments to vendors for the five (5) disbursements selected.*

**Management's Response**

**The new duties of the Finance Assistant are to enter new vendors and mail payments, and this will provide appropriate segregation.**

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

**Credit Cards**

11. We obtained from management a listing of all active credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, and we obtained management's representation that the listing is complete.

*No exceptions were noted.*

12. Using the listing prepared by management, we randomly selected five (5) of the six (6) cards that were used during the fiscal period and obtained the monthly statements or combined statement for each card. We randomly selected the monthly statement or combined statement for each card, obtained supporting documentation and:

- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

*We noted there was no written indication that statements were reviewed and approved.*

**Management's Response**

**Credit card statements have supporting documentation/requisitions attached prior to payment. However, in the future the statement itself will be stamped "approved for payment."**

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

*We noted there were finance charges assessed on one (1) of the three (3) combined monthly statements reviewed. However, the finance charges were reversed the next month.*

**Management's Response**

**In the future the Finance Department and the Operations Director will increase vigilance to ensure credit card finance charges will not be incurred.**

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

13. Using the monthly statements or combined statements selected under #12 above, we randomly selected ten (10) transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by:

- a) An original itemized receipt that identifies precisely what was purchased.

*We noted one (1) of the 27 charges reviewed were not supported by an itemized receipt.*

**Management's Response**

**A receipt was attached; however, it was not itemized. In the future the Finance Department and the Operations Director will increase vigilance to ensure an itemized credit card receipt is attached.**

- b) Written documentation of the business/public purpose.

*We noted two (2) of the 27 charges reviewed did not have documentation of the business purpose; however, the charges appear to be for an allowable business purpose.*

**Management's Response**

**Both charges had a Requisition Form attached, signed by the requestor, initialed by the Director of Operations, and approved by the CEO. One form requested gasoline, however, it was not noted that it was for the BCA grounds keeping equipment. The second form requested fluorescent lamp "ballasts." It was not for "lamps." It seems clear that this a business purchase. However, in the future forms will note, "for school."**

- c) Documentation of the individuals participating in meals (for meal charges only).

*No exceptions were noted.*

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

**Travel and Expense Reimbursement**

14. We obtained from management a listing of all travel and travel related reimbursements during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:

- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*The Academy's policy is to use the State mileage rate for reimbursements. We noted all five (5) reimbursements used a mileage rate of \$0.56 per mile, which exceeds the State rate of \$0.535 per mile.*

**Management's Response**

**The Academy will adjust mileage reimbursement to \$0.535 per mile.**

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

**Contracts**

15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected five (5) contracts from the listing, and:

- a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

*None of the contracts reviewed were subject to Louisiana Public Bid Law, therefore this procedure is not applicable.*

- b) We observed that the contract was approved by the governing body/board, if required by policy or law.

*None of the contracts reviewed were required by policy or law to be approved by the governing board, therefore this procedure is not applicable.*

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

*None of the contracts reviewed were amended, therefore this procedure is not applicable.*

- d) We randomly selected one (1) payment from the fiscal period for each of the five (5) contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were noted.*

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

**Payroll and Personnel**

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

*No exceptions were noted in the Payroll and Personnel procedures for the year ending June 30, 2017, therefore this procedure is not applicable.*

17. We randomly selected one (1) pay period during the fiscal period. For the five (5) employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:

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

*No exceptions were noted in the Payroll and Personnel procedures for the year ending June 30, 2017, therefore this procedure is not applicable.*

b) We observed that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions were noted in the Payroll and Personnel procedures for the year ending June 30, 2017, therefore this procedure is not applicable.*

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

*No exceptions were noted in the Payroll and Personnel procedures for the year ending June 30, 2017, therefore this procedure is not applicable.*

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

18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two (2) employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulative leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*No exceptions were noted in the Payroll and Personnel procedures for the year ending June 30, 2017, therefore this procedure is not applicable.*

19. We obtained 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.

*No exceptions were noted in the Payroll and Personnel procedures for the year ending June 30, 2017, therefore this procedure is not applicable.*

**Ethics**

20. Using five (5) randomly selected employees, we obtained ethics documentation from management and:

- a) Observed that the documentation demonstrates each employee/official completed one (1) hour of ethics training during the fiscal period.

*We noted one (1) employee had not completed the ethics training during the fiscal period.*

**Management's Response**

**The Academy will implement a second level of review by the Director of Operations to ensure all ethics training is timely completed.**

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

*No exceptions were noted.*

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

**Debt Service**

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

*This procedure is not applicable to nonprofits.*

22. We obtained a list of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one (1) bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

*This procedure is not applicable to nonprofits.*

**Other**

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that **the Academy** reported the misappropriations to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

*No misappropriations of public funds or assets were reported during the period.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

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We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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 control and compliance 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 Legislative Auditor as a public document.



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

December 13, 2018