

**TANGIPAHOA CHARTER SCHOOL  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2017 and 2016**



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**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2017**

**REPORT**

Independent Auditors' Report	1
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**FINANCIAL STATEMENTS**

Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

**SUPPLEMENTARY INFORMATION**

REPORTS AND SCHEDULES REQUIRED BY *GOVERNMENT AUDITING STANDARDS*  
*AND LOUISIANA REVISED STATUTE 24:513A(3)*

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 <i>Government Auditing Standards</i>	17
Schedule of Findings and Responses	19
Summary Schedule of Prior Year Findings	23
Schedule of Compensation, Benefits and Other Payments Made to Agency Head	24

REPORT AND SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE AND STATISTICAL DATA)

Independent Accountants' Report on Applying Agreed-Upon Procedures	25
Schedule 1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	29
Schedule 2: Education Levels of Public School Staff	31
Schedule 3: Number and Type of Public Schools	32



**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2017**

Schedule 4: Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers	33
Schedule 5: Public School Staff Data: Average Salaries	34
Schedule 6: Class Size Characteristics	35
Schedule 7: Louisiana Educational Assessment Program (LEAP)	36
Schedule 8: Graduation Exit Examination (GEE)	37
Schedule 9: Integrated Louisiana Educational Assessment Program (iLEAP)	38



**Report**



**Carr, Riggs & Ingram, LLC**  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Tangipahoa Charter School Association, Inc.  
Hammond, Louisiana

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

We have audited the accompanying financial statements of Tangipahoa Charter School Association, Inc. (the School) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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 School'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 School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head required under Louisiana Revised Statute 24:513A(3) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Cary Riggs & Ingram, L.L.C.*

December 20, 2017



# Financial Statements

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

<i>As of June 30,</i>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 100,908	\$ 68,441
Receivables	16,274	6,487
Prepaid expenses	33,244	-
<b>Total Current Assets</b>	<b>150,426</b>	<b>74,928</b>
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold improvements	31,500	-
<b>OTHER ASSETS</b>		
Security deposit	-	2,500
<b>TOTAL ASSETS</b>	<b>\$ 181,926</b>	<b>\$ 77,428</b>
<b>LIABILITIES AND NET DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 172,574	\$ 339,201
Accrued payroll liabilities	51,879	66,747
Lines of credit	50,109	59,632
Other liabilities	93,416	-
Due to Tangipahoa Parish School Board	-	96,829
<b>Total Current Liabilities</b>	<b>367,978</b>	<b>562,409</b>
<b>NET DEFICIT - UNRESTRICTED</b>	<b>(186,052)</b>	<b>(484,981)</b>
<b>TOTAL LIABILITIES AND NET DEFICIT</b>	<b>\$ 181,926</b>	<b>\$ 77,428</b>

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

**TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**

*For the Year Ended June 30,*

**2017**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>			
Grants			
Federal	\$ 255,772	\$ -	\$ 255,772
State and local Minimum Foundation Program	2,054,757	-	2,054,757
Contributions	3,696	-	3,696
Miscellaneous revenue	37,627	-	37,627
<b>Total Public Support and Other Revenues</b>	<b>2,351,852</b>	<b>-</b>	<b>2,351,852</b>
<b>EXPENSES</b>			
Program expenses	1,139,045	-	1,139,045
Administrative expenses	913,878	-	913,878
<b>Total Expenses</b>	<b>2,052,923</b>	<b>-</b>	<b>2,052,923</b>
<b>CHANGE IN NET ASSETS</b>	<b>298,929</b>	<b>-</b>	<b>298,929</b>
<b>NET DEFICIT - Beginning of Year</b>	<b>(484,981)</b>	<b>-</b>	<b>(484,981)</b>
<b>NET DEFICIT - End of Year</b>	<b>\$ (186,052)</b>	<b>\$ -</b>	<b>\$ (186,052)</b>

*The accompanying notes are an integral part of this financial statement.*

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**

*For the Year Ended June 30,*

**2016**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>			
Grants			
Federal	\$ 156,834	\$ -	\$ 156,834
State and local Minimum Foundation Program	1,208,497	-	1,208,497
Other State grant	-	4,000	4,000
Contributions	26,068	-	26,068
Miscellaneous revenue	62,492	-	62,492
Net assets released from restrictions	4,000	(4,000)	-
<b>Total Public Support and Other Revenues</b>	<b>1,457,891</b>	<b>-</b>	<b>1,457,891</b>
<b>EXPENSES</b>			
Program expenses	1,222,016	-	1,222,016
Administrative expenses	683,404	-	683,404
<b>Total Expenses</b>	<b>1,905,420</b>	<b>-</b>	<b>1,905,420</b>
<b>CHANGE IN NET ASSETS</b>	<b>(447,529)</b>	<b>-</b>	<b>(447,529)</b>
<b>NET DEFICIT - Beginning of Year</b>	<b>(37,452)</b>	<b>-</b>	<b>(37,452)</b>
<b>NET DEFICIT - End of Year</b>	<b>\$ (484,981)</b>	<b>\$ -</b>	<b>\$ (484,981)</b>

*The accompanying notes are an integral part of this financial statement.*

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*For the Year Ended June 30,*

**2017**

	<b>Program Expenses</b>	<b>Administrative Expenses</b>	<b>Total</b>
Salaries and wages	\$ 700,023	\$ 204,630	\$ 904,653
Payroll taxes	49,828	14,824	64,652
Employee benefits	70,771	14,250	85,021
Food service expenses	99,357	-	99,357
Insurance	-	24,323	24,323
Interest expense	-	4,388	4,388
Maintenance and repairs	25,994	10,471	36,465
Other expenses	574	9,606	10,180
Other purchased services	226	2,221	2,447
Property expenses	4,626	404,805	409,431
Purchased services	117,010	162,010	279,020
Student transportation	55,740	-	55,740
Supplies	13,058	35,398	48,456
Textbooks and workbooks	1,838	-	1,838
Utilities	-	26,952	26,952
<b>Total Expenses</b>	<b>\$ 1,139,045</b>	<b>\$ 913,878</b>	<b>\$ 2,052,923</b>

*The accompanying notes are an integral part of this financial statement.*

**TANGIPAOHA CHARTER SCHOOL ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*For the Year Ended June 30,*

**2016**

	<b>Program Expenses</b>	<b>Administrative Expenses</b>	<b>Total</b>
Salaries and wages	\$ 645,070	\$ 160,419	\$ 805,489
Payroll taxes	52,901	13,309	66,210
Employee benefits	67,346	8,159	75,505
Food service expenses	85,552	-	85,552
Insurance	-	30,777	30,777
Interest expense	-	3,402	3,402
Maintenance and repairs	51,600	94,885	146,485
Other expenses	3,903	4,855	8,758
Other purchased services	-	879	879
Property expenses	4,416	157,389	161,805
Purchased services	189,503	175,825	365,328
Student transportation	47,310	-	47,310
Supplies	41,045	13,103	54,148
Textbooks and workbooks	33,370	-	33,370
Utilities	-	20,402	20,402
<b>Total Expenses</b>	<b>\$ 1,222,016</b>	<b>\$ 683,404</b>	<b>\$ 1,905,420</b>

*The accompanying notes are an integral part of this financial statement.*

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**

<i>For the Years Ended June 30,</i>	<b>2017</b>	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 298,929	\$ (447,529)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Receivables	(9,787)	(6,487)
Prepaid expenses	(33,244)	7,500
Security deposit	2,500	-
Accounts payable	(166,627)	321,476
Accrued payroll liabilities	(14,868)	66,747
Other liabilities	93,416	-
Due to Tangipahoa Parish School Board	(96,829)	96,829
Net Cash Provided By Operating Activities	<b>73,490</b>	38,536
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(31,500)	-
Net Cash Used In Investing Activities	<b>(31,500)</b>	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from lines of credit	-	31,632
Payments on lines of credit	(9,523)	-
Net Cash (Used In) Provided by Financing Activities	<b>(9,523)</b>	31,632
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>32,467</b>	70,168
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>68,441</b>	(1,727)
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 100,908</b>	\$ 68,441
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 4,388	\$ 3,402

*The accompanying notes are an integral part of this financial statement.*

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

Tangipahoa Charter School Association, Inc. (the School) was established on July 26, 2010. The School entered into a charter school contract dated July 1, 2015, to operate as a Type 2 charter school with an initial term of four years. The initial period will expire on June 30, 2019, unless extended for a maximum initial term of five years, contingent upon the results of a review conducted after the completion of the third year of operation. The School is governed by a board of directors.

The School has a unique academic model where teachers use an arts integration strategy that engages students in an interactive learning environment. Focused art studio classes reinforce learning concepts. During the 2015-2016 school year, studio classes were offered for grades kindergarten through fifth and included visual arts, media arts and studio dance. During the 2016-2017 school year, the school expanded to include sixth grade. However, in classrooms, teachers draw from a variety of art forms including visual, dance, music, theater, literary, and media art. The School strives to provide children with an exemplary education using a rigorous, arts integrated, and globally minded curriculum in a student-centered environment that respects individual capabilities, learning styles and cultures.

***Basis of Accounting***

The financial statements of the School have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

***Income Tax Status***

The School is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to financial statements.

***Estimates***

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

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation***

The School follows the provisions of the Not-For-Profit Entities Topic of the Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted – Net assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the School pursuant to those stipulations. There were no temporarily restricted net assets as of June 30, 2017 and 2016.
- Permanently Restricted – Net assets whose use by the School is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the School. There were no permanently restricted net assets as of June 30, 2017 and 2016.

***Cash and Cash Equivalents***

For purposes of the statements of cash flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

***Receivables***

Receivables consisted of the unpaid balance as of year-end for State and Federal awards. Grants are billed to the awarding agency based on expenses incurred on a reimbursement basis. Receivables are stated at the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts as of June 30, 2017 and 2016.

***Contributions***

In accordance with the Financial Accounting Standards Board, contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. As of June 30, 2017 and 2016, the School did not have any contributions with donor-imposed restrictions that resulted in temporarily or permanently restricted net assets.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Property and Equipment***

Additions to property and equipment are capitalized in accordance with the Louisiana Accounting and Uniform Governmental Handbook, which requires the School to capitalize equipment purchases with a cost greater than \$5,000 and a useful life greater than one year.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset as follows:

Leasehold improvements	Remaining life of lease or 5 years, whichever is greater
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There was no depreciation expense as of June 30, 2017 and 2016 as the leasehold improvements were not yet in service.

***Donated Equipment, Services, and Materials***

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2017 and 2016, there were no non-cash contributions or donated services meeting the requirements for recording in the financial statements.

***Public Support and Revenue***

The School's primary source of funding is the Minimum Foundation Program (MFP) funded by the Louisiana State Department of Education. MFP revenue accounted for 87.4% and 82.9% of the School's total support for the years ended June 30, 2017 and 2016, respectively.

Federal grants are on a cost reimbursement basis and accounted for 10.9% and 10.8% of the School's total support for the years ended June 30, 2017 and 2016, respectively.

Pursuant to a motion granted by the United States District Court, Eastern District of Louisiana, the School was to remit the 2015-2016 local MFP fund allocation to the Tangipahoa Parish School Board. In addition, the School was liable for any reasonable attorney fees incurred by plaintiffs and Tangipahoa Parish School Board in relation to the motion. As of June 30, 2016, the School owed the Tangipahoa Parish School Board \$48,714 for the local portion of MFP funds remitted to the School that should have been paid to the Tangipahoa Parish School Board and \$48,115 related to legal costs. These amounts owed are represented in the accompanying statement of financial position as due to Tangipahoa Parish School Board. As of June 30, 2017 the School did not owe any further funding to the Tangipahoa Parish School Board.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Compensated absences***

Seven sick days and three personal days are granted each year to each full-time employee. When exceeding days for sick leave, employees will be docked a percentage of annual pay. Unused sick and/or personal days do not roll over to the next year and are not paid out upon termination.

***Recent Financial Accounting Pronouncement***

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, the Organization will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal periods beginning after December 15, 2017, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Organization's financial statements. The School has not elected to early adopt this standard.

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230). 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. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this update do not provide a definition of restricted cash or restricted cash equivalents. This ASU is effective for fiscal periods beginning after December 15, 2018, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the School's financial statements. The School has not elected to early adopt this standard.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: 1) Financing leases, similar to capital leases, will require the recognition of an asset and liability, measured at the present value of the lease payments. Interest on the liability will be recognized separately from amortization of the asset and principal repayments will be classified as financing outflows and payments of interest as operating outflows on the statement of cash flows; 2) Operating leases will also require the recognition of an asset and liability measured at the present value of the lease payments. A single lease cost, consisting of interest on the obligation and amortization of the asset, calculated such that the amortization of the asset will increase as the interest amount decreases resulting in a straight-line recognition of lease expense. All cash outflows will be classified as operating on the statement of cash flows. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale leaseback transactions, the sale will only be recognized if the criteria in the new revenue recognition standard are met. If there is no sale, the buyer-lessor does not recognize the transaction as a purchase and consideration paid for the asset is treated as a financing transaction. The ASU is effective for fiscal periods beginning after December 15, 2019, but early adoption is permitted. The School has not elected to early adopt this standard.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

At June 30, 2017 and 2016, the School had bank balances totaling \$141,232 and \$69,630, respectively, on deposit in two financial institutions located in Louisiana. The banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2017 and 2016, the School did not have any uninsured cash deposits. The School has not experienced a loss and does not believe it has significant exposure to credit risk.

The primary funding sources of the School is the Minimum Foundation Program (MFP) funding, which is provided by state and local sources to all public school systems in Louisiana based on annual October 1<sup>st</sup> student counts, and various direct and pass-through grants from federal and state agencies. If the amount of MFP and grants received fall below the expected student count and contract levels, respectively, the School's operating results could be adversely affected.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – RECEIVABLES**

Receivables are deemed to be fully collectible by management and were comprised of the following as of June 30:

	2017	2016
Child nutrition	\$ 7,503	\$ 6,487
Title I	4,606	-
IDEA B	4,615	-
Total accounts receivable - governmental	\$ 16,274	\$ 6,487

**NOTE 4 – RETIREMENT PLAN**

The School sponsors a 401(k) plan. Employees that meet the eligibility requirements outlined in the summary plan description may elect to defer up to 100% of compensation on a pre-tax basis, subject to Federal limits. The School may elect to make discretionary matching contributions during any plan year. Matching contributions vest according to the number of years of service as outlined in the summary plan description. The School did not elect to make discretionary matching contributions during the years ended June 30, 2017 and 2016.

**NOTE 5 – LINES OF CREDIT**

On October 7, 2015, the School obtained a line of credit with a maximum draw amount of \$40,000. The line of credit terminates anytime at the lender's sole discretion. All indebtedness under the agreement, if not already paid pursuant to the payment provisions, will be due and payable at the end of the term. A minimum payment is due monthly and is the greater of 2% of the outstanding balance or a minimum of \$250, plus any amount past due and all other charges. The interest rate is a 3.75% margin added to the index rate with a minimum annual percentage rate of 4.75%. The interest rate as of June 30, 2017 and 2016 was 7.75% and 7.25%, respectively. Interest paid on this line of credit during the period ended June 30, 2017 and 2016 was \$2,601 and \$1,824, respectively. The outstanding balance as of June 30, 2017 and 2016, was \$30,546 and \$36,132, respectively.

On April 15, 2015, the School obtained a line of credit with a maximum draw amount of \$25,000. The initial promissory note had a maturity date of August 15, 2015, with a fixed interest rate of 7.75%. This note was reissued effective June 14, 2016, with a maturity date of December 10, 2016, and a fixed interest rate of 6.75%. This note was extended on January 27, 2017 with a maturity of July 28, 2017 with a fixed interest rate of 6.75%. Subsequent to year end this note was extended on August 21, 2017 with a maturity of August 21, 2018 with a fixed interest rate of 7.70%. Interest paid on this line of credit during the period ending June 30, 2017 and 2016 was \$1,787 and \$1,578, respectively. The outstanding balance as of June 30, 2017 and 2016 was \$19,563 and 23,500.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – MINIMUM FOUNDATION PROGRAM GRANTS**

The Minimum Foundation Program formula adopted by the State Board of Elementary and Secondary Education (SBESE) and approved by the State Legislature determines the cost of a minimum foundation program of education in all public elementary and secondary schools and helps to allocate the funds equitably to parish, city and other local school systems. Funding through the Minimum Foundation Program is essentially in the form of a block grant from the State to the local school systems. Revenues received by the State are from sales tax revenues, ad valorem taxes, and other sources which are allocated to each school based on its enrollment and other student characteristics. The School averaged 250 and 210 students enrolled for each school year, respectively and recognized revenue under this grant of \$2,054,757 and \$1,208,497 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 7 – COMMITMENTS**

The School has employment contracts with most of its employees. The contracts for the current year expired on June 30, 2017. All contracts provided for a minimum annual salary and other benefits.

**NOTE 8 – CONTINGENCIES**

***State Funding***

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the State Board of Elementary and Secondary Education (SBESE). If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

**NOTE 9 – LEASES**

The School leased office space for administrative purposes under a six month lease agreement commencing February 15, 2015. Lease payments were \$800 per month. Lease expenses related to this lease for the year ended June 30, 2016 were \$800 based on the School using the space for one month during the year. The School reoccupied the lease space on a month-to-month basis for the period July 2016 through December 2016, until it moved to a new location in December 2016.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – LEASES (CONTINUED)**

The School leased its educational premises under a six month triple net lease commencing July 1, 2015. The lease automatically renewed for a term of six months with a 3% yearly increase, plus taxes and insurance. For the year ended June 30, 2016, lease payments were \$7,500 per month, which included insurance. Lease expenses related to this lease for the year ended June 30, 2017 and 2016, \$58,623 were \$91,140.

During fiscal 2017, the School moved its office space and educational premises to a new location and entered into a new lease. The lease commenced on January 1, 2017, with a term of three years. Lease payments are due monthly in the amount of \$15,000 until June 2017 when the rent increased to \$20,000 per month through December 31, 2018. Lease payments increase to \$25,000 per month from January 1, 2019 through December 31, 2019. The School is responsible for taxes, insurance, maintenance, and utilities, in accordance with the lease agreement. Lease expenses related to this lease for the year ended June 30, 2017 were \$90,000.

The minimum lease payments are as follows for the years ending June 30,

2018	\$	270,000
2019		150,000
<hr/>		
Total	\$	420,000

**NOTE 10 – BOARD OF DIRECTORS' COMPENSATION**

The members of the Board of Directors serve in a voluntary capacity, therefore, no compensation, per diem, or travel allowances were paid to any board member during the years ended June 30, 2017 and 2016.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 20, 2017, and determined that, except as noted in Note 5, no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.



**Supplementary Information**



Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
www.CRIcpa.com

**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  
Tangipahoa Charter School Association, Inc.  
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tangipahoa Charter School Association, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 20, 2017.

**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 School'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist which were not identified. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be a deficiency in internal control. See Finding 2017-001 in the accompanying schedule of findings and responses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Findings 2017-002, 2017-003, 2017-004, and 2017-005.

## **The School's Response to Findings**

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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.

*Carr, Riggs & Ingram, L.L.C.*

December 20, 2017

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I - SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Tangipahoa Charter School Association, Inc. (a nonprofit organization).
2. One instance of noncompliance material to the financial statements of Tangipahoa Charter School Association, Inc., which would be required to be disclosed under *Government Auditing Standards*, was disclosed and identified during the audit.
3. There were four (4) instances of noncompliance with laws, rules, and regulations that were disclosed and identified during the audit but were not considered material to the financial statements.

**SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS**

**Finding 2017-001 Lack of Consistent Documentation Around Initiation and Transaction Approval**

Condition: All transactions should have consistent documentation around initiation and approval.

Criteria: All transactions should have consistent documentation around initiation and approval, including debit card transactions, disbursements, and receipts.

Cause: Tangipahoa Charter School Association, Inc. did not have written policies and procedures in place as of year-end around documentation on initiation and approval.

Effect: There was a lack of formal procedures implemented during the current year, along with designating procedures to a responsible employee.

Recommendation: Tangipahoa Charter School Association, Inc.'s management and Board should ensure that written policies and procedures are in place around documentation on initiation and approval around transactions.

Management's Response and Corrective Action Plan: The School has established formalized written policies and procedures that were approved by the Board, management and the external accountant.

**SECTION III - FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

**Finding 2017-002 Timely Retirement Contributions**

Condition: Tangipahoa Charter School Association, Inc. is required to have employee portion of retirement contributions remitted timely after each pay period.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

Criteria: The Department of Labor requires that the employer deposit deferrals to the trust as soon as reasonably possible; however, in no event can the deposit be later than the 15th business day of the month following the month in which contributions are received or withheld by the employer.

Effect: Employee contributions were retained by the employer and not remitted timely throughout the year ended June 30, 2017.

Cause: Turnover of several key management positions and lack of formalized job descriptions and policies and procedures caused the remittances to be missed throughout the year.

Recommendation: We recommend that management implement policies and procedures to ensure employee retirement contributions are remitted to the retirement plan timely.

Management's Response and Corrective Action Plan: The School hired a permanent head of school and business manager with knowledge, skills, and experience necessary to remit necessary retirement plan amounts. The School also contracted the payroll company Paychex in the current year to help with their payroll services which include remitting funds to the benefit plan.

**Finding 2017-003: Open Meetings Law**

Criteria: Tangipahoa Charter School Association, Inc. is required to make their board minutes available within a reasonable time after their meeting.

Condition: Louisiana State Statue R.S. 42:21, Louisiana Audit Law, states that all public bodies shall keep written minutes of all their open meetings and shall make their minutes available within a reasonable time after the meeting.

Effect: Minutes of open meetings were not available within a reasonable time which causes the auditee to be put on the non-compliance list and can result in withholding of state and/or federal pass-through funding of the auditee.

Cause: The current Board as of June 30, 2017 was unable to verify that minutes from board meetings from earlier in the fiscal year were made available timely.

Recommendation: We recommend that minutes are made available timely according Louisiana State Statue R.S. 42:21.

Management's Response and Corrective Action Plan: Management and the Board will ensure that minutes are made available timely according to Louisiana State Statue R.S. 42:21.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Finding 2017-004 Background Check Compliance**

Condition: The School's current internal control structure or operation does not allow management or staff to identify if background checks have been completed or reviewed for adequacy.

Criteria: In accordance with Louisiana regulations R.S. 17:15 "Criminal History Review" and R.S. 15:1587.1 "The Louisiana Child Protection Act", the School is required to request and review criminal history reports from the State Bureau of Criminal Identification and Information. Any employees who do not meet the criteria to obtain a position of authority over children may not be employed by the School.

Effect: Teachers or other employees with authority over children may not be eligible to maintain their position.

Cause: The School has not implemented controls over the performance and review of background checks for new and existing employees.

Recommendation: We recommend that management implement internal control procedures for the performance and review of background checks for all employees in a timely manner.

Management's Response and Corrective Action Plan: Management will place the recommended internal control procedures into effect in order to mitigate the chances of this issue reoccurring in the 2018 fiscal year.

**Finding 2017-005 Minimum Foundation Program (MFP) Student Parish Classification**

Condition: Funding amounts received by the School on behalf of the Minimum Foundation Program are based on the Parishes in which their student population resides.

Criteria: All student parishes should be verified for accuracy by comparing residential information entered into the student information system during registration to the student's parish classification on the School's MFP worksheet.

Cause: Tangipahoa Charter School Association, Inc. included incorrect parish information for 4 out of 250 students.

Effect: Tangipahoa Charter School Association, Inc. improperly received funds from Tangipahoa parish for these 4 students.

Recommendation: Tangipahoa Charter School Association, Inc.'s management and Board should ensure that student's parish information is accurate prior to remitting the MFP worksheet to the grant administrators.



**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

Management's Response and Corrective Action Plan: Management and the Board have established procedures that would mitigate the chances of this issue reoccurring in fiscal year 2018.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS**

**2016-001: Significant Deficiency – Accounts not reconciled timely and accurately**

Criteria: All general ledger accounts should be reconciled timely and accurately. Reconciliations should be reviewed and approved by management monthly.

Recommendation: Tangipahoa Charter School Association, Inc.'s management and its Board should ensure all general ledger accounts are reconciled timely and accurately on a monthly basis. Such reconciliations should be reviewed and approved by management.

Current Year Status: *Resolved* – All material accounts were reconciled timely and accurately.

**SECTION III - FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

**Finding 2016-002 Timely Retirement Contributions**

Criteria: The Department of Labor requires that the employer deposit deferrals to the trust as soon as reasonably possible; however, in no event can the deposit be later than the 15th business day of the month following the month in which contributions are received or withheld by the employer.

Recommendation: We recommend that management implement policies and procedures to ensure employee retirement contributions are remitted to the retirement plan timely.

Current Year Status: *Unresolved* – See finding 2017-002 in the Schedule of Findings and Responses.

**Finding 2016-003 Timely Submission of Annual Audit Report**

Criteria: Louisiana state statute 24:511 – 24:559, Louisiana Audit Law, states that quasi-public entities with more than \$500,000 in revenue must submit their audited annual financial reports to the Louisiana Legislative Auditor within six (6) months of the close of the auditee's fiscal year.

Recommendation: We recommend that management implement policies and procedures to ensure timely filing of any and all required reports.

Current Year Status: *Resolved* – The report was issued within six (6) months of the close of the School's fiscal year.

**Tangipahoa Charter School Association**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the Year Ended June 30, 2017**

**Agency Head Name:** George Williams, Head of School

<b>PURPOSE</b>	<b>Amount</b>
Salary*	\$ 39,217
Benefits-health insurance*	3,705
Benefits-retirement	-
Deferred compensation	-
Workers compensation	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica and Medicare*	3,000
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements*	189
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
<b>Total</b>	<b>\$ 46,111</b>

\*This amount only represents a partial year as the current Head of School started in November.



**Carr, Riggs & Ingram, LLC**  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
www.CRIcpa.com

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES –  
PERFORMANCE AND STATISTICAL DATA**

To the Board of Directors of  
Tangipahoa Charter School Association, Inc.  
Hammond, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Tangipahoa Charter School Association, Inc. (the School) (a nonprofit organization) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School 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). Management of the School is responsible for the performance and statistical data. This agreed-upon procedures engagement was conducted in accordance with standards established by the American Institute of Certified Public Accountants, and applicable provisions of *Government Auditing Standards* published by the United States Comptroller General. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. We selected a random sample of 25 transactions and examined supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on Schedule 1:
  - 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
- Nonpublic Transportation Revenue

Results: No findings noted.

### **Education Levels of Public School Staff (Schedule 2)**

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public School Principal, Assistant Principal, and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2016.

Results: No findings noted.

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

Results: No findings noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016, and as reported on the schedule. We traced 18 teachers, principals, and assistant principals to the individual’s personnel file and determine if the individual’s education level was properly classified on Schedule 2.

Results: No findings noted.

### **Number and Type of Public Schools (Schedule 3)**

5. We obtained a list of schools by type as reported on Schedule 3. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Results: No findings noted.

### **Experience of Public School Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)**

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016, and as reported on Schedule 4 and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

Results: No findings noted.

#### **Public School Staff Data: Average Salaries (Schedule 5)**

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on Schedule 5 and traced a sample of 19 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on Schedule 5.

Results: Nine (9) out of the nineteen (19) teachers' salaries were improperly reported on Schedule 5.

8. We recalculated the average salaries and full-time equivalents reported in Schedule 5.

Results: Nine (9) out of the nineteen (19) teachers' salaries were improperly reported on Schedule 5.

#### **Class Size Characteristics (Schedule 6)**

9. We obtained a list of classes by school, school type, and class size as reported on Schedule 6 and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2016 roll books for those classes and determined if the class was properly classified on Schedule 6.

Results: No findings noted.

#### **Louisiana Educational Assessment Program (LEAP) (Schedule 7)**

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in Schedule 7 by the School.

Results: No findings noted.

#### **Graduation Exit Examination (GEE) (Schedule 8)**

11. The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

#### **Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule 9)**

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in Schedule 9 by the School.

Results: No findings noted.

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

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

*Cam, Riggs & Ingram, L.L.C.*

December 20, 2017

**TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.**  
**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES**  
**AND CERTAIN LOCAL REVENUE SOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 1**

**General Fund Instructional Expenditures:**

Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$	598,121
Other Instructional Staff Activities		39,996
Employee Benefits		116,538
Purchased Professional and Technical Services		9,902
Instructional Materials and Supplies		29,300
Instructional Equipment		(13,747)
Total Teacher and Student Interaction Activities	\$	780,110
Other Instructional Activities		-
Pupil Support Services		71,346
Less: Equipment for Pupil Support Services		-
Net Pupil Support Services		71,346
Instructional Staff Services		5,492
Less: Equipment for Instructional Staff Services		-
Net Instructional Staff Services		5,492
School Administration		224,298
Less: Equipment for School Administration		-
Net School Administration		224,298
Total General Fund Instructional Expenditures	\$	1,081,246
Total General Fund Equipment Expenditures	\$	13,747

**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	\$	-

(Continued)

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES**  
**AND CERTAIN LOCAL REVENUE SOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 1**

**Certain Local Revenue Sources (Continued)**

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

(Concluded)

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**EDUCATION LEVELS OF PUBLIC SCHOOL STAFF**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 2**

**As of October 1, 2016**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	11	78.6%	2	66.7%	-	-	-	-
Master's Degree	3	21.4%	1	33.3%	1	100.0%	-	-
Master's Degree + 30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.**  
**NUMBER AND TYPE OF PUBLIC SCHOOLS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 3**

**As of October 1, 2016**

Type	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

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

**TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.  
EXPERIENCE OF PUBLIC PRINCIPAL, ASSISTANT PRINCIPAL,  
AND FULL-TIME CLASSROOM TEACHERS  
FOR THE YEAR ENDED JUNE 30, 2017  
SCHEDULE 4**

**As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Principals	-	1	-	-	-	-	-	1
Classroom Teachers	7	9	-	1	-	-	-	17
Total	7	10	0	1	0	-	-	18

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

**TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.**  
**PUBLIC SCHOOL STAFF DATA: AVERAGE SALARIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 5**

**For the Year Ended June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$40,112	\$40,112
Average Classroom Teachers Salary Excluding Extra Compensation	\$40,112	\$40,112
Number of Teacher Full-Time Equivalent (FTEs) used in Computation of Average Salaries	14.2	14.2

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

**TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.**  
**CLASS SIZE CHARACTERISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 6**

**As of October 1, 2016**

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	37.5%	27	25.0%	18	-	-
Elementary Activity Classes	-	-	26.4%	19	11.1%	8	-	-
Middle / Jr. High	-	-	-	-	-	-	-	-
Middle / Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

**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 independent accountants' report on applying agreed-upon procedures.*

**TANGIPAOHA CHARTER SCHOOL ASSOCIATION, INC.**  
**LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)/PARCC**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 7**

**For the Years Ended June 30:**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students						
Advanced	6%	1%	N/A	2%	1%	N/A
Mastery	27%	8%	N/A	29%	8%	N/A
Basic	33%	21%	N/A	22%	42%	N/A
Approaching Basic	20%	33%	N/A	27%	29%	N/A
Unsatisfactory	14%	37%	N/A	20%	20%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students						
Advanced	4%	4%	N/A	0%	1%	N/A
Mastery	38%	26%	N/A	8%	15%	N/A
Basic	28%	44%	N/A	34%	41%	N/A
Approaching Basic	15%	19%	N/A	35%	18%	N/A
Unsatisfactory	15%	7%	N/A	23%	25%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students						
Advanced	0%	1%	N/A	4%	1%	N/A
Mastery	11%	30%	N/A	0%	1%	N/A
Basic	55%	33%	N/A	30%	30%	N/A
Approaching Basic	30%	29%	N/A	30%	37%	N/A
Unsatisfactory	4%	7%	N/A	36%	31%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students						
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	17%	N/A	N/A	4%	N/A	N/A
Basic	45%	N/A	N/A	4%	N/A	N/A
Approaching Basic	25%	N/A	N/A	50%	N/A	N/A
Unsatisfactory	13%	N/A	N/A	42%	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A

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



**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.  
GRADUATION EXIT EXAM (GEE)  
FOR THE YEAR ENDED JUNE 30, 2017  
SCHEDULE 8**

Not applicable: GEE is no longer administered.

**TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.**  
**INTEGRATED LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (iLEAP)/PARCC**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**SCHEDULE 9**

**For the Years Ended June 30:**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students						
Advanced	0%	1%	N/A	6%	N/A	N/A
Mastery	22%	8%	N/A	20%	N/A	N/A
Basic	31%	50%	N/A	20%	N/A	N/A
Approaching Basic	33%	25%	N/A	27%	N/A	N/A
Unsatisfactory	14%	16%	N/A	27%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students						
Advanced	0%	1%	N/A	0%	N/A	N/A
Mastery	8%	19%	N/A	12%	N/A	N/A
Basic	38%	52%	N/A	15%	N/A	N/A
Approaching Basic	31%	25%	N/A	38%	N/A	N/A
Unsatisfactory	23%	3%	N/A	35%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students						
Advanced	0%	1%	N/A	0%	N/A	N/A
Mastery	0%	1%	N/A	11%	N/A	N/A
Basic	34%	55%	N/A	19%	N/A	N/A
Approaching Basic	33%	24%	N/A	22%	N/A	N/A
Unsatisfactory	33%	19%	N/A	48%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students						
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	4%	N/A	N/A	0%	N/A	N/A
Basic	46%	N/A	N/A	21%	N/A	N/A
Approaching Basic	33%	N/A	N/A	25%	N/A	N/A
Unsatisfactory	17%	N/A	N/A	54%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students						
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A

**Note:** During fiscal year 2016 the State of Louisiana did not assess elementary students in Social Studies. Fiscal year 2016 was a field testing year for Louisiana.

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

**TANGIPAHOA CHARTER SCHOOL  
ASSOCIATION, INC.**

**AGREED-UPON PROCEDURES REPORT**

**For the Year Ended June 30, 2017**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRlcpa.com](http://CRlcpa.com)



Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
www.CRIcpa.com

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

To the Board of Directors of  
Tangipahoa Charter School Association, Inc.  
Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by Tangipahoa Charter School Association, Inc. (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, 2016 through June 30, 2017. The School's management is responsible for those C/C 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 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 required procedures and our results are as follows:

### ***Written Policies and Procedures***

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1. Obtained the School's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or report that the School does not have any written policies and procedures), as applicable:

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

**Results:** The School's written policies and procedures did not appropriately address the required elements above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

- 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.

**Results:** The School's written policies and procedures did not appropriately address elements 4 and 5 as noted above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

- c) **Disbursements**, including processing, reviewing, and approving

**Results:** The School's written policies and procedures appropriately address the required elements above.

- d) **Receipts**, including receiving, recording, and preparing deposits

**Results:** The School's written policies and procedures appropriately address the required elements above.

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

**Results:** The School's written policies and procedures did not appropriately address the required elements above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

- 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

**Results:** The School's written policies and procedures did not appropriately address the required elements above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

- 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, and (5) monitoring card usage

**Results:** The School's written policies and procedures did not appropriately address the required elements above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

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

**Results:** The School's written policies and procedures did not appropriately address the required elements above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

## **Board**

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2. Obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Results:** The articles and bylaws of the School state the Board will meet at least monthly during the ten (10) month span between September and June. The Board met fifteen (15) times during the year ended 6/30/2017; however, the Board did not meet in February of 2017.

**Management's Response:** The Board intends to meet in all of the required months in the next fiscal year. As of the December 20, 2017, the Board has met in all required months for fiscal year 2018.

- b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the School's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there was a formal/written plan, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board was monitoring the plan.

**Results:** Based on a review of the Board minutes for the fifteen (15) meetings held, budget to actual financials were presented only at seven (7) of these meetings.

**Management's Response:** Budget-to-actual comparisons are presented monthly, however were not documented as such in the monthly minutes. Management will make an effort to improve the quality and detail of the board minutes to indicate the consistent documentation of this presentation for the following fiscal period.

- c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** We noted that Board minutes did reference or include non-budgetary financial information for at least one meeting during the fiscal period.

### ***Bank Reconciliations***

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- 3. Obtained a listing of client bank accounts from management and management's representation that the listing was complete.

**Results:** We obtained the list and management's representation.

- 4. Using the listing provided by management, selected all 3 of the School's bank accounts. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations had been prepared;

**Results:** We noted bank reconciliations were not prepared for one of the School's accounts during the fiscal period.

**Management's Response:** Management has recognized this finding and will put proper safeguards in place to ensure the performance of bank reconciliations in fiscal year 2018.

- b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Results:** We noted that bank reconciliations do not include evidence that a member of management or board member reviewed each bank reconciliation.

**Management's Response:** Bank reconciliations performed are provided monthly to the Head of School for review; however, these are not marked as such. Management will put the proper safeguards in place to ensure the evidence of management's review on bank reconciliations in fiscal year 2018.

- c) If applicable, management had documentation reflecting that it had researched reconciling items that had been outstanding for more than 6 months as of the end of the fiscal period.

**Results:** As bank reconciliations were not prepared for one of the School's bank accounts, we were unable to determine that all reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period were researched by management.

**Management's Response:** Management has recognized this finding and will put proper safeguards in place to ensure the performance of bank reconciliations in fiscal year 2018.

## **Collections**

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5. Obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

**Results:** We obtained the list and management's representation.

6. Using the listing provided by management, selected both of the School's cash collection locations. For each cash collection location selected:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Results:** No employee was individually bonded; however, the School maintains a general liability insurance policy for crime and theft covering all employees. It was noted that prior to December 2017, cash collections and deposits were handled by a parent on the School's Parent Advisory Committee who was not bonded or covered under their general liability insurance policy.

**Management's Response:** Subsequent to this finding taking place, key management positions were reappointed. No such exceptions were noted in the remainder of the fiscal year since these reappointments. As of January 2017, proper safeguards have been put in place regarding the parental collection of cash.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the School has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Results:** The School's written policies and procedures did not appropriately address the required elements above.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using School collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.

**Results:** Three deposits were noted to have been made 12, 13, and 9 days after the collection of their respective funds.

**Management's Response:** For one of the listed deposits, the amounts to be deposited were mailed to the School during break when staffing and activity is light due to no students being on campus. Management will put proper safeguards in place to ensure the timely deposit of funds in the 2018 fiscal period.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verified that daily cash collections were completely supported by documentation and report any exceptions.

**Results:** Amounts contained in one of the selected deposits consisted of cash collections that were not completely supported by documentation.

**Management's Response:** Subsequent to this finding taking place, key management positions were reappointed. No such exceptions were noted in the remainder of the fiscal year since these reappointments. As of January 2017, proper safeguards have been put in place regarding the parental collection of cash.

7. Obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the School has a process specifically defined (identified as such by the School) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Results:** The School's written policies and procedures appropriately address the required elements above.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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8. Obtained a listing of School disbursements from management. Obtained management's representation that the listing population was complete.

**Results:** We obtained the list and management's representation.

9. Using the disbursement population from #8 above, randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Results:** Based on the supporting documentation obtained from the School for the twenty-five (25) disbursements selected, there were no requisition/purchase orders or equivalents for eight (8) of the twenty-five (25) disbursements.

**Management's Response:** Management has recognized this finding and will put proper safeguards in place to ensure the completion of purchase orders (or equivalents) in fiscal year 2018.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Results:** Based on the supporting documentation obtained from the School for the twenty-five (25) disbursements selected, there were no approved requisition/purchase order or equivalent for nine (9) of the twenty-five (25) disbursements. Three of which were approved by the same person who initiated the purchase.

**Management's Response:** Management has recognized this finding and will ensure that proper safeguards are put in place to ensure the review and subsequent approval/denial of all purchase orders (or equivalents) in fiscal year 2018.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results:** Based on the supporting documentation obtained from the School for the twenty-five (25) disbursements selected, nine (9) of the twenty-five (25) disbursements were processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Management's Response:** Management has recognized this finding and will ensure that proper safeguards are put in place to ensure the review and subsequent approval/denial of all purchase orders (or equivalents) in fiscal year 2018.

10. Using School documentation (e.g. electronic system control documentation, policy manual, written procedure), reported whether the person responsible for processing payments is prohibited from adding vendors to the School's purchasing/disbursement system.

**Results:** Dunn Financial Solutions, LLC, external accountant, is in charge of adding vendors to the accounting system and printing checks.

**Management's Response:** Management and the Board mitigate this control issue by reserving signatory authority for George Williams, Head of School, and members of the Board of Directors. Also, Dunn Financial Solutions, LLC is only allowed to print checks directly to Nicole Williams', CFO, office.

11. Using School documentation (e.g. electronic system control documentation, policy manual, written procedure), reported whether the persons with signatory authority or who make the

final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results:** The School's written policies and procedures appropriately address the required elements above.

12. Inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, reviewed School documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.

**Results:** We noted that the supply of unused checks is maintained in a locked location with access restricted to those persons who do not have signatory authority. We noted that persons with signatory authority do not have system access to print checks. We noted no other findings.

13. If a signature stamp or signature machine is used, inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. Inquired of the signer whether signed checks were likewise maintained under the control of the signer or authorized user until mailed. Reported any exceptions.

**Results:** No signature stamp or signature machine use was noted.

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

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14. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing was complete.

**Results:** We obtained the list of all active cards, card numbers and management's representation; however, names of the persons who maintained possession of the cards could not be obtained for three (3) of the seven (7) cards listed.

**Management's Response:** The unavailability of this information is due to our current Business Manager beginning in November 2016, subsequent to the cancelation of the cards and termination of the card's employees. The School's prior Business Manager's documentation of card users was insufficient and could not be used to determine card users.

15. Using the listing prepared by management, randomly selected three (3) cards (at least one-third of the cards that were used during the fiscal period).

Obtained the monthly statements for the selected cards. Selected the monthly statement with the largest dollar activity of debit card purchases and:

- a) Reported whether there was 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.

**Results:** For the month selected for each of three (3) cards, there was no 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.

**Management's Response:** Monthly statements of all card activity are provided to the Head of School for review; however, these are not formally approved in writing. Management will put the proper safeguards in place to ensure the evidence of management's review of monthly statements in fiscal year 2018.

- b) Reported whether finance charges and/or late fees were assessed on the selected statements.

**Results:** For statements selected, no finance charges or late fees were noted.

16. Using the monthly statements selected under #15 above, obtained supporting documentation for all transactions for each of the three (3) cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, reported whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Results:** For the month selected for each of three (3) cards, original itemized receipts and documentation of the business/public purpose was provided without exception.

- b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the School's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.

**Results:** Transactions selected complied with the School's written disbursement policies. None of the transactions selected were subject to Louisiana Public Bid Law.

- c) For each transaction, compared the School's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

**Results:** The business/public purpose of the transactions selected complied with Article 7, Section 14 of the Louisiana Constitution.

### ***Travel and Expense Reimbursement***

---

17. Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period. Obtained management's representation that the listing was complete.

**Results:** We obtained the listing and management's representation.

18. Obtained the School's written policies related to travel and expense reimbursements. Compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and reported any amounts that exceed GSA rates.

**Results:** The School did not have written policies and procedures covering travel and expense reimbursements during the fiscal period.

**Management's Response:** Management and the Board updated the School's Finance and Accounting Policies Manual as of August 2017 to include these required policies and procedures.

19. Using the listing from #17 above, selected the one person who incurred travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of the selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For the travel expenses selected:

a) Compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

**Results:** For the one (1) person selected, the expense reimbursed did not exceed the GSA rate.

b) Reported whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose.
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results:** For the one (1) person selected, the expense was supported by documentation as required above. No additional documentation was required by the School.

c) Compared the School's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or

donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

**Results:** No exceptions noted.

- d) Reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** The selected expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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20. Obtained a listing of all contracts in effect during the fiscal period. Obtained management's representation that the listing or general ledger was complete.

**Results:** We obtained the list and management's representation.

21. Using the listing above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtained the related contracts and paid invoices and:

- Reported whether there was a formal/written contract that supported the services arranged and the amount paid.

**Results:** There were formal/written contracts for each of the five (5) vendors selected that supports the services, arrangement, and the amount paid.

- Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and obtained supporting contract documentation and reported whether the School solicited quotes as a best practice.

**Results:** None of the five (5) vendor's contracts that were selected were subject to Louisiana Public Bid Law or Procurement Code. The School did not solicit quotes for the selected items.

- Reported whether the contract was amended. If so, reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Results:** We noted that two (2) of the five (5) contracts selected were amended. A building lease with Calvary Christian Center was terminated during the fiscal year. The original terms of this lease did not contemplate or provide for such an amendment. A service contract with Schulman, Lopez, Hoffer & Adelstein, L.L.P. was amended during the fiscal year. This amendment increased the School's due date of the oldest included invoice by 536 days and

relieved the School of previously indebted amounts equaling \$7,696. The original terms of this contract did not contemplate or provide for such an amendment.

- Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

**Results:** For the payments selected, the invoice and related payment complied with the terms and conditions of the contract.

- Obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results:** No board approval requirement noted.

### ***Payroll and Personnel***

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22. Obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing was complete. Randomly selected five employees/officials, obtained their personnel files, and:

**Results:** We obtained the list, management's representation, and the respective personnel files requested.

- Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Results:** For one (1) of five (5) employees selected, payments were not made in strict accordance with the terms and conditions of the employment contract.

**Management's Response:** Management has recognized this finding and will put proper safeguards in place to ensure that all payments made to employees are in strict accordance with the terms of their employment contract in fiscal year 2018.

- Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.

**Results:** We noted no changes made to hourly pay rates/salaries during the fiscal period for the employees tested.

23. Obtained attendance and leave records and randomly selected one pay period in which leave had been taken by at least one employee. Within that pay period, randomly selected 25 employees/officials, and:

- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**Results:** We noted written documentation that all selected employees documented their daily attendance and leave.

- b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Results:** For the pay period selected, we noted that there was not written documentation that supervisors approved the attendance of the selected employees/officials.

**Management's Response:** Subsequent to this finding taking place, key management positions were reappointed. No such exceptions were noted in the remainder of the fiscal year since these reappointments. The School's prior business manager did not take the steps necessary to review and approve payroll. The current business manager properly reviews the payroll and attendance sheet prior to processing to ensure accuracy. She signs the summary sheet as her approval.

- c) Reported whether there is written documentation that the School maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Results:** We noted appropriate written documentation that the School maintained written leave records the selected employees that earn leave.

24. Obtained from management a list of those employees/officials that were terminated during the fiscal period and management's representation that the list was complete.

**Results:** We obtained a list and management's representation.

25. Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results:** We noted that employee and employer portions of retirement contributions were not submitted to the applicable agencies by the required deadlines.

**Management's Response:** The School's current outsourced payroll processor now automatically remits the employee portion. The employer and employee amounts payable as of year-end from the School's prior payroll processor are planned to be remitted before January 2018. The School will enter into a correctional plan with the fund manager to adjust the balance of the plan to reflect the amount that would be present under timely remissions. Management will put the proper safeguards in place to ensure the proper remission of the employer portions of retirement funds in fiscal year 2018.

## **Other**

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31. Inquired of management whether the School had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the School reported the misappropriation to the legislative auditor and the district attorney of the parish in which the School is domiciled.

**Results:** Management stated the School had no misappropriations of public funds or assets.

32. Observed and reported whether the School has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** We noted appropriate posting of the notice for misappropriation, fraud, waste, or abuse of public funds on the School's website and on the premises.

33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

**Results:** No exceptions observed or identified.

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

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

*Cary Riggs & Ingram, L.L.C.*

December 20, 2017