

**NORTHEAST CLAIBORNE
CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Annual Financial Statements

June 30, 2018



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Independent Auditor's Report

To the Board of Directors
Northeast Claiborne Charter School
Summerfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Claiborne Charter School (the School), which comprise the statement of financial position as of June 30, 2018, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic 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.

The performance and statistical data, included as schedules 1 through 2, is not a required part of the basic financial statements, but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, 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.



A Professional Accounting Corporation

Covington, LA
November 15, 2018

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Statement of Financial Position
June 30, 2018**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 178,476
Grants Receivable	<u>2,400</u>
Total Current Assets	<u>180,876</u>
Property, Plant, and Equipment	
Software	35,300
Leasehold Improvements	5,938
Machinery and Equipment	4,883
Furniture	<u>2,792</u>
Total at Cost	48,913
Less: Accumulated Depreciation	<u>(19,817)</u>
Net Property, Plant, and Equipment	<u>29,096</u>
Total Assets	<u><u>\$ 209,972</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 4,123
Accrued Expenses	<u>212</u>
Total Current Liabilities	<u>4,335</u>
Net Assets	
Unrestricted	<u>205,637</u>
Total Liabilities and Net Assets	<u><u>\$ 209,972</u></u>

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2018**

	Unrestricted
Support and Revenue	
State Public School Funding	\$ 1,760,580
Federal Sources	122,218
Other State Funding	324
Other Income	480
	<hr/>
Total Support and Revenue	1,883,602
	<hr/>
Expenses	
Program Expenses	
Regular Education Programs	964,706
School Administration	207,772
Special Education Programs	127,388
Pupil Transportation	96,512
Other Instructional Programs	75,236
Special Programs	68,796
Pupil Support	67,285
Instructional Staff Services	41,626
Career and Technical Education	24,855
Depreciation	6,093
Management and General	
General Administration	97,481
Business Services	53,945
Central Services	10,376
	<hr/>
Total Expenses	1,842,071
	<hr/>
Change in Net Assets	41,531
	<hr/>
Net Assets, Beginning of Year	164,106
	<hr/>
Net Assets, End of Year	\$ 205,637
	<hr/> <hr/>

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2018**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 41,531
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	6,093
Decrease (Increase) in Current Assets	
Grants Receivable	(2,400)
Increase (Decrease) in Liabilities	
Accounts Payable	40
Accrued Expenses	<u>(1,082)</u>
Net Cash Provided by Operating Activities	<u>44,182</u>
Net Increase in Cash and Cash Equivalents	44,182
Cash and Cash Equivalents, Beginning of Year	<u>134,294</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 178,476</u></u>

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Northeast Claiborne Charter School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on February 4, 2013. The School entered into a Charter School Contract with the Louisiana State Board of Elementary and Secondary Education (BESE) beginning July 1, 2014, whereby the School would operate a Type 2 charter school as defined in Louisiana Revised Statute (LRS) 17:3971, et. seq. The term of the charter continues through June 30, 2018.

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

Financial Statement Presentation

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Revenues

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Betterments, which naturally add to the value of related assets or materially extend the useful lives of assets, are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the fixed assets of the School:

	Useful Lives
Furniture and Equipment	5 - 7 Years
Leasehold Improvements	5 Years
Software	5 Years

Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations

The School received 95% of its revenues for the year ended June 30, 2018 from the State of Louisiana, subject to its charter agreement with the State.

Note 2. Cash and Cash Equivalents

The School's cash and cash equivalents (book balances) at June 30, 2018, were \$178,476, which are stated at cost which approximates market.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Notes to Financial Statements

Note 3. Grants Receivable

As of June 30, 2018, grants receivable consisted of amounts due from the following sources:

<u>Grants</u>	<u>Amount</u>
Title I	<u>\$ 2,400</u>

All amounts listed above are considered fully collectible.

Note 4. Fixed Assets

Depreciation expense for the year ended June 30, 2018, was \$6,093.

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

Note 5. Accrued Expenses

The breakdown of accrued expenses as of June 30, 2018, was as follows:

Accrued Employee Benefits and Payroll Taxes	<u>\$ 212</u>
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Note 6. Retirement Plan

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to this plan follows.

Plan Description: The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123. At June 30, 2017, the TRSL was 64.5% funded.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Notes to Financial Statements

Note 6. Retirement Plan (Continued)

Funding Policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the majority of the year ended June 30, 2018, the employer contribution rate was 26.2%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2018, was \$122,866, which was equal to the required contribution.

Note 7. Uncertain Income Taxes

The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements.

Note 8. Management Agreement

The School entered into a management agreement with Junction City School Board (JCSB) on June 16, 2014 which concludes on June 30, 2018. Under the agreement, JCSB provides all services for the provision of the education program which includes instructional and support personnel and use of JCSB facilities. Contract payments are based on enrollment. During the year ended June 30, 2018, the School paid Junction City School Board \$921,600.

Note 9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 15, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Northeast Claiborne Charter School
Summerfield, Louisiana

We have performed the procedures enumerated below, which were agreed to by Northeast Claiborne Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2018, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514-1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

Findings: None

Class Size Characteristics (Schedule 2)

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

Findings: None

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

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

Findings: None

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Findings: None

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statue 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 15, 2018

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2018**

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

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

Schedule 2 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 150,632
Other Instructional Staff Salaries	5,082
Instructional Staff Employee Benefits	84,478
Purchased Professional and Technical Services	4,900
Instructional Materials and Supplies	9,691
Instructional Equipment	-
	<hr/>
Total Teacher and Student Interaction Activities	\$ 254,783
Other Instructional Activities	831,600
Pupil Support Services	67,285
Less: Equipment for Pupil Support Services	-
	<hr/>
Net Pupil Support Services	67,285
Instructional Staff Services	41,826
Less: Equipment for Instructional Staff Services	-
	<hr/>
Net Instructional Staff Services	41,826
School Administration	207,772
Less: Equipment for School Administration	-
	<hr/>
Net School Administration	207,772
	<hr/>
Total General Fund Instructional Expenditures	\$ 1,403,266
	<hr/>
Total General Fund Equipment Expenditures	\$ -

Certain Local Revenue Sources

Local Taxation Revenue	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
	<hr/>
Total Local Taxation Revenue	\$ -
	<hr/>
Local Earnings on Investment in Real Property	
Earnings from 16 th Section Property	\$ -
Earnings from Other Real Property	-
	<hr/>
Total Local Earnings on Investment in Real Property	\$ -
	<hr/>
State Revenue in Lieu of Taxes	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
	<hr/>
Total State Revenue in Lieu of Taxes	\$ -
	<hr/>
Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -
	<hr/>

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Class Size Characteristics
As of October 1, 2017**

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	100%	274	0%	0	0%	0	0%	0
Combination Activity Classes	100%	50	0%	0	0%	0	0%	0

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

SUPPLEMENTARY INFORMATION

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2018**

Board Members	Compensation
Mr. Jeff Mason, President 786 John Kelly Road Lillie, LA 71256 (318) 986-4421	\$-0-
Mr. Robby Hanry, Vice President PO Box 300 Junction City, AR 71749 (318) 986-4002	\$-0-
Mrs. Tammy Jerry, Treasurer PO Box 231 Junction City, AR 71749 (870) 315-1427	\$-0-
Mrs. Cazandra Holliday 201 Fellowship Road Lillie, LA 71256 (318) 986-4930	\$-0-
Mrs. Kim Rogers 139 Hoof Road Lillie, LA 71256 (318) 986-4591	\$-0-
Mrs. Videssa Owens PO Box 132 Bernice, LA 71222 (318) 285-3332	\$-0-
Mrs. Angie Meadows 231 Hoof Road Lillie, LA 71256 (318) 224-3942	\$-0-
Mrs. Theresa Glover PO Box 432 Junction City, AR 71749 (318) 986-4948	\$-0-
Mr. Mark Lunsford 378 McLelland Road Lillie, LA 71256	\$-0-

See independent auditor's report.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2018**

Agency Head
Stacie Cary, School Director

Purpose	Amount
Salary	\$66,500
Benefits - Insurance	\$6,273
Benefits - Retirement	\$17,955
Benefits - Bonus	\$1,000
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$229
Travel	\$246
Registration Fees	\$441
Conference Travel	\$1,966
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors
Northeast Claiborne Charter School
Summerfield, 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 Northeast Claiborne Charter School (the School), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA
November 15, 2018

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2018**

Part I. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified? | None reported |
| c) Noncompliance noted? | No |
| d) Other matters identified? | No |

Federal Awards

Not applicable.

Part II. Findings Related to the Financial Statements

None.

Part III. Compliance and Other Matters

None.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedule of Prior Audit Findings
For the Year Ended June 30, 2018**

Part II. Findings Related to the Financial Statements

None.

Part III. Compliance and Other Matters

None.

AGREED-UPON PROCEDURES REPORT
Northeast Claiborne Charter School

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2017 - June 30, 2018

To Northeast Claiborne Charter School and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Northeast Claiborne Charter School (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2017 through June 30, 2018. The School's management is responsible for those C/C areas identified in the SAUPs. 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.

Our procedures and results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The School's policies and procedures address each of the applicable financial/business categories and subcategories. Note that ethics and debt service are not applicable.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: The School has one bank account. For the month selected for testing, we noted that the bank reconciliation was reviewed and signed by the School's treasurer. We noted no items outstanding for more than 12 months.

Collections

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

Results: We obtained the list of deposit sites and obtained management's representation that it is complete. Note that the School has one deposit site.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: We noted that the School does not use cash drawers/registers. We noted that the School's office is limited to the school leader and business manager. The school leader opens the mail and gives any checks received to the business manager who prepares the deposit, posts to the general ledger, and takes the deposit to the bank. Note that almost all revenues are received from the state electronically. As collections are limited to contributions received (\$480 for the year ended June 30, 2018), management believes that the School's procedures are appropriate and mitigated by the treasurer reviewing the bank reconciliation.

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

Results: Management indicated that employees who handle cash are covered by insurance policy for theft.

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

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: We noted that the School only has one bank account. We noted that receipts are pre-numbered and the deposit was made within one day of collection. No exceptions were noted in the performance of this procedure.

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

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

Results: We noted that the School had one disbursement location.

- 8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: We noted that the school leader and business manager were authorized check signers for the period of July 1, 2017 through December 4, 2017. On December 4, 2017, the Board resolved to remove the business manager as a check signer as recommended in the 2017 statewide agreed-upon procedures. After that date, each of the above duties were properly segregated. Also, the employee responsible for processing payments is prohibited from adding/modifying vendor files unless approved by the school leader.

- 9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.

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

Results: We noted no exceptions in the performance of this procedure.

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

- 10. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted that the mileage rate reimbursed was below the GSA rate. We noted no exceptions in the performance of this procedure.

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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*. We were not engaged to perform, and did not perform, 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 results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



A Professional Accounting Corporation

Covington, LA
November 15, 2018