

**NORTHEAST CLAIBORNE
CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Annual Financial Statements

June 30, 2017



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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, 2017, 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, 2017, 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 9, 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 December 6, 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.



A Professional Accounting Corporation

Covington, LA
December 6, 2017

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Statement of Financial Position
June 30, 2017**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 134,294
Total Current Assets	<u>134,294</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>(13,724)</u>
Net Property, Plant, and Equipment	<u>35,189</u>
Total Assets	<u><u>\$ 169,483</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 4,083
Accrued Expenses	<u>1,294</u>
Total Current Liabilities	<u>5,377</u>
Net Assets	
Unrestricted	<u>164,106</u>
Total Liabilities and Net Assets	<u><u>\$ 169,483</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, 2017**

	Unrestricted
Support and Revenue	
State Public School Funding	\$ 1,637,440
Federal Sources	80,923
Other State Funding	7,292
Other Income	3,178
	<hr/>
Total Support and Revenue	1,728,833
	<hr/>
Expenses	
Program Expenses	
Regular Education Programs	1,034,284
School Administration	216,743
Pupil Support	129,045
Special Education Programs	99,042
Pupil Transportation	62,557
Instructional Staff Services	40,511
Other Instructional Programs	29,849
Career and Technical Education	28,229
Special Programs	18,980
Depreciation	6,093
Management and General	
Business Services	52,279
General Administration	26,365
Central Services	6,622
	<hr/>
Total Expenses	1,750,599
	<hr/>
Change in Net Assets	(21,766)
	<hr/>
Net Assets, Beginning of Year	185,872
	<hr/>
Net Assets, End of Year	\$ 164,106
	<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, 2017**

Cash Flows from Operating Activities	
Change in Net Assets	\$ (21,766)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	6,093
Increase (Decrease) in Liabilities	
Accounts Payable	2,850
Accrued Expenses	<u>1,083</u>
Net Cash Used in Operating Activities	<u>(11,740)</u>
Net Decrease in Cash and Cash Equivalents	(11,740)
Cash and Cash Equivalents, Beginning of Year	<u>146,034</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 134,294</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, 2017 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, 2017, were \$134,294, which are stated at cost which approximates market.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Notes to Financial Statements

Note 3. Fixed Assets

Depreciation expense for the year ended June 30, 2017, 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 4. Accrued Expenses

The breakdown of accrued expenses as of June 30, 2017, was as follows:

Accrued Employee Benefits and Payroll Taxes	<u>\$ 1,294</u>
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Note 5. 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, 2016, the TRSL was 59.9% funded.

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, 2017, the employer contribution rate was 25.5%. 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, 2017, was \$119,982, which was equal to the required contribution.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Notes to Financial Statements

Note 6. 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 7. 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, 2017, the School paid Junction City School Board \$934,238 per student per month.

Note 8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 6, 2017, 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 included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Northeast Claiborne Charter School (the School), the Louisiana Department of Education, and the Legislative Auditor, State of Louisiana (the specified parties), on the performance and statistical data accompanying the annual financial statements of Northeast Claiborne Charter School for the year ended June 30, 2017, and to determine whether the specified schedules are free of obvious errors and omission as provided by the Board of Elementary and Secondary Education (BESE) Bulletin____, in compliance with Louisiana Revised Statute 24:514-1. Management of Northeast Claiborne Charter School is responsible for the performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings that relate to the accompanying schedules of supplemental 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 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

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule, "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule and to the School's supporting payroll records as of October 1st.
3. We reconciled the combined total of principals and assistant principals per the schedule, "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full time teachers by classification as of October 1st, and as reported on the schedule. We traced 25 of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Findings:

None

Number and Type of Public Schools (Schedule 3)

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

Findings:

None

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

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

Findings:

None

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 equivalents as reported on the schedule, and traced 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on the schedule.

8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule 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 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) - ELA and Math (Schedule 7)

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

Findings:

None

Graduation Exit Exam (Schedule 8)

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

Louisiana Educational Assessment Program (LEAP) - Science and Social Studies (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 on the schedule by the School.

Findings:

None

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the United States Comptroller General. We were not engaged to, and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on 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.

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

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

A Professional Accounting Corporation

Covington, LA
December 6, 2017

**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, 2017**

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 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary, and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers

This schedule includes the number of years of experience in teaching for principals, assistant principals, and full time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - 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).

Schedule 7 - Louisiana Educational Assessment Program (LEAP) - ELA and Math

This schedule represents student performance testing data and includes summary scores for grades 3, 4, 5, 6, 7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Exam (GEE)

Not Applicable.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data) (Continued)
As of and For the Year Ended June 30, 2017**

Schedule 9 - Louisiana Educational Assessment Program (LEAP) - Science and Social Studies

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7, and 8. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the State.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 145,160
Other Instructional Staff Salaries	6,687
Instructional Staff Employee Benefits	62,660
Purchased Professional and Technical Services	10,415
Instructional Materials and Supplies	7,918
Instructional Equipment	<u>-</u>

Total Teacher and Student Interaction Activities \$ 232,840

Other Instructional Activities 877,171

Pupil Support Services

Less: Equipment for Pupil Support Services	<u>-</u>
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Net Pupil Support Services -

Instructional Staff Services

Less: Equipment for Instructional Staff Services	<u>40,511</u>
	-

Net Instructional Staff Services 40,511

School Administration

Less: Equipment for School Administration	<u>210,956</u>
	-

Net School Administration 210,956

Total General Fund Instructional Expenditures \$ 1,361,478

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	<u>-</u>

Total Local Taxation Revenue \$ -

Local Earnings on Investment in Real Property

Earnings from 16 th Section Property	\$ -
Earnings from Other Real Property	<u>-</u>

Total Local Earnings on Investment in Real Property \$ -

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>

Total State Revenue in Lieu of Taxes \$ -

Nonpublic Textbook Revenue

Nonpublic Transportation Revenue	<u>\$ -</u>
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See independent accountant's report on applying agreed-upon procedures.

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Education Levels of Public School Staff
As of October 1, 2016**

Schedule 2

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	3	100%						
Master's Degree								
Master's Degree +30								
Specialist in Education								
Ph. D. or Ed. D.								
Total	3	100%	0	0%	0	0%	0	0%

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2017**

Schedule 3

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

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Experience of Public Principals, Assistant Principals,
and Full Time Classroom Teachers
As of October 1, 2016**

Schedule 4

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

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Public School Staff Data
For the Year Ended June 30, 2017**

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$41,920	\$41,920
Average Classroom Teachers' Salary Excluding Extra Compensation	\$40,920	\$40,920
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	3	3

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Class Size Characteristics
As of October 1, 2016**

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	100%	260	0%	0	0%	0	0%	0
Combination Activity Classes	100%	48	0%	0	0%	0	0%	0

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**

Schedule 7

**Louisiana Educational Assessment Program (LEAP) - ELA and Math
For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 3						
Advanced	0%	0%	N/A	0%	38%	N/A
Mastery	9%	0%	N/A	9%	12%	N/A
Basic	19%	50%	N/A	46%	38%	N/A
Approaching Basic	45%	25%	N/A	36%	12%	N/A
Unsatisfactory	27%	25%	N/A	9%	0%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 4						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	18%	21%	N/A	0%	7%	N/A
Basic	37%	36%	N/A	9%	51%	N/A
Approaching Basic	27%	14%	N/A	55%	35%	N/A
Unsatisfactory	18%	29%	N/A	36%	7%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 5						
Advanced	0%	1%	N/A	0%	1%	N/A
Mastery	19%	21%	N/A	6%	1%	N/A
Basic	44%	43%	N/A	44%	21%	N/A
Approaching Basic	19%	28%	N/A	31%	57%	N/A
Unsatisfactory	18%	7%	N/A	19%	20%	N/A
Total	100%	100%	N/A	100%	100%	N/A

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA**
Louisiana Educational Assessment Program (LEAP) -
ELA and Math (Continued)
For the Year Ended June 30, 2017

Schedule 7

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 6						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	7%	25%	N/A	7%	16%	N/A
Basic	29%	42%	N/A	22%	25%	N/A
Approaching Basic	50%	25%	N/A	57%	43%	N/A
Unsatisfactory	14%	8%	N/A	14%	16%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 7						
Advanced	8%	5%	N/A	0%	0%	N/A
Mastery	23%	22%	N/A	15%	11%	N/A
Basic	23%	18%	N/A	54%	17%	N/A
Approaching Basic	23%	33%	N/A	8%	50%	N/A
Unsatisfactory	23%	22%	N/A	23%	22%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 8						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	6%	14%	N/A	22%	0%	N/A
Basic	11%	58%	N/A	17%	44%	N/A
Approaching Basic	28%	28%	N/A	17%	28%	N/A
Unsatisfactory	55%	0%	N/A	44%	28%	N/A
Total	100%	100%	N/A	100%	100%	N/A

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

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Louisiana Educational Assessment Program (LEAP) -
Science and Social Studies
For the Year Ended June 30, 2017**

Schedule 9

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 3						
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	9%	0%	0%	0%	N/A	0%
Basic	37%	50%	46%	37%	N/A	36%
Approaching Basic	36%	37%	27%	18%	N/A	55%
Unsatisfactory	18%	13%	27%	45%	N/A	9%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 4						
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	9%	0%	0%	0%	N/A	0%
Basic	0%	57%	30%	28%	N/A	20%
Approaching Basic	55%	29%	40%	36%	N/A	40%
Unsatisfactory	36%	14%	30%	36%	N/A	40%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 5						
Advanced	6%	0%	0%	0%	N/A	0%
Mastery	44%	1%	0%	0%	N/A	0%
Basic	38%	36%	50%	25%	N/A	50%
Approaching Basic	13%	43%	17%	42%	N/A	8%
Unsatisfactory	0%	21%	33%	33%	N/A	42%
Total	100%	100%	100%	100%	N/A	100%

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

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Louisiana Educational Assessment Program (LEAP) -
Science and Social Studies (Continued)
For the Year Ended June 30, 2017**

Schedule 9

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 6						
Advanced	0%	0%	0%	0%	N/a	0%
Mastery	0%	0%	17%	0%	N/A	0%
Basic	36%	50%	41%	21%	N/A	34%
Approaching Basic	43%	17%	25%	36%	N/A	33%
Unsatisfactory	21%	33%	17%	43%	N/A	33%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 7						
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	15%	22%	10%	0%	N/A	0%
Basic	54%	33%	30%	46%	N/A	30%
Approaching Basic	8%	11%	30%	23%	N/A	30%
Unsatisfactory	23%	33%	30%	31%	N/A	40%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
Grade 8						
Advanced	0%	0	0%	0%	N/A	0%
Mastery	11%	0.42	10%	11%	N/A	0%
Basic	28%	0.58	30%	17%	N/A	50%
Approaching Basic	22%	0	40%	17%	N/A	30%
Unsatisfactory	39%	0	20%	55%	N/A	20%
Total	100%	N/A	100%	100%	N/A	100%

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, 2017**

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. Angi Banks 231 Hoof Road Lillie, LA 71256 (318) 224-3942	\$-0-
Mrs. Theresa Glover PO Box 432 Junction City, AR 71749 (318) 986-4948	\$-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, 2017**

Agency Head
Stacie Cary, School Director

Purpose	Amount
Salary	\$64,000
Benefits - Insurance	\$6,405
Benefits - Retirement	\$16,320
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$823
Travel	\$0
Registration Fees	\$150
Conference Travel	\$0
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, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 6, 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 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
December 6, 2017

**NORTHEAST CLAIBORNE CHARTER SCHOOL
SUMMERFIELD, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2017**

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, 2017**

Part II. Findings Related to the Financial Statements

None.

Part III. Compliance and Other Matters

None.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

For the Period of July 1, 2016 - June 30, 2017

To Northeast Claiborne Charter School and
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, 2016 through June 30, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits.
 - 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, and (5) monitoring card usage.

- 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 (LRS) 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The School's policies and procedures address the applicable financial/business functions except for as follows:

- b) Items (2) and (3) not addressed in the policy.
- d) The School does not have a cash receipts policy. Note that 99% or more of the the School's revenues are wired into the bank account by the state.
- e) Items (1) and (2) are not addressed in the School's payroll-related policies.
- f) Items (1) and (2) are not addressed in the policy.
- g) Items (1), (2), and (5) are not addressed in the policy.
- h) Item (2) is not addressed in the policy.

Functions that were determined to not be applicable were items i) Ethics and j) Debt Service.

Management's Response: The School will amend policies to include elements not currently addressed in policies. The School will adopt a cash receipts policy.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report 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.
 - b) Report 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 entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report 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: During the fiscal year, the School's board met every month. The board minutes did not mention budget to actual comparisons but the board approved payments in each of the monthly meetings. The board minutes included other non-budgetary financial information items. The School did not have a deficit during the year ended June 30, 2017.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: The School has one bank account and we obtained management's representation that the listing of bank accounts is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include 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
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: For the School's bank account, all monthly bank reconciliations were prepared and included evidence that reconciliations were reviewed. Each bank reconciliation was signed by the School's treasurer noting her review. At June 30, 2017, there were no items that were outstanding for more than 6 months.

Collections

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

Results: We obtained management's representation that the listing provided is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report 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.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity 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.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We noted one cash collection location, the primary location. We noted that employees responsible for collecting cash are bonded. We noted that either the school director or the school bookkeeper will bring deposits to the bank and that the school bookkeeper also records the deposit and reconciles the bank account. We noted that the School does not have any formal cash registers or drawers.

The School has a formal process to reconcile cash collections to the general ledger, primarily through bank reconciliations performed by the school bookkeeper who is responsible for cash collections.

We noted that deposit activity is limited with cash receipts totaling \$2,478, for the year ended June 30, 2017. We noted that cash receipts consist of donations received by check and popcorn fundraiser and drivers education fees which sometimes include cash deposits. We selected a week with the largest collection volume for testing. For the week selected, cash collections were completely supported by documentation and were deposited within one day of collection.

Management's Response: Due to the small nature of cash receipts and due to the limited number of personnel, the School has determined that the cost of further segregation of duties would outweigh the benefit.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) 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 reviews budget to actual comparisons on a monthly basis.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained management's representation that the listing provided is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report 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.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: The School only prepares purchase orders/requisition for purchases of equipment, technology, and materials and supplies. For all other disbursements, approval is documented by the school leader's signature on the invoice. We noted that all disbursements tested were approved and we traced each disbursement to the invoice and other supporting documentation

Management's Response: The School will institute a procedure where a requisition form will be completed for all disbursements with the exception of payroll taxes and withholding payments.

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

Results: Due to limited staffing, the School's secretary (who processes payments) adds vendors to the School's disbursement system.

Management's Response: Due to limited staffing, the School considers this cost of segregating this duty to outweigh its benefit.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: We noted that the school secretary who records purchases is an authorized check signer and on occasion will sign checks. For the 25 disbursements that we tested, we noted the secretary signed 2 checks with the other 23 checks signed by the treasurer.

Management's Response: The School's secretary will be removed as an authorized check signer and additional board members will be added as authorized check signers.

12. Inquire of management and observe 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, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: We noted that blank check stock is maintained in a locked file cabinet with access restricted to the school secretary and leader. All checks require dual signatures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: The School does not use a signature stamp or machine. Signed checks are maintained under the control of the signer until mailed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain 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. Obtain management's representation that the listing is complete.

Results: We obtained management's representation that the listing provided is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: We noted evidence that the monthly combined statement and supporting documentation was reviewed and approved for all statements and cards sampled.

We noted no late payments or finance fees on the sample tested.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report 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).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity'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 report any exceptions.
- c) For each transaction, compare the entity'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 report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: We noted that all transactions selected were supported by an original itemized receipt and documentation of the business/public purpose.

For the year ended June 30, 2017, we noted no construction projects over \$152,550 which is the only bid law provision applicable to charter schools.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained management's representation that the listing provided is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: We obtained the School's policies and procedures for travel expenses. The policy addresses that mileage is reimbursed at the federal rate established by the Internal Revenue Service and meals are reimbursed at their actual cost. The expense reimbursement that was tested that included a meal reimburse did not exceed the GSA Meals and Incidental Expense (M&IE) rate of \$64 for the New Orleans area.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the entity'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 report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

Results: We noted no exceptions in comparing expense reimbursement transactions sampled to policy.

We noted that all transactions selected were supported by an original itemized receipt and documentation of the business/public purpose.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

We noted that one reimbursement did not receive approval by someone other than the person receiving the reimbursement.

Management's Response: The reimbursement that did not have an approval by someone other than the person receiving the reimbursement was for the School's leader. In the future, approval will be obtained from a board member.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained management's representation that the listing provided is complete.

21. Using the listing above, select 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). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

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

Results: We noted a formal/written contract existed for all sampled contracts.

We noted that contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

We noted that contracts selected included no amendments.

We noted that the largest payment from each contract agreed to the supporting invoice and contract terms.

We noted that the required approval was obtained as per the School's contracting and procurement policy.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained management's representation that the listing provided is complete.

We noted that compensation paid to each employee sampled was in accordance with their employment contract and pay rate structure.

We noted that incentive pay was approved by board resolution. We noted no other changes in pay during the year.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

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

Results: Note that the School only has 13 employees so the entire population was tested. The School's policy is that instructional personnel are salaried and are not required to complete timesheets. We noted that daily attendance for non-instructional personnel was documented.

We noted that of the 13 employees, 8 employees took leave during October (the month selected for testing). We traced leave for those 8 employees to approval forms noting that it was signed by their supervisor.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: This procedure is not applicable as the School had no terminations during the year ended June 30, 2017.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report 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: The appropriate employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines for all payroll tax and retirement contribution supporting documentation sampled.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: This section is not applicable as the School is a nonprofit.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: This section is not applicable as the School is a nonprofit.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: This section is not applicable as the School is a nonprofit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: This section is not applicable as the School is a nonprofit.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: This section is not applicable as the School is a nonprofit.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We noted no instances of misappropriation of public funds or assets, per inquiry with management and the board treasurer.

32. Observe and report whether the entity has posted on its premises and website, the notice required by LRS 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted the LLA hotline notice per LRS 24:523.1 posted on the School's website and on the wall in the School's office.

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

Results: No exceptions were noted in obtained management representation.

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 handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA
December 6, 2017