

VIRTUAL ACADEMY OF LAFOURCHE, INC.

***AUDITED FINANCIAL STATEMENTS
And AGREED UPON PROCEDURES
REPORTS AND SCHEDULES***

***As of and for the Year Ending
June 30, 2019***

Virtual Academy of Lafourche, Inc.

TABLE OF CONTENTS
For the Year Ended June 30, 2019

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Independent Accountant's Report on Applying Agreed-Upon Procedures	13
Schedules Required by Louisiana State- Law [R.S. 24:514 Performance and Statistical Data]	
	Schedules
General Fund Instructional and Support Expenditures And Certain Local Revenue Sources	1 16
Class Size Characteristics	6 17
Schedule of Compensation, Benefits, and Other Payments – Agency Head	18
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Virtual Academy of Lafourche, Inc.
639 Harrison Street
Thibodaux, La 70301

Report on the Financial Statements

We have audited the accompanying financial statements of Virtual Academy of Lafourche, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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.

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

Opinions

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Performance and Statistical Data, included as Schedules 1 through 9 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are 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. The Schedule of Compensation, Benefits, and Other Payments has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance the auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole. We have applied certain limited procedures to the Performance and Statistical Data, included as Schedules 1 and 6, 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 16, 2019, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 the 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 Virtual Academy of Lafourche, Inc.'s internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
December 16, 2019



Virtual Academy of Lafourche, Inc.
Statement of Financial Position
June 30, 2019

ASSETS

CURRENT ASSETS:

Unrestricted Cash	\$ 834,769
Prepaid Expenses	30,170
Total current assets	864,939

PROPERTY AND EQUIPMENT

Improvements, Furniture & equipment, net	550,907
Total Property and Equipment	550,907

TOTAL ASSETS	\$ 1,415,846
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 37,817
Accrued Payroll	30,779
Total Current Liabilities	68,596

LONG-TERM LIABILITIES

Due in one year	120,000
Due after one year	12,873
Total Long-term Liabilities	132,873

TOTAL LIABILITIES	201,469
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NET ASSETS

Without donor restrictions	1,214,377
Total Net Position	1,214,377

TOTAL LIABILITIES AND NET ASSETS	\$ 1,415,846
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See notes to financial statements.

Virtual Academy of Lafourche, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

SUPPORT AND REVENUES	Unrestricted
State and Local Public School Funding	\$ 5,141,459
Other Revenue	123,927
Total Revenue and Support	<u>5,265,386</u>
EXPENSES	
Program Services:	
Teacher Services	3,371,486
Curriculum and Enrichment	313,942
Training	3,807
Graduation Expense	2,647
Supporting Services:	
Employee Benefits and payroll taxes	403,816
Accounting & Auditing	20,550
Administration Services	97,394
Advertising	13,824
Insurance	65,345
Information Technologies	41,429
Office Expense	50,773
Rent & Lease Expense	247,412
Supplies	19,182
Telephone & Utilities	43,285
Depreciation and Amortization	54,369
Dues & Licenses	7,105
Repairs and maintenance	40,507
Security and babysitting services	32,376
Total Expenses	<u>4,829,249</u>
CHANGE IN NET ASSETS	436,137
NET ASSETS	
Beginning of year	778,240
End of year	<u>\$ 1,214,377</u>

See notes to financial statements.

VIRTUAL ACADEMY OF LAFOURCHE, INC.

Statement of Cash Flows

For the Year Ended June 30, 2019

Cash flows from operating activities:	
Change in net assets	\$ 436,137
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	54,369
(Increase) decrease in operating assets:	
Prepaid expenses	26,576
Increase (decrease) in operating liabilities	
Accounts payable	4,387
Accrued payroll & payroll taxes payable	14,017
Total Adjustments	99,349
Net cash flow provided (used) by operating activities	<u>\$ 535,486</u>
Cash flows from investing activities:	
Purchases of property and equipment	(255,209)
Net cash provided (used) by investing activities	<u>(255,209)</u>
Cash flows from financing activities:	
Payments on long-term debt	(120,000)
Notes payable incurred	252,873
Net cash provided (used) by financing activities	<u>132,873</u>
Net increase in cash and cash equivalents	<u>413,150</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>421,619</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 834,769</u>

See notes to financial statements.

Virtual Academy of Lafourche, Inc.

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of unrestricted balances. Unrestricted cash balances represent cash available for general operating purposes.

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

Support and Revenue

Lafourche Parish School Board- The school receives an allocation based on the Minimum Foundation Program dollars per child through Lafourche Parish School Board. This amount is allocated per child and is distributed to the School. This amount is offset by certain services provided by the School Board.

Concentrations

The School received 97% of its revenues from the State Public School – MFP Funding, subject to its charter school contract with the Board of Trustees. If the amount of support received should fall below award budgeted levels, Virtual Academy of Lafourche, Inc. operating results could be adversely affected.

Property and Equipment and Depreciation

Property and equipment is recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. Property and equipment is depreciated over a 3-15-year period. Property and equipment reported on the statement of financial position are net of accumulated depreciation. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Income Taxes

The Charter School is a nonprofit organization under the State of Louisiana and is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes have been made.

Virtual Academy of Lafourche, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Budgetary Data

The School formally adopts a budget that is submitted to Lafourche Parish School Board for approval.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

Effective July 1, 2018, the Organization adopted FASB ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The School has adjusted the presentation of the financial statements accordingly. The new standard changes the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.

Note 2 CASH

At June 30, 2019, the reported amount in cash was \$834,769 and the bank balance was \$874,840. \$250,000 of the deposits were covered by federal depository insurance.

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. \$624,840 of the bank balance of deposits is exposed to custodial credit risk.

CONCENTRATION OF CREDIT RISK. The School maintains a single bank account. Accounts at the institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits at June 30, 2019 exceeded the federally insured limit by \$624,840.

Virtual Academy of Lafourche, Inc.

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 3 FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

At June 30, 2019, property and equipment consisted of the following:

	Balance June 30, 2018	Net Additions (Dispositions)	Balance June 30, 2019
Improvements, Furniture & Equipment	\$614,047	\$255,209	\$869,256
Less: Accumulated Depreciation	(284,099)	(34,250)	(318,349)
Total	\$329,948	\$220,959	\$550,907

There was \$255,209 of additions or disposals for the year. Depreciation expense for year was \$34,250.

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

Note 4 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services in the accompanying statement of functional expenses.

Virtual Academy of Lafourche, Inc.

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 5 OPERATING LEASES

The School conducts its operations from five facilities (office space and classrooms). These facilities are leased from the following:

- The school leases facilities from the Lafourche Parish School Board for the rental of a building and a portable building to be used for the operation of the school. The lease term is for a three-year lease ending on June 30, 2020. The lease includes monthly payments of \$3,273. The total paid in this fiscal year was \$35,923.
- The school leased facilities from Hoffman's music under a two year, non-cancelable operating lease expiring on April 30, 2021. This lease includes payments of approximately \$2,812 per month for a total paid in this fiscal year of \$30,934.
- The school leased facilities from Nicholls Plaza under a three-year lease expiring on May 31, 2020. This lease includes payments of approximately \$5,250 for a total paid in this fiscal year of \$63,000.
- The school leased facilities from Culver Realty under a four-year lease agreement ending January 31, 2021 with an option to renew and extend the term for five years. This lease includes payments of \$3,300 per month for a total paid in this fiscal year of \$42,941.
- The rents facilities from Sharlene Duet Rental Service (BAL Rentals) under a monthly rental contract beginning August 2017. The payments are for \$3,679 per month for a total paid in this fiscal year of \$43,752.

The following is a schedule of future minimum rental payments required under the above operating leases:

Year Ending, June 30, 2019	Amount
LPSB	\$ 35,923
Hoffmann's Music	\$ 34,248
Culver Realty	\$ 5,400
Nicholls Plaza	<u>\$ 63,000</u>
	\$138,751

Total rental expense charged for the fiscal year was \$247,412, which included additional one-time rentals for events such as graduation.

Virtual Academy of Lafourche, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 6 NOTE PAYABLE

The School entered into a note payable in August 2019 for \$242,873 for improvements made to St. Mary Elementary at 509 E. St. Mary Street. The note calls for payments of \$10,000 month until paid off. The balance at June 30, 2019 was \$132,873 of which \$120,000 is due in one year and the remainder is long term.

Note 7 FAIR VALUE OF FINANCIAL STATEMENTS

The fair value of financial instruments has been determined utilizing available market information and appropriate valuation methodologies. The School considers the carrying amounts of cash to approximate fair value.

Note 8 PER DIEM TO BOARD OF DIRECTORS

During the year ended June 30, 2019, no board members received per diem in his or her capacity as director.

Note 9 CONCENTRATION OF REVENUE SOURCE

Virtual Academy of Lafourche, Inc. receives primarily all of its support from Lafourche Parish School Board through the State of Louisiana's Minimum Foundation Program. If the amount of support received should fall below award budgeted levels, Virtual Academy of Lafourche, Inc. operating results could be adversely affected.

Note 10 CONTINGENCIES AND COMMITMENTS

The School is a recipient of funding from Lafourche Parish School Board through the State of Louisiana's Minimum Foundation Program. This funding is governed by various guidelines, regulations, and contractual agreements. The administration of the program and activities funded is under the control and administration of Virtual Academy of Lafourche, Inc. and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with these terms; conditions and regulations of the funding sources may be subject to recapture.

Virtual Academy of Lafourche, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 11 SUBSEQUENT EVENTS REVIEW

Management has evaluated subsequent events through the date that the financial statements (December 16, 2019) were issued and determined that no events occurred that require disclosure.

VIRTUAL ACADEMY OF LAFOURCHE, INC.
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)
FOR THE YEAR ENDED JUNE 30, 2019

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 (AFSR).



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Virtual Academy of Lafourche, Inc.
Thibodaux, La

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Virtual Academy of Lafourche, Inc. and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Virtual Academy of Lafourche, Inc. 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. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and 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

Finding: Of the 25 transactions pulled all were properly classified. As part of the financial audit, it was determined that some expenses were misclassified between expense accounts resulting in adjustments made to the statements. Those adjustments attributed to discrepancies between the amounts previously reported on the AFR in relation to the amounts reported on Schedule 1 as corrected, the AFR variances are noted below:

Transaction Classification	AFR	Corrected Schedule 1	Adjustment Posted
Instructional Staff Services	\$3,502,310	\$3,468,880	\$ 33,430
School Administration	\$ 435,578	\$ 403,814	\$ (31,764)

Class Size Characteristics (Schedule 2):

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

Finding: No findings.

Education Levels of Public-School Staff (NO SCHEDULE):

3. This Schedule is now removed and will be incorporated into the ordinary audit procedures of those auditing school boards.

Public School Staff Data: Average Salaries (NO SCHEDULE):

4. This Schedule is now removed and will be incorporated into the ordinary audit procedures of those auditing school boards.

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 US 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. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



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. This report is intended solely for the use of management, Board of Directors, the Louisiana Legislative Auditors, the Louisiana Department of Education, and the Lafourche Parish School Board, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana

December 16, 2019



VIRTUAL ACADEMY OF LAFOURCHE INC.
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
AND CERTAIN LOCAL REVENUE SOURCES
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ -	
Other Instructional Staff Activities	\$ -	
Instructional Staff Employee Benefits	\$ -	
Purchased Professional and Technical Services	\$ 202,566.00	
Instructional Materials and Supplies	\$ -	
Instructional Equipment	\$ -	
Total Teacher and Student Interaction Activities	\$ -	\$ 202,566.00

Other Instructional Activities \$ 7,105.00

Pupil Support Activities	\$ 94,564.45	
Less: Equipment for Pupil Support Activities	\$ -	
Net Pupil Support Activities	\$ -	\$ 94,564.45

Instructional Staff Services	\$ 3,468,880.22	
Less: Equipment for Instructional Staff Services	\$ -	
Net Instructional Staff Services	\$ -	\$ 3,468,880.22

School Administration	\$ 403,814.89	
Less: Equipment for School Administration	\$ -	
Net School Administration	\$ -	\$ 403,814.89

Total General Fund Instructional Expenditures (Total of Column B) \$ 4,176,930.56

Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

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

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

VIRTUAL ACADEMY OF LAFOURCHE, INC.
Class Size Characteristics
As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	64%	69	5%	5	6%	7	25%	27
Combination Activity Classes								

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

Virtual Academy of Lafourche, Inc.
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 For the Year Ended June 30, 2019

Agency Head Name: Julie Bourgeois, Director

Purpose	Amount
Salary	\$74,580
Benefits - FICA & Medicare	\$5,705
Car Allowance	\$0
Vehicle provided by government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$0
Fuel	\$0
Dues	\$0
Cell Phone	\$0
Other	\$0
Total	\$80,285



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards**

To Board of Directors
Virtual Academy of Lafourche, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Virtual Academy of Lafourche, Inc. (non-profit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents, and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virtual Academy Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Virtual Academy Inc.'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about Virtual Academy of Lafourche, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana, the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
December 16, 2019



VIRTUAL ACADEMY OF LAFOURCHE, INC.

**Statewide Agreed Upon Procedures
Report With Schedule of Findings
and Management's Responses**

***As of and for the Year Ending
June 30, 2019***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Virtual Academy of Lafourche, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2018 – June 30, 2019

To the Board of Commissioners of the
Virtual Academy of Lafourche, Inc. and
Louisiana Legislative Auditor:

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

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

The procedures and associated 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.
- k) **Disaster Recovery/Business**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processed, and tools needed to recover operations after a critical event.

Results: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).

Board or Finance Committee

- 2. Obtain and review the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.



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

Results: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 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: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly select two deposit dates for each of the 5 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: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (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.



10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 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: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).



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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 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: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).



Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *Of the procedures performed, two of the five employees tested did not have proof of ethics training. None of the employees tested had signature verification that they read the ethics policy during the year.*



Management's Response: *Management will review its procedure for tracking ethics training and will consider implementing the annual attestation by signature of employees to its ethics policy.*

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: *VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *VAL did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

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

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

Stagni & Company

Thibodaux, LA
December 16, 2019



STAGNI & COMPANY, LLC
