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BELLE CHASSE ACADEMY, INC. AND AFFILIATE

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

FOR THE YEAR ENDED JUNE 30, 2017

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 10 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2017	5
CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017	6
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION:	
SCHEDULE I - Schedule of Expenditures of Federal Awards	19
SCHEDULE II - Schedule of Compensation, Benefits and Other Payments to School Leader	21
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	22
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	29
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS	32
EXIT CONFERENCE	33



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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Belle Chasse Academy, Inc. and Affiliate (BCA)** (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **BCA** as of June 30, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Also, the accompanying Schedule of Compensation, Benefits and Other Payments to School Leader is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 on our consideration of BCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BCA's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2017

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents (NOTES 1 and 7)	\$10,898,714
Restricted cash and cash equivalents (NOTES 1 and 7)	1,893,680
Grants receivable	187,156
Unconditional promise to give (NOTE 2)	<u>10,700</u>
Total current assets	12,990,250
Long-term unconditional promise to give (NOTE 2)	353,100
Bond issuance costs	639,770
Property and equipment, net (NOTE 3)	<u>16,872,561</u>
Total assets	<u>\$30,855,681</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued liabilities	\$ 720,053
Bonds payable, current (NOTE 4)	360,000
Interest payable	<u>208,096</u>
Total current liabilities	<u>1,288,149</u>
Noncurrent liabilities:	
Bonds payable, long-term, net (NOTE 4)	<u>18,535,694</u>
Total liabilities	<u>19,823,843</u>
Net assets:	
Unrestricted (NOTE 1)	10,668,038
Temporarily restricted (NOTE 1)	<u>363,800</u>
Total net assets	<u>11,031,838</u>
Total liabilities and net assets	<u>\$30,855,681</u>

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

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES (NOTE 7)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Local Sources:			
Income from meals	\$ 189,402	\$ -0-	\$ 189,402
Contributions	114,374	-0-	114,374
Fundraising	47,914	-0-	47,914
Student activities	11,865	-0-	11,865
Preschool tuition	28,350	-0-	28,350
Interest	2,905	-0-	2,905
Other	82,874	-0-	82,874
Net assets released from time restrictions	<u>10,700</u>	<u>(10,700)</u>	<u>-0-</u>
Total revenues from local sources	<u>488,384</u>	<u>(10,700)</u>	<u>477,684</u>
State Sources:			
Minimum Foundation Program	11,288,538	-0-	11,288,538
Grants	<u>25,472</u>	<u>-0-</u>	<u>25,472</u>
Total revenues from state sources	<u>11,314,010</u>	<u>-0-</u>	<u>11,314,010</u>
Federal Sources - Grants:	<u>4,127,477</u>	<u>-0-</u>	<u>4,127,477</u>
Total revenues	<u>15,929,871</u>	<u>(10,700)</u>	<u>15,919,171</u>

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

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

EXPENSES

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Instruction:			
Regular	\$ 5,675,934	\$ -0-	\$ 5,675,934
Special	1,307,984	-0-	1,307,984
Other	<u>553,339</u>	<u>-0-</u>	<u>553,339</u>
Subtotal	<u>7,537,257</u>	<u>-0-</u>	<u>7,537,257</u>
Support Services:			
Pupil	521,463	-0-	521,463
Instructional staff	402,086	-0-	402,086
General administration	128,257	-0-	128,257
School administration	867,823	-0-	867,823
Business services	936,942	-0-	936,942
Plant services	1,311,083	-0-	1,311,083
Transportation	655,530	-0-	655,530
Central services	727,574	-0-	727,574
Food services	<u>746,992</u>	<u>-0-</u>	<u>746,992</u>
Subtotal	<u>6,297,750</u>	<u>-0-</u>	<u>6,297,750</u>
Depreciation	821,772	-0-	821,772
Interest	<u>1,264,532</u>	<u>-0-</u>	<u>1,264,532</u>
Total expenses	<u>15,921,311</u>	<u>-0-</u>	<u>15,921,311</u>
Change in net assets	8,560	(10,700)	(2,140)
Net assets, beginning of year	<u>10,659,478</u>	<u>374,500</u>	<u>11,033,978</u>
Net assets, end of year	<u>\$10,668,038</u>	<u>\$ 363,800</u>	<u>\$11,031,838</u>

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

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (2,140)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	821,772
Amortization expense	30,177
Decrease in grants receivable	91,933
Decrease in prepaid expenses	51,118
Decrease in unconditional promise to give	10,700
Increase in accounts payable and accrued liabilities	72,955
Decrease in interest payable	<u>(3,187)</u>
Net cash provided by operating activities	<u>1,073,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	<u>(153,234)</u>
Net cash used in investing activities	<u>(153,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on bonds payable	<u>(340,000)</u>
Net cash used in financing activities	<u>(340,000)</u>
Increase in cash and cash equivalents	580,094
Cash and cash equivalents, beginning of year	<u>12,212,300</u>
Cash and cash equivalents, end of year	<u>\$12,792,394</u>
Supplemental Disclosure for Cash Flows Purposes:	
Interest paid	<u>\$ 1,267,700</u>

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

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

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

Organization

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

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

During the 2016-2017 school year, **the Academy** served kindergarten through eighth grades, with an enrollment of 964 students.

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

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

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

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

Organization, Continued

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

Consolidation

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

The Foundation is a nonprofit organization formed in 2001, which leases school facilities and equipment to **the Academy**. **The Academy** has no ownership interest in **the Foundation**. **The Academy** is the guarantor of **the Foundation's** bonds payable, which amounted to \$18,895,694 at June 30, 2017 (see also NOTE 4).

Total assets of **the Foundation** included in the consolidated financial statements amounted to \$2,897,250. Results of **the Foundation's** operations included in the consolidated financial statements after elimination of inter-organizational transactions consisted primarily of rent expense totaling \$10,700 and amortization of bond issuance costs totaling \$3,513.

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

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

Financial Statement Presentation

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

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

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

At June 30, 2017, there were no permanently restricted net assets.

Basis of Accounting

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

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

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

Basis of Accounting, Continued

of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Property and Equipment

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

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

Revenue Recognition

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

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

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

Revenue Recognition, Continued

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

Contributed Services

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

Compensated Absences

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

Special Legislative Funding - Minimum Foundation Program Formula (MFP)

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

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

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

Income Taxes

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

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

Functional Allocation of Expenses

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

NOTE 2 - 50-Year Land Lease:

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

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

NOTE 2 - 50 Year Land Lease, Continued:

The amount of unconditional promise to give receivable at June 30, 2017 is as follows:

Receivable in less than one year	\$ 10,700
Receivable in one to five years	42,800
Receivable in more than five years	<u>310,300</u>
Total unconditional promise to give	<u>\$363,800</u>

NOTE 3 - Property and Equipment:

The following is a summary of property and equipment at June 30, 2017:

Land improvements	\$ 583,063
Building and improvements	23,305,361
Furniture and fixtures	520,377
Machinery and equipment	1,540,501
Software	<u>166,837</u>
	26,116,139
Less: accumulated depreciation and amortization	<u>(9,243,578)</u>
Property and equipment, net	<u>\$16,872,561</u>

Depreciation expense for the year ended June 30, 2017 totaled \$821,772.

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

NOTE 4 - Bonds Payable:

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

According to Article III, Section 703 of the Financing Agreement Among Louisiana Public Facilities Authority and **the Foundation** and **the Academy**, dated as of June 1, 2011, **the Academy** is required to maintain on a quarterly basis a Debt Service Coverage Ratio of 1.20 to 1.00. **The Academy's** Debt Service Coverage Ratio was 1.33 based on the audited June 30, 2017 financial statements.

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

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2018	\$ 360,000
2019	380,000
2020	400,000
2021	420,000
2022	440,000
Thereafter	<u>16,980,000</u>
	18,980,000
Less: unamortized discount	<u>(84,306)</u>
Bonds payable, net	<u>\$18,895,694</u>

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

NOTE 5 - Defined Contribution Plan:

BCA sponsors a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. During the year ended June 30, 2017, BCA made matching contributions to the plan of 2% of employee compensation. Employer contributions during the year ended June 30, 2017 were \$100,923.

NOTE 6 - Risk Management:

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

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

NOTE 7 - Concentrations of Risk:

BCA receives a substantial amount of its revenue from federal and state governments. Revenues earned from federal and state governments totaled \$15,441,487, or 97%, of total revenue for the year ended June 30, 2017.

BCA maintains interest bearing and non-interest bearing deposit accounts at two (2) financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides up to \$250,000 deposit insurance coverage per depositor, per insured financial institution. At June 30, 2017, BCA had uninsured deposits totaling \$12,367,237.

NOTE 8 - Board of Directors' Compensation:

The Board of Directors is a voluntary board, therefore, no compensation was paid to any board member during the year ended June 30, 2017.

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

NOTE 9 - Commitments:

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

For the Year Ending <u>June 30,</u>	
2018	\$ 212,580
2019	212,580
2020	212,580
2021	212,580
2022	<u>199,575</u>
	<u>\$1,049,895</u>

Lease expense totaled \$212,580 for the year ended June 30, 2017.

NOTE 10 - Contingencies:

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

NOTE 11 - Subsequent Events:

BCA is required to evaluate events or transactions that may occur after the consolidated statement of financial position date for potential recognition or disclosure in the consolidated financial statements. BCA performed such an evaluation through December 12, 2017, the date which the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
<u>U.S. Department of Education</u>		
<u>Direct Awards</u>		
Impact Aid	84.041	\$2,893,424
Total Direct Awards	<u>2,893,424</u>	
<u>Awards from a Pass-Through Entity</u>		
<u>Passed-through: LA State Department of Education</u>		
Title I, Part A - Improving the Academic Achievement of the Disadvantaged	84.010	127,919
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	27,919
Individuals with Disabilities Education Act (IDEA), Part B	84.027	161,858
Individuals with Disabilities Education Act (IDEA), Part B, Pre-K	84.173A	966
Enhancing Education Through Technology	84.318	7,760
21 st Century Community Learning Center	84.287C	424,868
High Cost Services	84.027A	<u>7,570</u>
Total Passed-through Awards		<u>758,860</u>
Total U.S. Department of Education		<u>3,652,284</u>

See Independent Auditors' Report on Supplementary Information.

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
<u>U.S. Department of Agriculture</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-through: LA State Department of Education</u>		
National School Lunch Program	10.555	\$ 204,829
Child and Adult Care Food Program (CACFP)	10.558	<u>546</u>
Total Passed-through Awards		<u>205,375</u>
Total U.S. Department of Agriculture		<u>205,375</u>
<u>U.S. Department of Defense</u>		
<i><u>Direct Awards</u></i>		
Department of Defense Impact Aid	12.558	164,248
Competitive Grant: Promoting K-12 Achievement at Military Connected Schools	12.556	<u>105,570</u>
Total Direct Awards		<u>269,818</u>
Total U.S. Department of Defense		<u>269,818</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$4,127,477</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **the Academy** under programs of the federal government for the year ended June 30, 2017 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO SCHOOL LEADER
FOR THE YEAR ENDED JUNE 30, 2017

School Leader Name: Ms. Jane M. Dye

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 159,250
Benefits - insurance	-0-
Benefits - retirement	2,820
Benefits - office parking	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	385
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-
	<u>\$ 162,455</u>

See the Independent Auditors' Report on Supplementary Information.



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of **Belle Chasse Academy, Inc. and Affiliate (BCA)** (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 12, 2017.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **BCA's** consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2017



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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
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Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

Report on Compliance for Major Federal Program

We have audited the compliance of **Belle Chasse Academy, Inc. and Affiliate (BCA)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **BCA's** major federal program for the year ended June 30, 2017. **BCA's** major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

(CONTINUED)

Auditors' Responsibility

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

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

Opinion on Major Federal Program

In our opinion, BCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

(CONTINUED)

Report on Internal Control Over Compliance

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

(CONTINUED)

Report on Internal Control Over Compliance, Continued

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

Purpose of this Report

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



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2017

**BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I – SUMMARY AUDITORS' RESULTS

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

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

Section I - SUMMARY OF AUDITORS' RESULTS, CONTINUED

J. Identification of Major Programs:

United States Department of Education

Impact Aid (CFDA No. 84.041)

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

\$750,000

L. Auditee qualified as a "low-risk" auditee: **Yes.**

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

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

No matters reported.

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

No matters reported.

BELLE CHASSE ACADEMY, INC. AND AFFILIATE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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

No matters reported.

Section II - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

No matters reported.

Section III - MANAGEMENT LETTER

No matters reported.

BELLE CHASSE ACADEMY, INC. AND AFFILIATE

EXIT CONFERENCE

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

BELLE CHASSE ACADEMY, INC.

Mrs. Jane M. Dye	--	School Leader
Mr. Michael Rocks	--	Director of Operations
Mrs. Sheila J. Glass, CPA	--	Business Manager

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Mrs. Sherina R. Clavier, CPA	--	Manager



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Waldo J. Mcret, Jr., CPA
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Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON
OTHER MATTERS RELATED TO INTERNAL CONTROL**

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

Management of **Belle Chasse Academy, Inc. and Affiliate (BCA)** is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statements of **BCA** as of and for the year ended June 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered **BCA's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **BCA's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **BCA's** internal control.

During our audit, we became aware of other matters that provide an opportunity for **BCA** to strengthen its internal control and operating efficiency. We previously reported on **BCA's** internal control in our report dated December 12, 2017. This letter does not affect our report dated December 12, 2017 on internal control and the financial statements of **BCA**.

We will review the status of these other matters during our next engagement. We have already discussed these other matters with **BCA's** personnel, and we will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON
OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

CURRENT YEAR COMMENTS

OM 2017-001 - Establish Review Process Over Accounting for Bond Activity

Criteria

Management is responsible for designing, implementing and maintaining effective internal controls to ensure that the consolidated financial statements present fairly the consolidated financial position of BCA.

Condition

During our review of bond activity for Belle Chasse Educational Foundation, we noted that the 2017 bond principal payment was recorded as interest expense, resulting in overstatement of both interest expense and bonds payable by \$340,000 as of June 30, 2017.

Cause

All activity related to Belle Chasse Educational Foundation is recorded by the Business Manager but is only subject to secondary management review on a quarterly basis. The review of the Foundation's financial statements was not performed timely enough to prevent, or detect and correct material misstatement of the financial statements.

Effect

Unadjusted bonds payable and interest expense for Belle Chasse Educational Foundation were materially misstated by \$340,000.

**INDEPENDENT AUDITORS' REPORT ON
OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

CURRENT YEAR COMMENTS, CONTINUED

**OM 2017-001 - Establish Review Process Over Accounting for Bond Activity,
Continued**

Recommendation

We recommend that management establish and implement an analytical review process or secondary review process over the financial statements of the Foundation to identify and correct any potential accounting errors.

Management's Response

Management will implement an analytical review process which will include a review and discussion of the journal entries made for the Foundation on a monthly basis. The entries will be reviewed for reasonableness and accuracy.

**INDEPENDENT AUDITORS' REPORT ON
OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

CURRENT YEAR COMMENTS, CONTINUED

OM 2017-002 – Properly Dispose of Old Outstanding Reconciling Items

Criteria

Management is responsible for designing, implementing and maintaining effective internal controls to ensure that the bank reconciliations are properly prepared and reconciling items are resolved on a timely basis.

Condition

During our review of the Operating account bank reconciliation for the month of June 2017, we noted four (4) outstanding deposits/deposit adjustments totaling \$5,611 and 75 outstanding payments/payment adjustments totaling \$64,397 greater than 6 months old. We also noted in our review of the June 2017 Student Activity Fund account bank reconciliation 176 outstanding deposit adjustments totaling \$104,967 and 196 outstanding payment adjustments totaling \$110,913 greater than 6 months old. Many of these items are uncorrected adjustments and reclassifications resulting from the system conversion to Blackbaud which are as yet unresolved. There are also a number of items that appear to be old outstanding checks that may need to be escheated to the state.

Cause

BCA underwent a system conversion during fiscal year 2016 and management has not yet determined the proper disposition of old outstanding reconciling items related to the conversion.

Effect

There are a significant number of old outstanding reconciling items on the Operating and Student Activity Fund bank reconciliations that appear to be invalid.

**INDEPENDENT AUDITORS' REPORT ON
OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

CURRENT YEAR COMMENTS, CONTINUED

OM 2017-002 – Properly Dispose of Old Outstanding Reconciling Items, Continued

Recommendation

We recommend that management research old outstanding items to determine the appropriate disposition. For items related to the conversion, we recommend management contact Blackbaud for guidance on how to dispose of them as necessary. In addition, we recommend that management evaluate any old outstanding checks against Louisiana escheatment law to determine which checks, if any, should be escheated to the state.

Management Response

Belle Chasse Academy contacted Blackbaud Financial Edge and Blackbaud provided instructions on how to clear up outstanding items related to the conversion from Pentamation to Financial Edge. Belle Chasse Academy will follow their instructions and clear up the items related to the conversion. Outstanding checks that meet the requirements of escheatment to the State of Louisiana will be forwarded to the State. Other outstanding checks will be reviewed and a determination will be made on the proper way to clear these items.

**INDEPENDENT AUDITORS' REPORT ON
OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

PRIOR YEAR COMMENTS

There were no prior year comments.

This communication is intended solely for the information and use of the Board of Directors, management and its regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bruno + Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2017

BELLE CHASSE ACADEMY, INC.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
AGREED-UPON PROCEDURES REPORT	1
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514-PERFORMANCE AND STATISTICAL DATA):	7
Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	9
Schedule 2 - Education Levels of Public School Staff	10
Schedule 3 - Number and Type of Public Schools	11
Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers	12
Schedule 5 - Public School Staff Data: Average Salaries	13
Schedule 6 - Class Size Characteristics	14
Schedule 7 - Louisiana Educational Assessment Program (LEAP)	15
Schedule 8 - Graduation Exit Exam (GEE)	17
Schedule 9 - iLEAP Tests	18



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

To the Board of Directors of
Belle Chasse Academy, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by management of **Belle Chasse Academy, Inc. (the Academy)** and the Louisiana Legislative Auditor (specified parties), on the performance and statistical data accompanying the annual financial statements of **the Academy** for the fiscal year ended June 30, 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514. Management of **the Academy** is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 3 through 6 either for the purpose for which this report has been requested or for any other purpose.

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

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

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



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2017

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

PROCEDURES AND FINDINGS

Our procedures and findings relate to the accompanying schedules 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 reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

No differences noted.

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 Academy's supporting payroll records as of October 1, 2016.

No differences noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

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.

No differences noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No differences noted.

Number and Type of Public Schools (SCHEDULE 3)

5. We did not obtain a list of schools by type as reported on the schedule. Also, we did not compare the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

This procedure was not applicable because **the Academy** operates only one charter school, which includes grades K to 8th.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016 and as reported on 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.

No differences noted.

Public School Staff Data: Average Salaries (SCHEDULE 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 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.

No differences noted.

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

No differences noted.

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 1, 2016 roll books for those classes and determined if the class was properly classified on the schedule.

No differences noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

Louisiana Educational Assessment Program (LEAP) (SCHEDULE 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the Academy**.

No differences noted.

Graduation Exit Exam (GEE) (SCHEDULE 8)

11. The GEE is no longer administered. This schedule is no longer applicable.

iLEAP Tests (SCHEDULE 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the Academy**.

No differences noted.

BELLE CHASSE ACADEMY, INC.
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA)

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; 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 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 assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the AFSR.

BELLE CHASSE ACADEMY, INC.
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

SCHEDULE 5 - Public School Staff Data

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 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)

This schedule represents student performance testing data and includes summary scores by school 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)

The GEE is no longer administered. This schedule is no longer applicable.

SCHEDULE 9 - iLEAP Tests

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

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$	3,482,413
Other Instructional Staff Activities		2,262,902
Instructional Staff Employee Benefits		999,341
Purchased Professional and Technical Services		14,573
Instructional Materials and Supplies		113,516
Instructional Equipment		26,831
Total Teacher and Student Interaction Activities	\$	6,899,576
Other Instructional Activities		637,681
Pupil Support Activities		521,463
Less: Equipment for Pupil Support Activities		-
Net Pupil Support Activities		521,463
Instructional Staff Services		402,086
Less: Equipment for Instructional Staff Services		-
Net Instructional Staff Services		402,086
School Administration		867,823
Less: Equipment for School Administration		-
Net School Administration		867,823
Total General Fund Instructional Expenditures	\$	9,328,629
Total General Fund Equipment Expenditures	\$	-

Certain Local Revenue Sources

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

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

Education Levels of Public School Staff
As of October 1, 2016

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	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	54	64%	0	0%	0	0%	0	0%
Master's Degree	22	26%	2	100%	2	67%	0	0%
Master's Degree +30	7	8%	0	0%	1	33%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph.D. or Ed.D.	1	1%	0	0%	0	0%	0	0%
Total	84	100%	2	100%	3	100%	0%	0%

Note: Due to rounding, certain percentage totals may not equal 100%.

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

**Number and Type of Public Schools
For the Year Ended June 30, 2017**

Type	Number
Elementary: Type II Charter School	1
Middle/Jr. High	0
Secondary	0
Combination	0
Total	1

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

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2016**

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	1	0	0	0	1
Principals	0	0	0	2	0	0	0	2
Classroom Teachers	4	19	24	17	4	5	13	86
Total	4	19	24	20	4	5	13	89

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

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Excluding Extra Compensation	\$47,834	N/A
Average Classroom Teachers' Salary Including Extra Compensation	\$50,611	N/A
Number of Teachers' Full-time Equivalent (FTEs) used in Computation of Average Salaries	86	N/A

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

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

Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	29%	8	37%	10	33%	9	0%	0
Elementary Activity Classes	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High	0%	0	41%	5	58%	7	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	0%	0	0%	0	0%	0	0%	0
High Activity Classes	0%	0	0%	0	0%	0	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

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

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

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2.3%	5.4%	7.6%	8.6%	11.8%	1.9%
Mastery	64.8%	43.0%	34.3%	55.5%	44.1%	23.8%
Basic	21.9%	33.3%	48.6%	25.8%	36.6%	71.4%
Approaching Basic	6.3%	15.1%	9.5%	6.3%	7.5%	1.9%
Unsatisfactory	4.7%	3.2%	0.0%	3.9%	0.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	18.0%	5.9%	6.4%	9.0%	11.9%	5.6%
Mastery	56.0%	65.3%	60.0%	51.0%	48.5%	57.4%
Basic	21.0%	26.7%	30.0%	32.0%	32.7%	26.9%
Approaching Basic	4.0%	2.0%	2.7%	7.0%	5.9%	7.4%
Unsatisfactory	1.0%	0.0%	0.9%	1.0%	1.0%	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	13.8%	9.2%	7.6%	6.4%	13.3%	1.9%
Mastery	66.1%	60.2%	34.3%	36.7%	42.9%	23.8%
Basic	15.6%	24.5%	48.6%	40.4%	33.7%	71.4%
Approaching Basic	4.6%	5.1%	9.5%	14.7%	8.2%	1.9%
Unsatisfactory	0.0%	1.0%	0.0%	1.8%	2.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	13.1%	10.0%	7.6%	4.7%	7.0%	1.9%
Mastery	54.2%	60.0%	34.3%	40.2%	34.0%	23.8%
Basic	21.5%	26.0%	48.6%	40.2%	40.0%	71.4%
Approaching Basic	10.3%	4.0%	9.5%	12.1%	16.0%	1.9%
Unsatisfactory	0.9%	0.0%	0.0%	2.8%	3.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Testing data for English and Mathematics in 2015 reflects summary scores for the PARCC test, which replaced the LEAP in those categories.

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

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	24.3%	17.6%	1.3%	0.0%	5.6%	3.8%
Mastery	40.8%	49.1%	33.3%	36.3%	37.0%	24.4%
Basic	22.3%	25.9%	53.8%	38.2%	43.5%	65.4%
Approaching Basic	11.7%	6.5%	10.3%	23.5%	12.0%	5.1%
Unsatisfactory	1.0%	0.9%	1.3%	2.0%	1.9%	1.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	15.5%	14.8%	5.0%	2.7%	3.4%	1.3%
Mastery	48.2%	60.2%	62.5%	47.3%	55.7%	55.0%
Basic	28.2%	18.2%	26.3%	30.9%	25.0%	31.3%
Approaching Basic	6.4%	6.8%	5.0%	14.5%	13.6%	8.8%
Unsatisfactory	1.8%	0.0%	1.3%	4.5%	2.3%	3.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Testing data for English and Mathematics in 2015 reflects summary scores for the PARCC test, which replaced the LEAP in those categories.

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

**Graduate Exit Exam (GEE)
For the Year Ended June 30, 2017**

The Graduate Exit Examination is no longer administered. This schedule is no longer applicable.

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

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5.5%	11.5%	7.3%	2.0%	N/A	3.7%
Mastery	26.8%	21.2%	33.0%	30.0%	N/A	13.8%
Basic	52.0%	59.6%	51.4%	40.0%	N/A	67.0%
Approaching Basic	11.0%	4.8%	4.6%	20.0%	N/A	12.8%
Unsatisfactory	4.7%	2.9%	3.7%	8.0%	N/A	2.8%
Total	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	9.1%	5.5%	7.6%	5.0%	N/A	1.9%
Mastery	26.3%	30.9%	34.3%	39.6%	N/A	23.8%
Basic	55.6%	58.2%	48.6%	32.7%	N/A	71.4%
Approaching Basic	7.1%	4.5%	9.5%	15.8%	N/A	1.9%
Unsatisfactory	2.0%	0.9%	0.0%	6.9%	N/A	1.0%
Total	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	13.8%	4.3%	7.0%	19.2%	N/A	29.0%
Mastery	33.0%	30.9%	20.0%	34.3%	N/A	27.0%
Basic	45.9%	60.6%	62.0%	28.3%	N/A	43.0%
Approaching Basic	5.5%	3.2%	9.0%	10.1%	N/A	1.0%
Unsatisfactory	1.8%	1.1%	2.0%	8.1%	N/A	0.0%
Total	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	14.2%	21.0%	10.9%	23.0%	N/A	17.3%
Mastery	35.8%	27.0%	36.4%	35.0%	N/A	19.1%
Basic	39.6%	44.0%	42.7%	31.0%	N/A	53.6%
Approaching Basic	7.5%	8.0%	8.2%	8.0%	N/A	8.2%
Unsatisfactory	2.8%	0.0%	1.8%	3.0%	N/A	1.8%
Total	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%

Note 1: In 2015-2016, a Social Studies field test was administered in place of the operational Social Studies test.

Note 2: In 2015-2016, LEAP was administered for Science.

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

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	14.7%	15.7%	10.3%	21.0%	N/A	19.6%
Mastery	34.3%	42.6%	41.2%	25.0%	N/A	33.6%
Basic	43.1%	35.2%	38.1%	33.0%	N/A	39.3%
Approaching Basic	6.9%	5.6%	8.2%	12.0%	N/A	6.5%
Unsatisfactory	1.0%	0.9%	2.1%	9.0%	N/A	0.9%
Total	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3.6%	6.8%	1.3%	18.0%	N/A	3.8%
Mastery	27.3%	35.2%	33.3%	42.0%	N/A	24.4%
Basic	50.0%	44.3%	53.8%	27.0%	N/A	65.4%
Approaching Basic	14.5%	9.1%	10.3%	12.0%	N/A	5.1%
Unsatisfactory	4.5%	4.5%	1.3%	1.0%	N/A	1.3%
Total	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%

Note 1: In 2015-2016, a Social Studies field test was administered in place of the operational Social Studies test.

Note 2: In 2015-2016, LEAP was administered for Science.

BELLE CHASSE ACADEMY, INC.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2017



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

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

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

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

We have performed the procedures enumerated below, which were agreed to by **Belle Chasse Academy Inc. (the Academy)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. **The Academy's** management is responsible for those control and compliance areas identified in the SAUPs.

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

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

PROCEDURES AND FINDINGS

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

Written Policies and Procedures

1. We obtained **the Academy's** written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

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

No exceptions were noted.

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

The Academy's purchasing policy does not address how vendors are added to the vendor list, compliance with public bid law, or documentation maintenance for bids/price quotes.

Management's Response

Belle Chasse Academy uses Blackbaud Financial Edge software. Currently, the Inventory/Purchasing Assistant adds new vendors to the software during the weekly process of inputting invoices for payment. The invoices are for items ordered after an approval to purchase has been received and the Inventory/Purchasing Assistant has provided the packing slip supporting receipt of the items ordered. The Director of Operations approves new vendor purchases related to Facilities, Café, etc. The 'Purchasing Policy' will be revised to include procedures for adding new vendors; with the approval process.

The Academy's requirement for two check signers serves as a firewall to prevent payment to fraudulent or unapproved vendors.

The Academy's current procedures comply with the public bid law but notes to policies and procedures will reflect such.

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

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Academy's contracting policy does not address types of services requiring written contracts, standard terms and conditions, legal review, or the approval and monitoring process.

Management's Response

The Academy's policies and procedures will be revised to address types of services requiring written contracts, the standard terms and conditions of the contracts, legal requirements (if applicable) and the approval and monitoring process. Non-emergency, non-consumable, and routine maintenance and repair do not require a contract.

- g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

No exceptions were noted.

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

No exceptions were noted.

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

- 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.

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.

Debt requirements are not applicable to nonprofits.

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the Board/Finance Committee minutes for the fiscal period to determine whether:

- a) the 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.

The Board's by-laws require that the Board meet six (6) times per year; however, we noted that the Board only met four (4) times during the year with a quorum and once without a quorum.

Management's Response

The Academy did not have two of the required Board meeting due to illness of the School Leader and we did not have a quorum for one of the meetings.

- b) the Board minutes referenced or included monthly budget-to-actual comparisons on **the Academy's** funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, 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.

No exceptions were noted.

- c) 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.

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

We noted that the none of the minutes referenced non-budgetary financial information.

Management's Response

The Academy's Board meetings included discussion of several contracts: Sureway, Sodexo, PowerSchool, etc.

Bank Reconciliations

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

No exceptions were noted.

4. From the listing provided by management, we selected all four of the Academy's bank accounts and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

No exceptions were noted.

- 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) have reviewed each bank reconciliation;

We noted bank reconciliations were reviewed by the Director of Operations, who also makes deposits and has authority to sign checks.

Management's Response

The Academy will have the School Leader sign the bank reconciliations. She has check signing authority but does not make deposits. The reconciliations can also be reviewed by another member of the Finance Team who does not make deposits or sign checks.

- 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.

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

We noted the bank reconciliations for the Operating and Student Activity Fund accounts each had a large number of reconciling items greater than six (6) months at the end of the fiscal period, most of which were related to the conversion of the general ledger system; however, there was no documentation reflecting that the items had been researched.

Management's Response

Blackbaud Financial Edge has provided instructions on how to clear up outstanding items related to the conversion from Pentamation to Financial Edge. Several of the outstanding items had been researched but did not meet the requirements for escheatment to the State of Louisiana.

Cash Collections

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

No exceptions were noted.

6. From the listing provided by management, we selected all of **the Academy's** cash collection locations and:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) to determine 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.

No exceptions were noted.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) to determine whether **the Academy** 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.

Cash collections are reconciled to the general ledger by the Business Manager, who is generally not responsible for cash collections; however, she may act as backup cash collection designee in the event the Inventory/Purchasing Assistant is out.

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

Management's Response

The Business Manager collects funds when necessary; however, the funds are counted in the present of the person turning in the funds and a numbered receipt is provided.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- 1) Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

We noted that 20 of the 25 deposits collected were deposited more than one (1) day after receiving the funds. However, as noted above it is the Academy's policy to make deposits as necessary.

Management's Response

Deposits are made as quickly as possible after submission to the Director of Operations. Daily deposits of all monies collected by the Academy are not practical on a consistent basis due to the nature of operations at a public school. All funds for deposit are receipted by the Director of Operations and stored in a combination safe located in his office. The combination to this safe is known only to the Director of Operations.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verified that daily cash collections are completely supported by documentation.

No exceptions were noted.

7. We obtained existing written documentation (e.g. policy manual, written procedure) to determine whether **the Academy** has a process specifically defined (identified as such by **the Academy**) 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.

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

We noted that there is no written policy that specifically addresses how the Academy determines the completeness of all cash collections. However, there is written documentation that a member of the Finance team who is not involved in cash collections is responsible for reconciling all cash, receivables and revenues to the general ledger to determine that amounts are received.

Management's Response

The Business Manager and the Purchasing/Assistant Business Manager is responsible for reconciling all cash collections to the general ledger.

Disbursements – General (excluding credit card purchases or payments)

8. We obtained the Academy's consolidated check register for the year ended June 30, 2017 and filtered for purchases only. We obtained management's representation that the consolidated check register population was complete.

No exceptions were noted.

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

We noted 15 of 25 purchases were not initiated using a purchase requisition or purchase order.

Management' Response

All 25 purchases were supported by an approved invoice. The Academy has initiated procedures and additional measures to ensure that all purchases, including consumables, have a purchase requisition or purchase order, including final approval and signature of the School Leader. Consumables were on an automatic refill basis; however, this process has been eliminated.

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

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

We noted 15 of 25 disbursements were not accompanied by a purchase order. The remaining 10 purchases had purchase orders that were approved by someone other than the one who initiated the purchase.

Management's Response

All 25 purchases were supported by an approved invoice. The Academy has initiated procedures and additional measures to ensure that all purchases have a purchase requisition or purchase order. Appropriate signatures are required on all requisitions. Consumables were on an automatic refill basis; however, this process has been eliminated.

- 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.

We noted 15 of 25 disbursements were processed without an approved requisition or purchase order and 14 of 25 purchases were approved without a receiving report or packing slip. All purchases were supported by an approved invoice.

Management's Response

The Academy has refined existing procedures to ensure that the Inventory/Purchasing Assistant opens all packages to confirm that the items received are the items ordered. In the absence of the Inventory/Purchasing Assistant, deliveries are routed to the Director of Operations, or his designee in the front office. He checks off the packing slip and provides it to the Purchasing/Assistant Business Manager.

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

No exceptions were noted.

11. We reviewed the Academy's documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

None of the authorized check signers are prohibited from initiating purchases since the purchase requisition process is manual; however, the authorized check signers do not have access to process accounts payable.

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

Management's Response

The School Leader and the Director of Operations have check signing authority. Their signatures must be affixed to each check issued by the Academy. All purchases are initiated by completion of a Requisition Form. Every Requisition Form must ultimately be approved and signed by the School Leader. All Invoices generated as a result of a Requisition Form are given an accounting code by the Finance Department and then reviewed and signed by the Director of Operations. Accordingly, any purchase which may be initiated by the School Leader will be reviewed by the Finance Department and the Director of Operations at invoicing. The check will also be reviewed and signed by the Director of Operations prior to check issuance.

12. We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

No exceptions were noted.

13. We inquired of the individual with a signature stamp whether his or her signature is maintained under his or her control or is used only with his or her knowledge and consent. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Most checks are manually signed; however, there is a signature stamp with the School Leader's name, that is maintained by the Director of Operations to be used in emergency purposes if the School Leader is not present. Signed checks are returned to the Inventory/Purchasing Assistant and are mailed out the same day. Any signed checks that are not mailed are kept in a safe only accessible by the Inventory/Purchasing Assistant.

Management's Response

The Director of Operations uses the School Leader's signature stamp for check signing during her absence. The School Leader's Signature Stamp is maintained in a combination safe in the office of the Director of Operations.

Credit Cards

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

No exceptions were noted.

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

15. Using the listing prepared by management, we randomly selected two (2) of the six (6) cards that were used during the fiscal period and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for each card to determine whether:

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

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

Management's Response

The Academy had changed its policy to require a purchase requisition for each credit card charge. Also, the statements are reviewed during the process of matching the charges with support for the charges. The Director of Operations signs all credit card statements prior to payment. The Whitney Bank credit card statement will be signed by the Director of Operations.

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

No exceptions were noted.

16. Using the monthly statements selected under #15 above, we obtained supporting documentation for all transactions for each of the two cards selected.

- a) We reviewed each transaction to determine whether the transaction is supported by:
 - 1) An original itemized receipt (i.e., identifies precisely what was purchased)

We noted ten (10) of the 126 charges reviewed were not supported by an itemized receipt. Two (2) of the ten (10) charges had incomplete receipts, three (3) of the ten (10) charges did not have an invoice, and five (5) of the ten (10) charges did not include an itemized receipt.

Management's Response

The Academy has implemented and applied additional requirements for credit card charges. These procedures will ensure proper documentation supports all credit card charges.

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

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

We noted 42 of the 126 charges reviewed did not have documentation of the business purpose; however, all charges appear to be for an allowable business purpose.

Management's Response

The Academy has implemented and applied additional requirements for credit card charges. These procedures would minimize (if not eliminate) instances where proper documentation is not available. However, the signature of the Academy's School Leader authorizing payment is implicit affirmation of a "business purpose."

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

We noted 46 of the 126 charges reviewed did not have other documentation required by the Academy's policies (i.e., written pre-authorization).

Management's Response

The Academy has implemented and applied additional requirements for credit card charges. These procedures would minimize (if not eliminate) instances where proper documentation is not available.

- b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with the Academy'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).

The exceptions noted in procedure step #16a above were not in compliance with the Academy's written purchasing policies. No exceptions were noted with regard to compliance with Louisiana Public Bid Law.

Management's Response

The Academy has implemented and applied additional requirements for credit card charges. These procedures will ensure proper documentation supports all credit card charges.

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

- c) For each transaction, we compared **the Academy'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 whether they are reimbursed).

No exceptions were noted.

Travel and Expense Reimbursement

17. We obtained the consolidated check register for the year ended June 30, 2017 and filtered for travel reimbursements. We obtained management's representation that the consolidated check register population is complete.

No exceptions were noted.

18. We obtained **the Academy's** written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) to determine whether there are any amounts that exceed GSA rates.

The Academy uses the per diem and mileage rates established by the State of Louisiana. At different points in time, those rates may exceed GSA rates.

19. Using the transactions from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

As noted above, the Academy follows the policy of the State of Louisiana with respect to travel and expense reimbursements. However, we noted two (2) of three (3) reimbursements where the hotel charge exceeded the GSA State per diem rates for lodging. The State lodging rate for Los Angeles, CA is \$126 per night and was reimbursed at a rate of \$319 per night. The State lodging rate for San Antonio, TX is \$126 per night and was reimbursed at a rate of \$239 per night.

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

We also noted one (1) instance where the reimbursement for food exceeded the State meal reimbursement rates. The maximum amount for meal reimbursements was \$51 per day but the employee was reimbursed at \$58 per day.

Management's Response

The policy of the Academy is to provide hotel reservations for attendees at the hotel where the conference is being held. Belle Chasse Academy's policies and procedures will be adjusted to reflect that reservations will be made at the conference location or the most convenient location. Providing hotel reservations at the conference location or location convenient to the conference is also a cost saving measure.

The Academy's policy is to follow the State of Louisiana guidelines for meal reimbursements for travel. The Academy will continue to review and ensure that the Academy's policies and the state guidelines are followed.

b) We determined whether each expense is supported by:

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

We noted one (1) of three (3) reimbursements was not supported by an original itemized receipt.

Management's Response

The Academy's policy is to obtain itemized receipts for travel reimbursements. We will review and ensure that the Academy's policies are followed.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions were noted.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions were noted.

c) We compared the Academy'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.

No exceptions were noted.

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

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

No exceptions were noted.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period and obtained the consolidated check register for the year ended June 30, 2017 and filtered for contract payments. We obtained management's representation that the consolidated check register population is complete.

No exceptions were noted.

21. Using the listing above, we selected the five contract vendors that were paid the most money during the fiscal period, including the transportation contract and excluding purchases on state contract and payments to the practitioner. We obtained the related contracts and paid invoices and:

- a) We determined whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether **the Academy** complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Only one (1) of the five (5) contracts reviewed was subject to Louisiana Public Bid Law, the food service contract. We noted that advertised bids for the food service contract did not occur once a week for three (3) weeks as required by Louisiana charter school law. The first ad appeared 22 days before the bid opening date instead of the 25 days required by Louisiana charter school law.

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

Management's Response

1. Advertisements for Invitations to Bid were placed June 22, 2016 and June 29, 2016, after the determination was made to terminate food management contract with Sodexo and resume in-house management, on advice of Belle Chasse Academy's retained food services consultant. The advertisements were placed as soon as possible after completion of the Invitation to Bid. Food service contracts normally start on July 1, and run through June 30.
 2. Specific Invitations to Bid were sent certified mail to the following on June 22, 2017: Christian Bros, US foods, Doerle Food, Inc, and Sysco.
 3. Dr. Judy Stracener, Education Program Consultant, Louisiana Department of Education, informed the Food Service Manager for Belle Chasse Academy that it would be better to seek the approximately \$200,000 in cost savings by doing everything possible to resume self-management of Belle Chasse Academy's food service program.
- 2) If no, we obtained supporting contract documentation to determine whether the Academy solicited quotes as a best practice.

We noted that for two (2) of the five (5) contracts reviewed additional bids were not required, and additional bids were not obtained as best practice.

Management's Response

The Academy was not required to obtain additional bids for Sterling Computers and Adventure Student Travel. However, as a best practice we will obtain additional bids for future contracts.

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

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

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

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

Transportation contract - We noted that the special needs bus rate of \$117.50 on the invoice was \$0.50 greater than the contract rate of \$117.00. We were not able to determine whether the rates charged for special events were correct because the special events rates were not included in the contract.

Computer lease - We noted the monthly leasing rate of \$95 for laptops listed on the invoice was \$3 greater than the contract rate of \$92. We also noted there were 90 additional computers leased at \$85 monthly that were not included in the original contract or amendment to the contract.

Management's Response

Transportation contract - The transportation contract was adjusted manually to a rate of \$117.50; however, the amount was written as \$117 and the invoice shows the correct amount of \$117.50. The contract will be revised to the correct invoice amount of \$117.50 and to include the rate for special events.

Computer Lease - The computer lease invoice included an incorrect amount. A credit was included on the December 2017 invoice.

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

Board approval of the contracts reviewed is not required by policy or law, therefore this procedure is not applicable.

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries. We randomly selected the five employees, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period to determine whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted.

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

No exceptions were noted.

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

23. We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee (January 26, 2017 to February 11, 2017). Within that pay period, we randomly selected 25 employees to determine whether:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees. We reviewed the termination payments to determine whether they were made in strict accordance with policy and/or contract and approved by management.

No exceptions were noted.

25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period to determine 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.

No exceptions were noted.

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

Ethics

26. Using the five randomly selected employees from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management to determine whether **the Academy** maintained documentation to demonstrate that required ethics training was completed. We also reviewed the employee files for the employees selected to determine whether there was a signed verification of having read the ethics policy included in the file.

This procedure is not applicable.

27. We inquired of management whether any alleged ethics violations were reported to **the Academy** during the fiscal period and, if applicable, reviewed documentation demonstrating that management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with **the Academy's** ethics policy.

No alleged ethics violations were reported to the Academy during the fiscal period.

Debt Service

28. If debt was issued during the fiscal period, we obtained supporting documentation from **the Academy** to determine whether State Bond Commission approval was obtained.

This procedure is not applicable.

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

This procedure is not applicable.

30. If **the Academy** had tax millages relating to debt service, we obtained supporting documentation to determine whether millage collections exceeded debt service payments by more than 10% during the fiscal period.

This procedure is not applicable.

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

Other

31. We inquired of management whether **the Academy** had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether **the Academy** reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

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

32. We observed **the Academy's** premises and website to determine whether **the Academy** posted the notice required by R.S. 24:523.1.

No exceptions were noted.

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

No exceptions were noted.

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

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


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 12, 2017