

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION**

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

FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association**

Report on the Financial Statements

We have audited the accompanying financial statements of **James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association** which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of **JMSCS** as of June 30, 2018, and the changes in its net assets, statements of functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018, on our consideration of **JMSCS**'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering **JMSCS**'s internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 20, 2018

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS

Cash (NOTE 2)	\$ 289,182
Investment (NOTE 20)	100,075
Grants receivable (NOTE 4)	55,932
Amounts receivable	31,421
Amounts due from sponsor organization, and other programs, net	649,260
Property and equipment, net (NOTE 3)	96,245
Prepaid items (NOTE 16)	<u>20,544</u>
 Total assets	 <u>\$1,242,659</u>

LIABILITIES

Bank overdraft	\$ 1,417
Amounts and other payables (NOTE 14)	348,094
Salaries and other payables (NOTE 8)	133,159
Capital lease payable (NOTE 3)	52,796
Reserve for unemployment and other benefits (NOTE 13)	634,816
Note payable (NOTE 21)	<u>1,076</u>
 Total liabilities	 <u>1,171,358</u>

CONTINGENCIES AND COMMITMENTS
(NOTES 5, 6, 7 and 11)

NET ASSETS

Unrestricted	<u>71,301</u>
 Total net assets	 <u>71,301</u>
 Total liabilities and net assets	 <u>\$1,242,659</u>

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

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Support and Revenues:	
State of Louisiana	\$4,752,195
In-kind (NOTE 18)	80,287
Support from other programs	10,938
Interest income	619
Other income	<u>16,469</u>
Total support and revenues	<u>4,860,508</u>
Expenses:	
Program services	4,436,102
Supporting services	<u>446,967</u>
Total expenses	<u>4,883,069</u>
Change in net assets	<u>(22,561)</u>
Net assets, beginning of year	<u>93,862</u>
Net assets, end of year	\$ <u><u>71,301</u></u>

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

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>
	<u>Instructional</u>	<u>Management and General</u>
Expenses:		
Salaries	\$1,573,764	\$ 270,287
Employee benefits	338,957	33,886
Payroll taxes	105,673	29,611
Professional fees and contract services	643,350	34,227
Supplies	70,257	6,813
Instructional material and supplies	44,991	-0-
Telephone	95,228	16,804
Postage and shipping	1,656	-0-
Professional development	421	-0-
Utilities	197,691	34,887
Rent	455,927	-0-
Security system and services	82,936	-0-
Repairs and maintenance	67,313	11,878
Insurance	139,921	-0-
Food cost	12,556	-0-
Printing	18,596	-0-
In-kind expense (NOTE 18)	80,287	-0-
Student activities	12,457	-0-
Depreciation and amortization	71,465	-0-
Transportation	355,833	-0-
Bank charges	534	8,574
Interest expense	6,623	-0-
Other expense	30,289	-0-
Support to other programs	10,886	-0-
Management fees	<u>18,491</u>	<u>-0-</u>
Total	<u>\$4,436,102</u>	<u>\$446,967</u>

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

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flow Provided by Operating Activities:

Change in net assets	\$(22,561)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	71,465
Decrease in grants receivable	19,735
Increase in amounts and other payables	15,305
Increase in salaries, and other payables	95,480
Increase in amounts receivable	(31,177)
Increase in prepaid items	(5,413)
Increase in reserve for unemployment and other benefits	23,613
Increase in amounts due from sponsor organization and other programs	(164,497)
Increase in bank overdraft	<u>1,417</u>
Net cash provided by operating activities	<u>3,367</u>

Cash Flow Provided by Investing Activities:

Proceeds from investment	<u>4,350</u>
Cash provided by investing activities	<u>4,350</u>

Cash Flow Used by Financing Activities:

Repayment of notes payable	(5,603)
Repayment on capital lease obligations	<u>(52,211)</u>
Cash used by financing activities	<u>(57,814)</u>

Net decrease in cash (50,097)

Cash, beginning of year 339,279

Cash, end of year \$289,182

Interest expense paid during the year ended June 30, 2017 \$ 6,623

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

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Summary of Significant Accounting Policies:

Background

James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association is an independent public school sponsored by Dryades Young Men's Christian Association (the Association), a non-profit corporation organized under the laws of the State of Louisiana.

JMSCS operates under a charter agreement approved by the Board of Elementary and Secondary Education. The charter agreement, which expired during 2018, has been renewed through 2023.

General

As of June 30, 2018, **JMSCS** administered an independent public school funded by the State of Louisiana to provide a framework for experimentation through the creation of a mechanism to accomplish the following objectives:

- Improve pupil learning and, in general, the public school system;
- Increase learning opportunities and access to quality education for pupils;
- Encourage the use of different and innovative teaching methods and a variety of governance, management, and administrative structures;
- Require appropriate assessment and measurement of academic learning results;
- Account better and more thoroughly for educational results; and
- Create new professional opportunities for teachers and other school employees.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Principles of Accounting

The financial statements of JMSCS are prepared in accordance with accounting principles generally accepted in the United States of America and on the accrual basis.

Use of Estimates

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

Funding

JMSCS receives its major funding from the State of Louisiana's Minimum Foundation Program (Local and State) as well as other direct funding from the State of Louisiana.

Property and Equipment

JMSCS follows the practice of capitalizing at cost, all property and equipment acquisitions over \$2,000. Donations are capitalized at the fair value at time of donation. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives.

JMSCS depreciates property and equipment over a five-year period.

Amortization is recorded at rates designed to amortize cost over estimated useful lives.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Property and Equipment, Continued

Property and equipment acquired under grants, vest subject to use, management and disposition requirements.

Capital leases and related liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and management and general in the accompanying statement of functional expenses.

Statement of Cash Flows

For purposes of the statement of cash flows, **JMSCS** considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2018, **JMSCS** had no cash equivalents.

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, **JMSCS** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Financial Statement Presentation, Continued

Under FASB ASC Section 958-205, **JMSCS** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, **JMSCS** is required to present a statement of cash flows. Revenues received and expenses incurred in conducting the activities of **JMSCS** are included in the unrestricted net assets category.

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by **JMSCS** using available market information and appropriate valuation methodologies.

JMSCS considers the carrying amounts of cash, amounts and grants receivable, prepaid items, investment, amounts payable and other liabilities, and capital lease payable to be at fair market.

Budgetary Data

JMSCS formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval. For the LA-4 Federal and State programs, the budget is restricted to approved line items and total budgeted amounts.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update -ASU 2016-02, Leases. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. **JMSCS** has not assessed the potential impact of this guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements Not-for-Profit Entities (Topic 958). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. **JMSCS** has not assessed the potential impact of this guidance on its financial statements.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Cash:

At June 30, 2018, cash consisted of demand and time deposits with a carrying and market value of \$289,182.

A detail of cash at June 30, 2018 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Market Value</u>
Cash in banks	Varying rates	\$289,099	\$289,099
Savings	Varying rates	83	83
Total		<u>\$289,182</u>	<u>\$289,182</u>

Further at June 30, 2018, cash and investment held by JMSCS's banker are secured with a deposit of \$1,000,000 at the Federal Home Loan Bank of Dallas in excess of the \$250,000 FDIC coverage amount.

NOTE 3 - Property and Equipment, Net:

At June 30, 2018, property and equipment, net consisted of the following:

	Balance July 1, 2017	Additions	Balance June 30, 2018
Furniture and equipment	\$ 766,883	\$ -0-	\$ 766,883
Property held under capital lease	<u>158,333</u>	<u>-0-</u>	<u>158,333</u>
Sub-total	925,216	-0-	925,216
Less: accumulated depreciation and amortization	<u>(757,506)</u>	<u>(71,465)</u>	<u>(828,971)</u>
Total	<u>\$ 167,710</u>	<u>\$(71,465)</u>	<u>\$ 96,245</u>

Accumulated depreciation and amortization includes cumulative amortization totaling \$108,488 at June 30, 2018.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Property and Equipment, Net, Continued:

The future minimum lease payments under the capital leases in excess of one year as of June 30, 2018, and for each of the next two (2) years are:

<u>Year Ended</u>	
2019	\$ 44,551
2020	<u>11,051</u>
	55,602
Less: unamortized discount	<u>(2,806)</u>
Net present value of minimum lease payments	<u>\$ 52,796</u>

Interest rate on the capital leases is 5.75% and is imputed based on JMSCS's estimated incremental borrowing rates at inception of the leases.

NOTE 4 - Grants Receivable:

At June 30, 2018, grants receivable of \$55,932 consisted of various amounts billed but not yet paid by the State of Louisiana, Department of Education.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - Income Taxes:

The Association, which is the sponsor organization for **JMSCS**, is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

JMSCS files through its sponsor organization Dryades Young Men's Christian Association an exempt tax return. Should that status be challenged in the future, its tax returns for the three (3) years ended December 31, 2017 are subject to examination.

NOTE 6 - Retirement Plan:

JMSCS had through the year ended June 30, 2018, one defined contribution retirement plan for its instructional and non-instructional employees. **JMSCS** contributed for each eligible employee having two or more years of service, 12% of his or her respective gross salary during the year ended June 30, 2018. Pension costs are funded on a current basis. **JMSCS's** total pension costs for 2018 was \$150,152.

Also, on June 18, 2014, the Legislative Auditor for the State of Louisiana issued its investigative report on **JMSCS's** Teachers Retirement System of Louisiana retirement plan. Currently, management is in continuous discussion with the State of Louisiana regarding the content of the referenced report.

It is legal counsel's opinion at June 30, 2018 and December 20, 2018 that a possible claim or assessment may arise at some point, but counsel does not believe, at this time that any such possibility would result in an unfavorable outcome for **JMSCS**.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - Contingencies and Commitments:

JMSCS is a recipient of funding from the State of Louisiana's Minimum Foundation Program to include other grants received through the State of Louisiana. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of **JMSCS** and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

NOTE 8 - Salaries and Other Payables:

At June 30, 2018, salaries and other payables consisted of the following:

Salaries, and other withholding payable	\$ 10,939
Payroll taxes payable	101,689
Retirement payable	<u>20,531</u>
Total	<u>\$133,159</u>

NOTE 9 - Risk Management:

JMSCS is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which **JMSCS** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Concentration of Revenue Source:

JMSCS receives primarily all of its support from the State of Louisiana. If the amount of revenue received should fall below award budgeted levels, **JMSCS's** operating results could be adversely affected.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Leases:

JMSCS signed operating leases for equipment, office and classroom space. The lease for the equipment expires in 2019. Subsequent to year-end, the leases for office and classroom space have been renewed through June 2020. Minimum future rental payments under the leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$486,978
2020	<u>11,052</u>
Total	<u>\$498,030</u>

Rental expense for the year ended June 30, 2018 was \$442,427.

NOTE 12 - Concentration of Credit Risk:

Financial instruments which potentially subject JMSCS to concentrations of credit risk consist principally of cash and investment.

NOTE 13 - Reserve for Unemployment and Other Benefits:

Under an agreement with the State Department of Labor, JMSCS pays for unemployment benefits on an actual basis (at the point of billing). At June 30, 2018, \$434,816 represents a reserve for such future costs. The remaining balance of \$200,000 represents a reserve for other employee benefits for a total of \$634,816.

NOTE 14 - Amounts and Other Payables:

At June 30, 2018, amounts and other payables consisted of the following:

Amounts payable - vendors	\$ 41,428
Amounts payable - City of New Orleans	<u>306,666</u>
Total	<u>\$348,094</u>

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 15 - Per Diem to Board of Directors:

During the year ended June 30, 2018, no board member received per diem in his or her capacity as director.

NOTE 16 - Prepaid Items:

At June 30, 2018, prepaid items consisted of the following:

Security deposit	\$ 2,000
Prepaid insurance	<u>18,544</u>
	<u>\$20,544</u>

NOTE 17 - Subsequent Events:

JMSCS is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. **JMSCS** performed such an evaluation through December 20, 2018, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

NOTE 18 - In-kind:

Included in the Statement of Activities for the year ended June 30, 2018 was \$80,287 in donated food commodities.

NOTE 19 - Related Party:

JMSCS leases office space expiring on June 30, 2018 under operating leases with its sponsor organization in the amount of \$30,503 per month, or \$366,036 annually. For the year ended June 30, 2018, total payments to the sponsor organization consisting of lease payments was \$366,036.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 20 - Investment:

At June 30, 2018, investment consisted of a certificate of deposit with a carrying and market value of \$100,075 earning interest of .5%. The certificate matures on September 29, 2020.

Further, at June 30, 2018, the investment is collateralized to a loan originated by the Sponsor Organization Dryades Young Men's Christian Association on real estate property it owns.

Pursuant to the requirements of ASC 820, the investment for JMSCS at June 30, 2018, is classified as Level 2. Levels 2 (quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument), and Level 3 (unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities), are two of the three levels of input used to measure fair value by JMSCS on a recurring basis.

The other assets and liabilities described in NOTE 1, are measured using Level 3 inputs.

See NOTE 2 for additional discussion.

NOTE 21 - Note Payable:

On August 22, 2013, the Association executed an agreement to finance the acquisition of furniture. The agreement requires installment payments of \$517.29 payable monthly for a period of sixty months.

A summary of the outstanding principal balance over the next year follows:

<u>Year</u>	<u>Amount</u>
2019	<u>\$1,076</u>
	<u>\$1,076</u>

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
**James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association**

Report on Schedule of Expenditures of Federal Awards
Required by *the Uniform Guidance*

We have audited the financial statements of **James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association** as of and for the year ended June 30, 2018, and have issued our report dated December 20, 2018 which contained an unmodified opinion on the financial statements taken as a whole. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedule I has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

(CONTINUED)

Other Information

Also, the supplementary information (Exhibits I, II, and III) and Schedule II on pages 24 through 30, which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information (Exhibits I, II, and III) and Schedule II is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 20, 2018

**JAMES M. SINGLETON CHARTER SCHOOL
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Program Grantor /Title</u>	<u>CDFA NUMBER</u>	<u>Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Pass Through as Subgrantee of the State of Louisiana Department of Education: LA-4 Starting Points Pre Kindergarten Program (TANF)	93.558	\$ <u>92,176</u>
Total U.S. Department of Health and Human Services		<u>92,176</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF EDUCATION</u>		
Pass Through as Subgrantee of the State of Louisiana Department of Education: Title I - Grants to Local Educational Agencies Title II - Improving Teacher Quality State Grants IDEA Part B - Handicapped	84.010 84.367 84.027	284,253 71,635 <u>40,221</u>
Total U. S. Department of Education		<u>396,109</u>

See Independent Auditors' Report on Supplementary Information.

JAMES M. SINGLETON CHARTER SCHOOL
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

<u>Program Grantor /Title</u>	<u>CDEA NUMBER</u>	<u>Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF AGRICULTURE</u>		
Pass Through as Subgrantee of the State of Louisiana		
Department of Agriculture:		
National School Lunch Program	10.555	\$ <u>80,287</u>
Total U.S. Department of Agriculture		<u>80,287</u>
Total all programs		<u>\$568,572</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of **JMSCS** and is presented on an accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *the Uniform Guidance*.

NOTE: **JMSCS** has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**JAMES M. SINGLETON CHARTER SCHOOL
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2018**

NAMES: Mr. Gregory Phillips (July 1, 2017
through March 16, 2018)

Salary	\$ 87,323
Benefits (social security and medicare)	6,680
Retirement	<u>10,479</u>
	<u>\$104,482</u>

See Independent Auditors' Report on Supplementary Information.

**JAMES M. SINGLETON CHARTER SCHOOL
 SPONSOR ORGANIZATION
 DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
 COMBINING STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2018**

STATE OF LOUISIANA
 DEPARTMENT OF EDUCATION

	<u>Charter School</u>	<u>LA-4 State</u>	<u>LA-4 Federal</u>	<u>Special Funds</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS</u>					
Cash	\$ 288,095	\$ -0-	\$ -0-	\$ 1,087	\$ 289,182
Investment	100,075	-0-	-0-	-0-	100,075
Grants receivable	42,266	897	9,882	2,887	55,932
Amounts receivable	31,177	244	-0-	-0-	31,421
Inter program due from	2,014,538	948,669	685,184	103,285	3,751,676
Property and equipment, net	46,400	-0-	-0-	-0-	46,400
Capital assets under lease, net	49,845	-0-	-0-	-0-	49,845
Prepaid items	<u>20,544</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>20,544</u>
Total assets	<u>\$2,592,940</u>	<u>\$949,810</u>	<u>\$695,066</u>	<u>\$107,259</u>	<u>\$4,345,075</u>

See Independent Auditors' Report on Supplementary Information

JAMES M. SINGLETON CHARTER SCHOOL
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION, CONTINUED
JUNE 30, 2018

	STATE OF LOUISIANA DEPARTMENT OF EDUCATION				Totals (Memorandum) Only
	<u>Charter School</u>	<u>LA-4 State</u>	<u>LA-4 Federal</u>	<u>Special Funds</u>	
<u>LIABILITIES AND NET ASSETS</u>					
Liabilities:					
Bank overdraft	\$ -0-	\$ 1,417	\$ -0-	\$ -0-	\$ 1,417
Amounts and other payables	39,113	1,517	-0-	798	41,428
Amounts payable-City of New Orleans	306,666	-0-	-0-	-0-	306,666
Inter program due to	1,447,896	946,811	688,009	19,700	3,102,416
Salaries and other payables	133,159	-0-	-0-	-0-	133,159
Capital lease payable	52,796	-0-	-0-	-0-	52,796
Reserve for unemployment and other benefits	627,694	65	7,057	-0-	634,816
Note payable	<u>1,076</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,076</u>
Total liabilities	<u>2,608,400</u>	<u>949,810</u>	<u>695,066</u>	<u>20,498</u>	<u>4,273,774</u>
Net Assets:					
Unrestricted	<u>(15,460)</u>	<u>-0-</u>	<u>-0-</u>	<u>86,761</u>	<u>71,301</u>
Total net assets	<u>(15,460)</u>	<u>-0-</u>	<u>-0-</u>	<u>86,761</u>	<u>71,301</u>
Total liabilities and and net assets	<u>\$2,592,940</u>	<u>\$949,810</u>	<u>\$695,066</u>	<u>\$107,259</u>	<u>\$4,345,075</u>

See Independent Auditors' Report on Supplementary Information.

**JAMES M. SINGLETON CHARTER SCHOOL
 SPONSOR ORGANIZATION
 DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	STATE OF LOUISIANA DEPARTMENT OF EDUCATION				Totals (Memorandum Only)
	<u>Charter School</u>	<u>LA-4 State</u>	<u>LA-4 Federal</u>	<u>Special Funds</u>	
Support and Revenues:					
State of Louisiana	\$4,180,642	\$83,268	\$92,176	\$396,109	\$4,752,195
In-kind	80,287	-0-	-0-	-0-	80,287
Support from other programs	-0-	10,938	-0-	-0-	10,938
Interest income	619	-0-	-0-	-0-	619
Other income	<u>16,469</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>16,469</u>
Total support and revenues	<u>4,278,017</u>	<u>94,206</u>	<u>92,176</u>	<u>396,109</u>	<u>4,860,508</u>

See Independent Auditors' Report on Supplementary Information.

**JAMES M. SINGLETON CHARTER SCHOOL
 SPONSOR ORGANIZATION
 DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
 COMBINING STATEMENT OF ACTIVITIES, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2018**

	STATE OF LOUISIANA DEPARTMENT OF EDUCATION				Totals (Memorandum Only)
	<u>Charter School</u>	<u>LA-4 State</u>	<u>LA-4 Federal</u>	<u>Special Funds</u>	<u> </u>
Expenses:					
Program services	\$3,848,924	\$94,206	\$92,176	\$400,796	\$4,436,102
Supporting services	<u>446,967</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>446,967</u>
Total expenses	<u>4,295,891</u>	<u>94,206</u>	<u>92,176</u>	<u>400,796</u>	<u>4,883,069</u>
Change in net assets	<u>(17,874)</u>	<u>-0-</u>	<u>-0-</u>	<u>(4,687)</u>	<u>(22,561)</u>
Net assets, beginning of year	<u>2,414</u>	<u>-0-</u>	<u>-0-</u>	<u>91,448</u>	<u>93,862</u>
Net assets (deficit), end of year	<u>\$ (15,460)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 86,761</u>	<u>\$ 71,301</u>

See Independent Auditors' Report on Supplementary Information.

**JAMES M. SINGLETON CHARTER SCHOOL
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>CHARTER SCHOOL</u>	
	<u>Program Services</u>	<u>Supporting Services</u>
Expenses:		
Salaries	\$1,126,180	\$270,287
Employee benefits	266,562	33,886
Payroll taxes	76,780	29,611
Professional fees and contract services	643,350	34,227
Supplies	70,257	6,813
Instructional materials and supplies	28,301	-0-
Telephone	95,228	16,804
Postage and shipping	1,656	-0-
Professional development	421	-0-
Utilities	197,691	34,887
Rent	455,927	-0-
Security system and services	82,936	-0-
Repairs and maintenance	67,313	11,878
Insurance	139,921	-0-
Food cost	12,346	-0-
Printing	18,596	-0-
In-kind	80,287	-0-
Student activities	11,304	-0-
Depreciation and amortization	71,465	-0-
Transportation	354,605	-0-
Bank charges	-0-	8,574
Interest expense	6,623	-0-
Other expense	30,289	-0-
Support to other programs	10,886	-0-
Management fees	<u>-0-</u>	<u>-0-</u>
Total	<u>\$3,848,924</u>	<u>\$446,967</u>

See Independent Auditors' Report on Supplementary Information.

**JAMES M. SINGLETON CHARTER SCHOOL
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
COMBINING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

	STATE OF LOUISIANA - DEPARTMENT OF EDUCATION							
	LA-4 State		LA-4 Federal		Special Funds		Totals (Memorandum Only)	
	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services	Program Services	Supporting Services
Expenses:								
Salaries	\$75,006	\$ -0-	\$70,400	\$ -0-	\$302,178	\$ -0-	\$1,573,764	\$270,287
Employee benefits	12,897	-0-	10,126	-0-	49,372	-0-	338,957	33,886
Payroll taxes	5,738	-0-	5,386	-0-	17,769	-0-	105,673	29,611
Professional fees and contract services	-0-	-0-	-0-	-0-	-0-	-0-	643,350	34,227
Supplies	-0-	-0-	-0-	-0-	-0-	-0-	70,257	6,813
Instructional materials and supplies	50	-0-	1,500	-0-	15,140	-0-	44,991	-0-
Telephone	-0-	-0-	-0-	-0-	-0-	-0-	95,228	16,804
Postage and shipping	-0-	-0-	-0-	-0-	-0-	-0-	1,656	-0-
Professional development	-0-	-0-	-0-	-0-	-0-	-0-	421	-0-
Utilities	-0-	-0-	-0-	-0-	-0-	-0-	197,691	34,887
Rent	-0-	-0-	-0-	-0-	-0-	-0-	455,927	-0-
Security system and services	-0-	-0-	-0-	-0-	-0-	-0-	82,936	-0-
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	67,313	11,878
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	139,921	-0-
Food Cost	150	-0-	60	-0-	-0-	-0-	12,556	-0-
Printing	-0-	-0-	-0-	-0-	-0-	-0-	18,596	-0-
In-kind	-0-	-0-	-0-	-0-	-0-	-0-	80,287	-0-
Student activities	230	-0-	-0-	-0-	923	-0-	12,457	-0-
Depreciation and amortization	-0-	-0-	-0-	-0-	-0-	-0-	71,465	-0-
Transportation	-0-	-0-	1,228	-0-	-0-	-0-	355,833	-0-
Bank charges	135	-0-	-0-	-0-	399	-0-	534	8,574
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	6,623	-0-
Other expenses	-0-	-0-	-0-	-0-	-0-	-0-	30,289	-0-
Support to other programs	-0-	-0-	-0-	-0-	-0-	-0-	10,886	-0-
Management fees	-0-	-0-	3,476	-0-	15,015	-0-	18,491	-0-
Total	<u>\$94,206</u>	<u>\$ -0-</u>	<u>\$92,176</u>	<u>\$ -0-</u>	<u>\$400,796</u>	<u>\$ -0-</u>	<u>\$4,436,102</u>	<u>\$446,967</u>

See Independent Auditors' Report on Supplementary Information.



Member
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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 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
James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America the financial statements of **James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association** which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report dated December 20, 2018.

Internal Control Over Financial Reporting

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

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

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

A deficiency in internal control over financial reporting 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 over financial reporting such that there is a reasonable possibility that a material misstatement of JMSCS's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JMSCS's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JMSCS's internal control over financial reporting and compliance. Accordingly, this communication 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

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 20, 2018

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None Reported
• Significant deficiency (ies) identified?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	N/A
• Significant deficiency (ies) identified?	N/A
Type of auditors' report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with the requirements of <i>the Uniform Guidance</i> ?	N/A

N/A - Not Applicable

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Program:	N/A
Dollar threshold used to distinguish between type A and type B programs:	N/A
Auditee qualified as low-risk auditee?	N/A

N/A - Not Applicable

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Finding and Response

No financial statement findings and responses were reported during the year ended June 30, 2018.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended June 30, 2018.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Section IV - Status of Prior Year's Finding and Response

Reference Number

2017-001

Criteria

Pursuant to 34 CFR sections 200.55, 200.56 and 300.18 and subpart 2 of Part A of Title I, the requirements of highly qualified applies to all public elementary and secondary school teachers assigned to core academic subjects.

Condition

In one (1) instance of a total of twenty (20) classroom teachers tested, we noted that a teacher did not meet the requirements of highly qualified for their assigned core academic subjects.

Context

Total expenses for the year ended June 30, 2017 were \$4,942,701.

Effect of Potential Effect

Noncompliance with the highly qualified eligibility requirements regarding core subject areas.

Cause

Lack of an effective monitoring system in place to ensure compliance with the requirements of 34 CFR et al.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Section IV - Status of Prior Year's Finding and Response, Continued

Reference Number, Continued

2017-001

Recommendation

We recommend that management establish a review process to ensure compliance with the requirements dictated by 34 CFR et al in the placement of teachers in core academic subject classrooms.

Current Status

Resolved.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018**

Section IV - Status of Prior Year's Finding and Response

No prior year findings and responses were reported for the year ended June 30, 2018.

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION**

EXIT CONFERENCE

JUNE 30, 2018

The financial statements and all related reports were discussed at a meeting with management of **James M. Singleton Charter School** noting their agreement in all material respects.

Those that participated in the discussion are as follows:

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION**

Mr. Douglas Evans	-- Chief Executive Officer
Mrs. Catrina Reed	-- Chief Financial Officer

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Mr. Clyde Hunter, CPA	-- Senior Accountant
Ms. Chau Lee	-- Staff Accountant



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Joseph A. Akanji, CPA

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

To the Board of Directors
**James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association**

In planning and performing our audit of the financial statements of **James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association** as of and for the year ended June 30, 2018, we considered JMSCS's internal control over financial reporting as a basis for determining 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 JMSCS's internal control. Accordingly, we do not express an opinion on the effectiveness of JMSCS's internal control.

However, during our audit, we became aware of other matters that provide an opportunity for JMSCS to strengthen its internal control and operating efficiency. Also, we reviewed the status of prior year's other matters noting their respective current status. We previously reported on JMSCS's internal control in our report dated December 20, 2018. This letter does not affect our report dated December 20, 2018, on the financial statements of JMSCS.

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

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-001

Criteria

Management of **JMSCS** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of **JMSCS's** internal control processes over the revenue and expense cycles for the test month of October 2017 (month judgementally selected for testing) revealed the following conditions:

- In two (2) instances of ten (10) deposits tested, the collected funds were not deposited within three (3) days upon receipt pursuant to board policy.
- One (1) of four (4) employee payroll transactions tested revealed an instance where an employee was paid \$11.37 more than the executed contract amount for the October 13, 2017 pay period.
- Two (2) disbursement transactions of twenty-five (25) selected for testing lacked documented evidence of cancellation of the associated invoices to prevent further use.
- One (1) check disbursed lacked an authorized second check signer. The check cleared the bank without the required second signature.
- In one (1) of four (4) students selected for special needs services testing, we noted the lack of documented evidence to support the provision of required services.

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

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number, Continued

OM 2018-001

Cause

The level of oversight afforded to staff.

Effect or Potential Effect

Noncompliance with established board policy.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are executed and documented pursuant to established Board policy.

Management's Response and Planned Corrective Action

Management will provide additional training for staff to ensure adherence to established board policy and procedures relating to all revenues and expense transactions.

Further, staff member was paid an additional \$11.37 per pay period in error due to a miscalculation of the number of yearly pay periods in the system. Management has since changed payroll system and will continue to review the salary amounts to ensure accuracy to contract amounts.

Also, management will meet quarterly with school leadership, data manager and special education coordinator to ensure all students are receiving the required services as indicated on all student's IEP.

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

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-002

Criteria

Management of **JMSCS** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Further, management is required to process payroll taxes pursuant to the requirements of IRS regulations.

Condition

Our review of **JMSCS's** payroll tax obligation at June 30, 2018, revealed that tax obligations for the months of April, May and June 2018 were not remitted on a timely basis.

Cause

Cash flow challenges.

Effect or Potential Effect

Noncompliance with established board policy and IRS regulation.

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

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL***

2018

Reference Number, Continued

OM 2018-002

Recommendation

Management should explore options to ensure that all payroll tax obligations are timely remitted pursuant to IRS regulations.

Management's Response and Planned Corrective Action

Subsequent to year end management has addressed the referenced condition. In addition, management has contracted with a new payroll service provider.

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

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2017***

Reference Number

OM 2017-001

Criteria

Management of JMSCS is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of JMSCS's internal control processes over its revenue and expense cycles for the test month of November 2016 (month judgementally selected for testing) revealed the following conditions:

- In two (2) instances of five (5) deposits tested, funds collected were not deposited within three (3) days upon receipt pursuant to board policy.
- There were two (2) disbursement transactions totaling \$1,041, which were outstanding for more than one hundred and twenty (120) days.
- In one (1) of twenty-five (25) cash disbursements, the related supporting documents did not agree to the invoice and paid amount.

This condition is similar to a prior year other matter reference number OM 2016-001.

Cause

The level of oversight afforded to staff.

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

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2017***

Reference Number, Continued

OM 2017-001

Effect or Potential Effect

Noncompliance with established board policy.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Unresolved. See current year's other matter reference number OM 2018-001.

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

(CONTINUED)

***STATUS OR PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2017***

Reference Number

OM 2017-002

Criteria

Management is responsible for the management of **JMSCS's** financial resources to minimize the potential for operating losses.

Condition

For the years ended June 30, 2017, 2016, and June 30, 2015, **JMSCS** incurred operating losses of \$550,509, \$4,929, and \$168,256, respectively, due primarily to the continued decline in the level of funding from the State of Louisiana.

Cause

The continued decline in the level of student enrollment.

Effect or Potential Effect

Potential negative impact on cash flow needs for operating expenses.

Recommendation

Management should continue to explore other sources of revenues and contain costs associated with the management of the operations of **JMSCS**.

Current Status

Partially resolved.

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

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2017***

Reference Number

OM 2017-003

Criteria

Management of **JMSCS** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

The current purchase order numbering system does not provide for ease in accounting for completeness in all purchase orders executed.

Cause

Completeness in established purchase requisition order process.

Effect or Potential Effect

Potential for error and/or fraud within the current system.

Recommendation

Management should revisit with the current purchase order system with an aim to facilitate its complete accounting for all executed purchase orders.

Current Status

Partially resolved.

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

(CONTINUED)

JMSCS's response to the current and the status of prior year's other matters reported are described in this report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit JMSCS's response and accordingly, we express no opinion on it.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 20, 2018

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION**

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

FOR THE YEAR ENDED JUNE 30, 2018

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

To the Board of Directors
James M. Singleton Charter School,
Sponsor Organization
Dryades Young Men's Christian Association
New Orleans, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide.

The procedures were agreed to by management of **James M. Singleton Charter School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association**, the Louisiana Department of Education, and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin in compliance with Louisiana Revised Statute 24:514. **JMSCS's** management is responsible for the completeness of the performance and statistical data.

This agreed-upon engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable Standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. 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 following procedures described either for the purpose for which this report has been requested or for any other purpose.

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

The procedures performed, our findings and management's response as applicable, related to the accompanying schedules (Schedules 1 and 2) are summarized as follows:

**General Fund Instructional and Support Expenditures
(SCHEDULE 1)**

1. Procedure

We selected a random sample of twenty-five (25) transactions and reviewed supporting documentation to determine if the sampled expenditures are classified correctly and reported in the proper amounts for each of the following amounts reported on the Schedule:

- o Total General Fund Instructional Expenditures; and
- o Total General Fund Equipment Expenditures.

Finding

The results of the procedures performed on the selected instructional and support expenses revealed that the twenty-five (25) sampled transactions were correctly classified and reported.

Class Size Characteristics (SCHEDULE 2)

2. Procedure

We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of ten (10) classes to the October 2, 2017 roll books for those classes and determined if the classes were properly classified on the schedule.

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

Class Size Characteristics (SCHEDULE 2), Continued

Finding

In four (4) of the ten (10) teacher roll books reviewed from the ten (10) selected classes, we noted where the rollbook student count did not agree to the Class Size Characteristics By Site with LEA and State Summary.

Management's Response

Management and school administrative team will meet prior to the October 1 submittal of class summary rosters and review for accuracy prior to final submittal.

Education Levels/Experience of Public School Staff (No Schedule)

3. **Procedure**

We obtained the October 2, 2017 Profile of Education Personnel (PEP) data submitted to the Department of Education, including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals (total teacher population was nineteen (19)), traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data.

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

Education Levels/Experience of Public School Staff (No Schedule), Continued

Finding

For four (4) of a total of nineteen (19) teachers sampled and on payroll starting October 2, 2017, we noted differences based on our review between the years of teaching experience as reported on the PEP report for October 2, 2017 to their respective personnel files.

Management's Response

Management will develop the necessary processes to ensure the completeness of all future PEP reports filed.

Public School Staff Data: Average Salaries (No Schedule)

4. **Procedure**

We obtained the June 30, 2018 PEP data submitted to the Department of Education of all classroom teachers, including their base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals (total teacher population was nineteen (19)), traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data for the year ended June 30, 2018.

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

Public School Staff Data: Average Salaries (No Schedule), Continued

Finding

For two (2) of the nineteen (19) teachers sampled for tracing, we noted variances between the compensation as reported on the PEP report to the payroll and other personnel records for the year ended June 30, 2018. The reported amounts on the PEP report were the executed contract amounts instead of the actual compensation earned which were less.

In three (3) other instances, two (2) had compensation reported in the PEP report using the contract amounts which were higher than the actual amounts earned.

In the remaining one (1) instance, the actual compensation earned was higher than the contract amount reported on the PEP report.

Management's Response

Management has reviewed the salary amount per the contract and actual salaries paid and has determined that two (2) of the reported difference are due to unpaid sick time for staff members and staff who did not start at the beginning of the school year. Other staff members who had differences greater than \$50 will be reviewed by management to determine what caused the decrease or increase and implement payroll measures to prevent future errors. There were also two staff members who were on leave prior to the end of the school year and their salaries were not adjusted for the June 30, 2018. Management will implement additional procedures for the Finance department to review prior to the final PEP report submittal at the end of the year.

James M. Singleton Charter School
General Fund Instructional and Support Expenditures

For the Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	646,374	
Other Instructional Staff Activities		519,144	
Employee Benefits		343,342	
Purchased Professional and Technical Services		554,542	
Instructional Materials and Supplies		28,301	
Instructional Equipment		-	
Total Teacher and Student Interaction Activities			\$ 2,091,703

Other Instructional Activities		1,434,632	1,434,632
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Pupil Support Activities

Less: Equipment for Pupil Support Activities		-	
Net Pupil Support Activities			-

Instructional Staff Services

Less: Equipment for Instructional Staff Services		-	
Net Instructional Staff Services			-

School Administration

Less: Equipment for School Administration		-	
Net School Administration			-

Total General Fund Instructional Expenditures

Total General Fund Equipment Expenditures	\$	3,526,335	
---	----	-----------	--

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

Class Size Characteristics
As of October 2, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	24%	18	33%	25	43%	33		
Elementary Activity Classes	33%	12	28%	10	39%	14		
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

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

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

JMSCS's response to the findings in our agreed-upon procedures is described in this report under the caption "Management's Response". We did not perform any procedures on JMSCS's response and, accordingly, we express no opinion on it.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 20, 2018

**JAMES M. SINGLETON CHARTER SCHOOL,
SPONSOR ORGANIZATION
DRYADES YOUNG MEN'S CHRISTIAN ASSOCIATION**

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

FOR THE YEAR ENDED JUNE 30, 2018



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

To the Board of Directors
James M. Singleton School, Sponsor Organization
Dryades Young Men's Christian Association

We have performed the procedures enumerated below, which were agreed to by **James M. Singleton School (JMSCS), Sponsor Organization Dryades Young Men's Christian Association** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUP) for the year ended June 30, 2018. **JMSCS's** management is responsible for those control and compliance areas identified in the SAUP.

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)**

The procedures, related findings, and management's response to the SAUP are as follows:

Written Policies and Procedure

1. Procedure

We obtained JMSCS's written policies and procedures to determine whether the policies and procedures address each of the following categories and subcategories:

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

Finding

JMSCS's written policies and procedures regarding budgeting do not specifically address budget monitoring. Based on review of the Board minutes, we noted that the Finance Committee and the Board of Directors review prepared monthly financial statements to include variances between revenues and expenses by program. Furthermore, the Finance Committee reviews budget to actual variance reports during its scheduled monthly meeting.

- 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.

Finding

JMSCS's purchasing policies and procedures do not specifically address how purchases are initiated, how vendors are added to the vendor list, and the preparation and approval process of purchase requisitions and purchase orders. JMSCS's current practice requires purchases to be initiated at the department level through various steps to a final step which requires the CEO's approval. Also, new vendors are added to JMSCS's vendor list upon approval to perform and/or provide services by the CEO.

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

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

Written Policies and Procedures, Continued

Finding

JMSCS's disbursement policies and procedures do not specifically address reviewing and approving disbursements. **JMSCS's** current practice requires review and approval by the CEO and a board member.

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

Finding

No exceptions noted.

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

Finding

JMSCS's payroll/personnel policies and procedures do not specifically address reviewing and approving leave and overtime worked. The current practice of **JMSCS** is for all employee timesheets to include sick and vacation time to be approved at a supervisory level prior to payroll processing.

- 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.

Finding

JMSCS's contracting policies and procedures do not specifically address the types of services requiring written contracts. It is our understanding that **JMSCS's** current practice requires that all ongoing services such as transportation , security etc. require annual contracts within established dollar threshold. Other services are procured through use of the purchase order system.

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

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

Written Policies and Procedures, Continued

Finding

No exceptions noted.

Management's Response

For subcategories 1a, b, c, e and f, management is currently reviewing existing policies in order to make recommendation(s), where necessary for board approval.

Board or Finance Committee

2. Procedure

We obtained and reviewed the Board/Finance Committee minutes for the year ended June 30, 2018 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.

Finding

JMSCS's Finance Committee and the Board of Directors meet regularly to the extent there is a quorum.

- b) the Board minutes referenced or included financial activity relating to public funds.

Finding

JMSCS's minutes reflect the discussion of monthly financial statements presented at both the Finance Committee and the Board meetings for review and discussion.

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

Bank Reconciliations

3. Procedure

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

Finding

No exceptions noted.

From the listing provided by management, we selected JMSCS's main operating account and four additional bank accounts. For the selected accounts, we obtained bank statements and reconciliations for one month in the fiscal period to determine whether:

- a) Evidence that bank reconciliations have been prepared within two (2) months of the statements closing date;

Finding

No exceptions 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 to include posting to the general ledger) reviewed each bank reconciliation.

Finding

No exceptions noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date.

Finding

No exceptions noted.

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

Collections

4. Procedure

We obtained a listing of JMSCS's deposit site for the year ended June 30, 2018 where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

Finding

No exceptions noted.

5. Procedure

From the listing provided by management, we selected JMSCS's only deposit site and:

For the deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We selected the only collection location for JMSCS's deposit site. We obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at the collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Finding

JMSCS does not use cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Finding

No exceptions noted.

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

Collections, Continued

5. Procedure, Continued

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Finding

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding

No exceptions noted.

6. Procedure

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

Finding

No exceptions noted.

7. Procedure

We randomly selected two (2) deposits dates for JMSCS's only cash bank account (all cash collections are deposited into the main operating account) from the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations". We obtained supporting documentation for the selected deposits and:

- a) Observed that receipts are sequentially pre-numbered.

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

Collections, Continued

7. Procedure, Continued

Finding

No exceptions noted.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Finding

No exceptions noted.

- c) Traced the deposit slip total to the actual deposit per the bank statement.

Finding

No exceptions noted.

- d) Observed that the deposit was made within the one (1) business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Finding

Cash collections dated October 4, and 27, 2017, were deposited outside of JMSCS's deposit policy of within three (3) days of collection.

Management's Response

Management will continue to provide additional training to staff to ensure compliance with established board policy.

- e) Traced the actual deposit per the bank statement to the general ledger.

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

Collections, Continued

7. Procedure, Continued

Finding

No exceptions noted.

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

8. Procedure

Obtained a listing of the one (1) location that processes payments for the year ended June 30, 2018, and management's representation that the listing is complete. We selected the only location.

Finding

No exceptions noted.

9. Procedure

For the location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties and observed that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Finding

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

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

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

9. Procedure, Continued

Finding

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Finding

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Finding

No exceptions noted.

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

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

10. Procedure

For the location selected under #8, we obtained JMSCS's non-payroll disbursement transactions population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete.

Finding

No exceptions noted.

We randomly selected five (5) disbursements for the location, obtained supporting documentation for each transaction and:

- a) Observed that the disbursement matched the related original invoice/billing statement.

Finding

No exceptions noted.

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

Finding

No exceptions noted.

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

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

11. Procedure

We obtained from management a listing of all travel and travel-related expense reimbursements during the year ended June 30, 2018, and management's representation that the listing or general ledger is complete.

Finding

No exceptions noted.

We selected the only two (2) travel reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For the two (2) reimbursements selected:

- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration.

Finding

No exceptions noted.

- b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Finding

No exceptions noted.

- c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #g).

Finding

No exceptions noted.

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

**Travel and Travel Related Expense Reimbursements (excluding credit card transactions),
Continued**

11. Procedure, Continued

- d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding

No exceptions noted.

Contracts

12. Procedure

Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the year ended June 30, 2018. Obtained management's representation that the listing is complete.

Finding

No exceptions noted.

We randomly selected five (5) contracts from the listing, excluding the practitioner's contract, and:

- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Finding

Not applicable.

- b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

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

Contracts, Continued

12. Procedure, Continued

Finding

No exceptions noted.

- c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.

Finding

No exceptions noted.

- d) We randomly selected one payment for the year ended June 30, 2018 for each of the five (5) contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Finding

No exceptions noted.

Payroll and Personnel

13. Procedure

Obtained a listing of employees employed during the year ended June 30, 2018, and management's representation that the listing is complete.

Finding

No exceptions noted.

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

Payroll and Personnel, Continued

13. Procedure, Continued

We randomly selected five (5) employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the respective personnel files.

Finding

No exceptions noted.

14. Procedure

We randomly selected one (1) pay period during the year ended June 30, 2018. For the five (5) employees selected under #13 above, we obtained attendance records and leave documentation for the pay period, and:

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

Finding

No exceptions noted.

- b) Observed that supervisors approved the attendance and leave of the selected employees.

Finding

JMSCS changed its payroll service provider during the year ended June 30, 2018 and was unable to provide the electronic copy of supervisory approval.

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

Payroll and Personnel, Continued

14. Procedure, Continued

Management's Response

- c) Observed that any leave accrued or taken during the pay period is reflected in JMSCS's cumulative leave records

Finding

15. Procedure

Obtained a listing of those employees that received termination payments during the year ended June 30, 2018 and management's representation that the list is complete.

Finding

No exceptions noted.

We randomly selected two (2) employees and obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employees cumulative leave records, and agreed the pay rates to the employees authorized pay rates in the employee's personnel files.

Finding

For the two (2) employees selected, we noted in one (1) instance where the pay rate used in the calculation of the final pay did not align with the contract rate on file resulting in an under payment of \$7.69.

In the second instance, the accrued vacation balance paid did not agree with the cumulative leave balance on file at point of termination.

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

Payroll and Personnel, Continued

15. Procedure, Continued

Management's Response

Terminated staff member was short paid by \$7.69 on final check. Error could have occurred with the transfer of the salaries from the old payroll system to the new system. Management will perform a quarterly review to ensure the accuracy of employee salaries to contract amounts.

16. Procedure

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Finding

JMSCS had outstanding payroll taxes at June 30, 2018. However, we noted that subsequent to year end the obligation has been liquidated.

Management's Response

As of December 20,2018 all outstanding tax obligations have been satisfied.

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

Ethics

17. Procedure

Using the five (5) randomly selected employees from procedure #13 under "Payroll and Personnel" caption, we obtained ethics compliance documentation from management to determine whether **JMSCS** maintained documentation to demonstrate that required ethics training was completed.

The Louisiana Code of Ethics is not applicable to **JMSCS**.

Finding

No exceptions 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

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 20, 2018