

Shreveport Charter Schools, Inc.

FINANCIAL STATEMENTS

June 30, 2017 and 2016



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Shreveport Charter Schools, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Charter Schools, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

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

The Performance and Statistical Data on pages 21 to 30, are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of Shreveport Charter Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Charter Schools, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 28, 2017



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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 Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Charter Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Charter Schools, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

We noted certain matters that we reported to management in a separate letter dated December 28, 2017.

Shreveport Charter Schools Inc.'s Responses to Findings

Shreveport Charter Schools Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Shreveport Charter Schools Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Charter Schools Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 28, 2017



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Shreveport Charter Schools, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shreveport Charter Schools, Inc.'s major federal programs for the year ended June 30, 2017. Shreveport Charter Schools, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Shreveport Charter Schools, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, that we consider to be a significant deficiency.

We noted certain matters that we reported to management in a separate letter dated December 28, 2017.

Shreveport Charter Schools Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Shreveport Charter Schools Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

December 28, 2017

Shreveport Charter Schools, Inc.
Statements of Financial Position

<i>June 30,</i>	2017	2016
Assets		
Current assets		
Cash	\$ 850,547	\$ 1,115,304
Grants and other receivables	279,256	253,100
Prepaid expenses and other current assets	12,729	55,749
Total current assets	1,142,532	1,424,153
Property and equipment		
Furniture, fixtures and equipment	589,773	447,176
Less: accumulated depreciation	(347,057)	(243,898)
Net property and equipment	242,716	203,278
Total assets	\$ 1,385,248	\$ 1,627,431
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 493,755	\$ 459,080
Total current liabilities	493,755	459,080
Total liabilities	493,755	459,080
Net assets		
Unrestricted	891,493	1,168,351
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	891,493	1,168,351
Total liabilities and net assets	\$ 1,385,248	\$ 1,627,431

Shreveport Charter Schools, Inc.
Statement of Activities

<i>For the year ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
State public school funding	\$ 6,654,693	\$ -	\$ -	\$ 6,654,693
Federal grants	485,748	-	-	485,748
Federal school lunch program	462,968	-	-	462,968
Other income	123,592	-	-	123,592
Total support and revenue	7,727,001	-	-	7,727,001
Expenses				
Program services				
Regular program expenditures	3,660,877	-	-	3,660,877
Special education programs	376,483	-	-	376,483
Other instructional programs	46,413	-	-	46,413
Pupil support services	222,140	-	-	222,140
Instructional staff services	205,113	-	-	205,113
School administration	1,307,798	-	-	1,307,798
Operation and maintenance of plant services	547,916	-	-	547,916
Student transportation services	542,357	-	-	542,357
Food service operations	355,782	-	-	355,782
Management and general				
Business services	618,809	-	-	618,809
General administration	117,758	-	-	117,758
Central services	2,413	-	-	2,413
Total expenses	8,003,859	-	-	8,003,859
Change in net assets	(276,858)	-	-	(276,858)
Net assets, beginning of year	1,168,351	-	-	1,168,351
Net assets, end of year	\$ 891,493	\$ -	\$ -	\$ 891,493

Shreveport Charter Schools, Inc.
Statement of Activities

<i>For the year ended June 30, 2016</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
State public school funding	\$ 6,449,420	\$ -	\$ -	\$ 6,449,420
Federal grants	471,880	-	-	471,880
Federal school lunch program	428,527	-	-	428,527
Other income	93,172	-	-	93,172
Total support and revenue	7,442,999	-	-	7,442,999
Expenses				
Program services				
Regular program expenditures	3,256,456	-	-	3,256,456
Special education programs	316,683	-	-	316,683
Other instructional programs	43,769	-	-	43,769
Pupil support services	228,478	-	-	228,478
Instructional staff services	276,135	-	-	276,135
School administration	1,001,131	-	-	1,001,131
Operation and maintenance of plant services	526,358	-	-	526,358
Student transportation services	502,122	-	-	502,122
Food service operations	296,815	-	-	296,815
Management and general				
Business services	386,480	-	-	386,480
General administration	79,976	-	-	79,976
Central services	2,676	-	-	2,676
Total expenses	6,917,079	-	-	6,917,079
Change in net assets	525,920	-	-	525,920
Net assets, beginning of year	642,431	-	-	642,431
Net assets, end of year	\$ 1,168,351	\$ -	\$ -	\$ 1,168,351

Shreveport Charter Schools, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (276,858)	\$ 525,920
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	103,159	69,189
(Increase) decrease in		
Grants and other receivables	(26,156)	(7,001)
Prepaid expenses and other current assets	43,020	(23,382)
Increase (decrease) in		
Accounts Payable and accrued expenses	34,675	53,888
Net cash provided by operating activities	(122,160)	618,614
Cash flows from investing activities		
Purchase of property and equipment	(142,597)	(109,508)
Net cash used in investing activities	(142,597)	(109,508)
Net increase (decrease) in cash	(264,757)	509,106
Cash - beginning of year	1,115,304	606,198
Cash - end of year	\$ 850,547	\$ 1,115,304

Shreveport Charter Schools, Inc. Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Shreveport Charter School, Inc., charter holder for Linwood Public Charter School, a nonprofit organization, was incorporated on January 27, 2009. Effective December 22, 2011, Shreveport Charter School, Inc. changed its corporate name to Shreveport Charter Schools, Inc. ("the School"). The School is an educational institution servicing grades K-3 and 6-8 for residents in Caddo Parish, Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the School effective July 1, 2009, for an initial term of three years. BESE extended the charter for an additional two year period. BESE has the option to terminate or revoke the charter at any time if the School fails to comply with certain terms of the agreement. The charter allows for a type 5 charter to be operated in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. Effective July 1, 2014, BESE renewed the charter contract for three years through June 30, 2017. The charter was not extended beyond June 30, 2017. A management agreement is effective as of July 1, 2017. See Note 6 Subsequent Events.

The School entered into an education provider agreement with New Orleans Education Management, LLC, a Delaware limited liability company authorized to do business in the State of Louisiana, to provide management services. The agreement was extended through June 2019.

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

Financial Statement Presentation

The School has adopted the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 "Not-for Profit Entities." Under FASB ASC 958, the School is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restriction. Accordingly, net assets of the School and changes therein, may be classified and reported as follows, as financial circumstances require:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the governing board of the School for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the School. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

**NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash consists of demand deposit balances and represents cash available for general operating purposes. The School classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. The School did not have any cash equivalents at June 30, 2017 or 2016.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School also had securities pledged on any cash deposits not secured by the FDIC. At June 30, 2017 and 2016, the School's deposits were fully insured and collateralized.

Receivables

The receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for doubtful accounts, as management believes all remaining receivables are fully collectible.

The School received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at the year-end are stated at unpaid balances for expenditures incurred during the year.

Contribution and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

**NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund.

Property and Equipment

All acquisitions of property and equipment and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized at cost. Contributed property and equipment is recorded at fair value at the date of donation. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (three to fifteen years). Assets purchased with public funds will revert to the Louisiana Board of Elementary and Secondary Education at the time this agreement is terminated. See Note 4.

Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School is also exempt from Louisiana state income taxes.

The School has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the School's income tax returns. Management evaluated the School's tax positions and concluded that they had taken no uncertain tax positions that required adjustments to the financial statements to comply with the provisions of this guidance.

Advertising Costs

Advertising costs are charged to expense when incurred. Advertising expenses totaled \$21,893 and \$20,434 for the years ended June 30, 2017 and 2016, respectively.

Compensated Absences

Salaried non-contracted employees are provided between 10 - 25 days of paid time off annually, and may carry over any unused time off into the next year at the rate of one-half of the employee's annualized accrual rate plus the prior year's rollover balance.

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.

NOTE 2: CONCENTRATIONS

The School received 86% and 87%, respectively, of its total revenues from the State of Louisiana, subject to its charter school contract with the state for the years ended June 30, 2017 and 2016.

NOTE 3: GRANTS AND OTHER RECEIVABLES

At June 30, 2017 and 2016, grants and other receivables totaled \$279,256 and \$253,100, respectively, which were primarily for federal and state grants passed through the Louisiana Department of Education. The stated balances are considered fully collectible.

NOTE 4: PROPERTY AND EQUIPMENT

Effective July 1, 2009, the School entered into an agreement with the BESE, which allows the School to use the facilities and its contents located at 401 West 70th Street, Shreveport, Louisiana 71106. The agreement expired on June 30, 2012, and BESE granted extensions for an additional two years ending June 30, 2014, and for an additional three years ending June 30, 2017. The new management agreement effective July 1, 2017 allows the School to continue to operate for the 2017 – 2018 school year in its current facility. See Note 6 Subsequent Events.

Any physical additions or improvements to the property will become property of the BESE. BESE may require the School, at its expense, to remove these physical additions or improvements. Capital assets acquired by the School with non-public funds will remain the property of the School. Assets purchased with public funds obtained from public sources will automatically revert to BESE at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

Use of the property is not recorded as an in-kind contribution from or related rent expense to BESE. The value of the use of land and the building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in the future years has not been recorded.

Depreciation expense totaled \$103,159 and \$69,189, respectively, for the years ended June 30, 2017 and 2016.

NOTE 5: RISK MANAGEMENT

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2017.

NOTE 6: SUBSEQUENT EVENTS

In January 2017, BESE voted to not renew the existing charter that expired June 30, 2017. Effective as of July 1, 2017, Shreveport Charter Schools, Inc. entered into a Management Agreement with the Louisiana Department of Education through its Recovery School District to manage and operate the school under the oversight of the Recovery School District for the 2017 – 2018 school year. The agreement will terminate on June 30, 2018. At that time a new management agreement will be executed with Shreveport Charter Schools, Inc. or a new charter operator will be identified and take over management and operations of the School. The Board and the Recovery School District are in the process of formalizing a Management Agreement for the 2018 – 2019 school year. However, that agreement has not been formalized as of December 28, 2017. The ability of the School to continue operating beyond June 30, 2018 is dependent on issuance of a new contract.

Management has evaluated all subsequent events through December 28, 2017, the date which the financial statements were available to be issued.

Supplemental Information

Shreveport Charter Schools, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Federal Expenditures
<u>United States Department of Education</u>			
Passed through Louisiana Department of Education			
Title I Grants to Local Educational Agencies	84.010	28-17-T1-5U	\$ 316,770
Title I Grants to Local Educational Agencies	84.010	28-17-RD1-5U	3,934
Supporting Effective Instruction State Grants	84.367	28-17-50-5U	59,216
Special Education Cluster			
Special Education - Grants to States	84.027	28-17-B1-5U	102,931
Special Education - Preschool Grants	84.173	28-17-P1-5U	2,897
Total Special Education Cluster			105,828
<u>United States Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	313,397
School Breakfast Program	10.553	N/A	149,571
Total Child Nutrition Cluster			462,968
Total expenditures of federal awards			\$ 948,716

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.



Shreveport Charter Schools, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Shreveport Charter Schools, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School has not elected to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance. There were no subrecipients in the current year.



**Shreveport Charter Schools, Inc.
Schedule of Compensation Paid to the Board of Trustees
For the year ended June 30, 2017**

There was no compensation paid to the Board of Trustees for the year ended June 30, 2017.

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2017

Agency Head Name: Dr. Staughton Jennings, School Director

Purpose	Amount
Salary	\$ 112,217
Benefits-insurance	11,739
Benefits-other (Social Security)	6,658
Benefits-other (Medicare)	1,557
Benefits-other (SUI)	150
Cell phone	1,236
Vehicle rental	153
Reimbursements	2,583
Travel	4,015
Registration fees	864
Conference travel	9,464
Housing / Relocation	2,510
Other (including payments made by other parties on behalf of the agency head)	4,817

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedules Required by Louisiana State Law (R.S. 24:514)
Performance and Statistical Data
As of and for the year ended June 30, 2017

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

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

Schedule 2 – Education Levels of Public School Staff

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

Schedule 3 – Number and Type of Public Schools

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

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

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

Schedule 5 – Public School Staff Data: Average Salaries

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

Schedule 6 – Class Size Characteristics

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

Shreveport Charter Schools, Inc.
Schedules Required by Louisiana State Law (R.S. 24:514)
Performance and Statistical Data
As of and for the year ended June 30, 2017

Schedule 7 – Louisiana Educational Assessment Program (LEAP) – ELA & Math

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

Schedule 8 – Graduation Exit Exam (GEE)

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

Schedule 9 – LEAP Tests Science & Social Studies

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

Shreveport Charter Schools, Inc.
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the year ended June 30, 2017
Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 1,894,336	
Other Instructional Staff Activities	183,228	
Instructional Staff Employee Benefits	288,421	
Purchased Professional and Technical Services	923,864	
Instructional Materials and Supplies	473,515	
Instructional Equipment	136,071	
Total Teacher and Student Interaction Activities		\$ 3,899,435
Other Instructional Activities		-
Pupil Support Activities	215,900	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		215,900
Instructional Staff Services	502,753	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		502,753
School Administration	1,114,918	
Less: Equipment for School Administration	6,525	
Net School Administration		1,108,393
Total General Fund Instructional Expenditures		\$ 5,726,481
Total General Fund Equipment Expenditures		\$ 142,596

Certain Local Revenue Sources

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

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Education Levels of Public School Staff
As of October 1, 2016
Schedule 2

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	17	43%	2	100%	0	0%	0	0%
Master's Degree	12	30%	0	0%	2	40%	0	0%
Master's Degree +30	10	25%	0	0%	2	40%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	1	2%	0	0%	1	20%	0	0%
Total	40	100%	2	100%	5	100%	0	0%

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Number and Type of Public Schools
For the year ended June 30, 2017
Schedule 3

Type	Number
Elementary	1
Middle/Jr. High	0
Secondary	0
Combination	0
Total	1

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers
As of October 1, 2016
Schedule 4

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	0	0	1	2	4
Principals	0	0	0	0	0	1	0	1
Classroom Teachers	2	2	6	2	4	2	24	42
Total	2	2	7	2	4	4	26	47

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Public School Staff Data: Average Salaries
For the year ended June 30, 2017
Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$49,599.35	\$49,599.35
Average Classroom Teachers' Salary Excluding Extra Compensation	\$47,128.94	\$47,128.94
Number of Teacher Full Time Equivalents (FTEs) used in Computation of Average Salaries	42.00	42.00

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

Shreveport Charter Schools, Inc.
Class Size Characteristics
As of October 1, 2016
Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	1%	1	36%	62	55%	94	8%	13
Elementary Activity Classes	0%	0	38%	10	54%	14	8%	2

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

Shreveport Charter Schools, Inc.
LEAP Test Results – ELA & Math
For the year ended June 30, 2017
Schedule 7

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%			3%		
Mastery	31%			24%		
Basic	27%			24%		
Approaching Basic	22%			29%		
Unsatisfactory	18%			20%		
Total	100%			100%		
District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	0%	0%	0%
Mastery	5%	18%	13%	5%	8%	2%
Basic	32%	52%	29%	11%	29%	22%
Approaching Basic	36%	20%	38%	58%	40%	47%
Unsatisfactory	27%	10%	20%	26%	23%	29%
Total	100%	100%	100%	100%	100%	100%
District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	3%	1%	0%	0%	0%
Mastery	9%	14%	4%	2%	8%	2%
Basic	43%	27%	28%	28%	31%	35%
Approaching Basic	29%	33%	35%	46%	49%	37%
Unsatisfactory	19%	23%	32%	24%	12%	26%
Total	100%	100%	100%	100%	100%	100%
District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	0%	0%	0%
Mastery	11%	18%	14%	11%	8%	6%
Basic	33%	28%	36%	23%	21%	14%
Approaching Basic	38%	36%	28%	38%	35%	33%
Unsatisfactory	18%	18%	22%	28%	36%	47%
Total	100%	100%	100%	100%	100%	100%

Note: For the year ended June 30, 2017, Linwood Public Charter School did not have a 4th or 5th grade class. The first year for the 3rd grade class was the FY ended June 30, 2017.

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
LEAP Test Results – Science & Social Studies
For the year ended June 30, 2017
Schedule 9

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%			0%		
Mastery	11%			2%		
Basic	44%			27%		
Approaching Basic	25%			36%		
Unsatisfactory	20%			35%		
Total	100%			100%		

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	1%	0%	0%		0%
Mastery	0%	1%	2%	1%		0%
Basic	18%	31%	25%	12%		21%
Approaching Basic	55%	39%	46%	34%		40%
Unsatisfactory	27%	28%	27%	53%		39%
Total	100%	100%	100%	100%		100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	1%	0%		0%
Mastery	0%	6%	2%	6%		1%
Basic	27%	34%	33%	12%		33%
Approaching Basic	58%	35%	33%	33%		47%
Unsatisfactory	14%	24%	31%	49%		19%
Total	100%	100%	100%	100%		100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	0%		0%
Mastery	1%	2%	1%	8%		0%
Basic	24%	17%	18%	19%		27%
Approaching Basic	43%	28%	41%	30%		33%
Unsatisfactory	32%	53%	40%	43%		40%
Total	100%	100%	100%	100%		100%

Note: For the year ended June 30, 2017, Linwood Public Charter School did not have a 4th or 5th grade class. The first year for the 3rd grade class was the FY ended June 30, 2017. The Social Studies test was not administered in 2016.

See Independent Auditors' Report.

Shreveport Charter Schools, Inc.
Schedule of Findings and Questioned Costs

Section I – Summary of Auditors’ Results

Financial Statements
Type of auditors’ report issued: Unmodified

Compliance and internal control over financial reporting:
 Significant deficiency(ies) identified? No
 Material weakness(es) identified? No
 Noncompliance material to financial statements noted? Yes

Federal Awards
Internal control over major programs:
 Significant deficiency(ies) identified? Yes
 Material weakness(es) identified? No

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with the Uniform Guidance? Yes

Identification of major programs:

CFDA Number	Name of Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

Current Year Findings and Responses

2017-001 State Compliance

Criteria: Louisiana Revised Statute 42:1124.3 requires each member of the management board of a charter school created pursuant to Chapter 42 of Title 17 of the Louisiana Revised Statutes of 1950 to file a financial statement. The required financial statement shall be filed on a form prescribed by the Louisiana Board of Ethics (Tier 3 Personal Financial Disclosure Statement) and must be filed by May fifteenth of each year. The Charter Contract between Shreveport Charter Schools, Inc. and the Louisiana Department of Education requires that each member of the Charter Operator’s Board of Trustees shall complete and submit to the Louisiana Department of Education an Affirmation of Eligibility to Serve (“Board Affirmation”). The document shall be submitted by each new Charter Operator board member within thirty (30) days of appointment.

Shreveport Charter Schools, Inc. **Schedule of Findings and Questioned Costs**

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards* (Continued)

Condition: Four of the eight Board Members did not complete and submit to the Louisiana Board of Ethics a Tier 3 Personal Financial Disclosure Statement for 2016. Board Member Eligibility to Serve forms (Affirmation of Eligibility to Serve by a Charter School Governing Board Member) were not on file for eight Board Members.

Cause: The School does not have policies and procedures in place to ensure all board members complete and submit the Tier 3 Personal Financial Disclosure Statements timely. The School does not have policies and procedures in place to ensure all new board members complete and submit the Affirmation of Eligibility to Serve form timely.

Effect or Possible Effect: The School is not in compliance with Louisiana Revised Statute 42:1124.3 Financial Disclosure; certain elected officials, voting districts of under five thousand. The School is not in compliance with the terms and conditions of the Charter Agreement in place to ensure all members of the governing board are eligible to serve based on restrictions in place related to Charter Schools.

Recommendation: We recommend that the School implement a schedule which includes the deadline for submission of the financial disclosure and ensure all board members have completed the form timely and the form is submitted to the Louisiana Board of Ethics by the required deadline. We also recommend that the School maintain a copy of each disclosure statement. We recommend that a Board Member Affirmation form be obtained for all current board members. We also recommend that the form be required to be completed by all new potential board members as a pre-requisite to membership on the board. The forms should be submitted to the Louisiana Department of Education and a copy retained on file. All active board members should be required to comply with the requirements timely.

Views of Responsible Officials: We agree with this finding. Please refer to the corrective action plan.

Section III – Federal Award Findings and Questioned Costs

Current Year Findings and Responses

2017-002 Timesheets

Federal Program and Specific Federal Award Identification: This finding relates to the Child Nutrition Cluster – National School Lunch Program, CFDA Number 10.555 and School Breakfast Program, CFDA Number 10.553 for the federal award year 2017 received from federal agency United States Department of Agriculture, passed through the Louisiana Department of Education.

Shreveport Charter Schools, Inc. Schedule of Findings and Questioned Costs

Section III – Federal Award Findings and Questioned Costs (Continued)

Criteria or specific requirement: Per the School's Payroll and Personnel policies and procedures, hourly employees are required to complete timesheets which must be approved and signed by the employee's supervisor.

Condition: Timesheets for three of the twenty-five payroll transactions selected for testing were not signed by a supervisor indicating approval. Timesheets were not prepared for one of the twenty-five payroll transactions.

Context: This condition was noted during payroll testing for the federal program. This appears to be a systemic problem. The sample was statistically valid. This is not a repeat finding.

Cause: The controls in place related to preparation and approval of timesheets did not operate effectively during one pay period tested.

Effect or Possible Effect: Payroll policies and procedures were not followed. Employees may not be paid accurately for actual time worked. Personnel expenses may not be adequately documented.

Questioned Costs: None noted.

Recommendation: We recommend that timesheets be required to be prepared by hourly employees for all pay periods and submitted for review and approval. We recommend that all timesheets for hourly employees be reviewed and approved by a supervisor in accordance with School policy. We also recommend that a compensating control be implemented in which properly approved timesheets must be obtained prior to processing the related payroll.

Views of Responsible Officials: We agree with this finding. Please refer to the corrective action plan.

Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

2017-001 State Compliance

Condition: Four of the eight Board Members did not complete and submit to the Louisiana Board of Ethics a Tier 3 Personal Financial Disclosure Statement for 2016. Board Member Eligibility to Serve forms (Affirmation of Eligibility to Serve by a Charter School Governing Board Member) were not on file for eight Board Members.

Corrective Action Planned: Every newly selected Board Member will be required to complete the Board Member Eligibility Form. Annually, each Board Member will complete the Tier 3 Personal Financial Disclosure Statement. Copies of these reports will be maintained.

Persons Responsible for Corrective Action: Board President.

Anticipated Completion Date: Immediately.

Federal Award Findings and Questioned Costs

2017-002 Timesheets

Program Name and CFDA #: Child Nutrition Cluster – National School Lunch Program, CFDA Number 10.555 and School Breakfast Program, CFDA Number 10.553

Condition: Timesheets for three of the twenty-five payroll transactions selected for testing were not signed by a supervisor indicating approval. Timesheets were not prepared for one of the twenty-five payroll transactions.

Corrective Action Planned: It is the school's policy to have signed timesheets. All timesheets are approved by supervisors for all hourly employees.

Persons Responsible for Corrective Action: Supervisors and Director of Human Resources.

Anticipated Completion Date: Immediately.

Shreveport Charter Schools, Inc.
Summary Schedule of Prior Audit Findings

Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

None

Federal Award Findings and Questioned Costs

2016-001 Highly Qualified Paraprofessionals

Program Name and CFDA #: Title I Grants to Local Educational Agencies, CFDA Number 84.010

Fiscal Year in Which the Finding Initially Occurred: 2016

Condition: One paraprofessional paid with Title I funds hired during the fiscal year did not meet the highly qualified requirement.

Status: Corrected.

2016-002 Federal Audit Clearinghouse Submission

Program Name and CFDA #: Title I Grants to Local Educational Agencies, CFDA Number 84.010, Improving Teacher Quality State Grants, CFDA Number 84.367, Special Education (IDEA) Cluster – Special Education – Grants to States IDEA Part B, CFDA Number 84.027 and Special Education – Preschool Grants (IDEA Preschool), CFDA Number 84.173, Race to the Top, CFDA Number 84.413 Child Nutrition Discretionary Grants Limited Availability, CFDA Number 10.579, Child Nutrition Cluster – National School Lunch Program, CFDA Number 10.555 and School Breakfast Program, CFDA Number 10.553

Fiscal Year in Which the Finding Initially Occurred: 2016

Condition: The audit reporting package and data collection form for fiscal year 2015 were not submitted to the Federal Audit Clearinghouse.

Status: Going forward, this action will not reoccur. Proof of submission will be part of the closing process.



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Management Letter

To the Board of Trustees of
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

We have audited the financial statements of Shreveport Charter Schools, Inc. for the year ended June 30, 2017 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 and the provisions of the Uniform Guidance, and have issued our report thereon dated December 28, 2017. In planning and performing the audit of the financial statements of Shreveport Charter Schools, Inc. we considered Shreveport Charter Schools, Inc.'s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shreveport Charter Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shreveport Charter Schools, Inc.'s internal control.

As a part of our examination, we have issued our report on the financial statements, dated December 28, 2017, and our reports on internal control and compliance with laws, regulations, contracts, and grants, and on compliance for each major program and internal control over compliance required the Uniform Guidance dated December 28, 2017.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

MLC 2017-001 Extra Pay

Year of Origin – June 30, 2017

Observation:

During payroll testing it was noted that four employees received extra pay totaling \$468 which was not properly documented and approved and did not appear reasonable. This appears to be an isolated instance limited to one payroll.

Recommendation:

We recommend that timesheets or other proper supporting documentation which is approved by a supervisor be required in order to process overtime pay for an employee. We also recommend that overtime hours submitted for payroll processing be reviewed for reasonableness prior to payment.

Management's response:

It is the School's policy to have the supporting documentation in place in order to process overtime pay.

Status of Prior Year Management Letter Items:

There were no prior year management letter comments.

This report is intended solely for the information and use of the members of the Board of Trustees, Management, others within the School, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 28, 2017



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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Trustees
Shreveport Charter Schools, Inc.
Shreveport, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Shreveport Charter Schools, Inc., and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Shreveport Charter Schools, Inc. and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. Management of Shreveport Charter Schools, Inc. is responsible for its financial records and compliance with applicable laws. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

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

Results: No exceptions were noted.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school supporting payroll records as of October 1.

Results: No exceptions noted.

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Results: No exceptions were noted.

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

Results: No exceptions were noted.

Number and Type of Public Schools (Schedule 3)

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

Results: No exceptions were noted.

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

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

Results: No exceptions were noted.

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on the schedule.

Results: No exceptions were noted.

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

Results: No exceptions were noted.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Results: No exceptions were noted.

Louisiana Educational Assessment Program (LEAP) – ELA & Math (Schedule 7)

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

Results: No exceptions were noted.

Graduation Exit Examination (GEE) (Schedule 8)

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

LEAP Test Results – Science & Social Studies (Schedule 9)

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

Results: No exceptions were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. 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.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 28, 2017

**Shreveport Charter Schools, Inc.
Shreveport, Louisiana**

STATEWIDE AGREED-UPON PROCEDURES REPORT

For the fiscal period July 1, 2016 through June 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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

To the Board of Trustees of Shreveport Charter Schools, Inc. and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:

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

Comments: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

- 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.

Exception: *The policy and procedures do not address how vendors are added to the vendor list. Per inquiry of management, the entity does not maintain an approved vendor listing. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

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

Comments: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

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

Comments: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

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

Comments: *The policy and procedures appear to appropriately address the financial/business functions listed above.*

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.

Exception: *The policy and procedures do not address types of services requiring contracts, standard terms and conditions, and legal review. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

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

Comments: *Shreveport Charter Schools, Inc. does not have written policies and procedures for Credit Cards. Management does not believe this policy is applicable because the entity does not use credit cards.*

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

Comments: *The policy does not include dollar thresholds for every category of expense. Certain travel and expense reimbursements are allowed based on actual amounts with receipts required. The policy and procedures appear to appropriately address the other financial/business functions listed above.*

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:

a) We reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Comments: *The managing board met monthly with a quorum in accordance with the Board By-Laws.*

b) We reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Exception: *Minutes of meetings reviewed for four months during the period did not reference monthly budget-to-actual comparisons. Minutes of meetings reviewed for the other months during the period referenced monthly budget-to-actual comparisons. The entity does not use fund accounting.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, we reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, we reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Comments: *The entity does not have a fund balance deficit.*

- c) We reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Comments: *All of the minutes reviewed for the fiscal period referenced non-budgetary financial information.*

Bank Reconciliations

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

Comments: *No exceptions noted in the procedures performed.*

- 4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations have been prepared;

Exception: *Bank account 1 – Bank reconciliation was not prepared for one month during the fiscal period. Bank account 2 – Bank reconciliation was not prepared for two months during the fiscal period. Bank account 3 - Bank reconciliation was not prepared for one month during the fiscal period.*

- b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Comments: *Bank reconciliations obtained included evidence that a member of management reviewed the reconciliation.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Comments: *Bank reconciliations did not contain reconciling items that had been outstanding for more than six months as of the end of the fiscal period.*

Collections

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

Comments: *No exceptions noted in the procedures performed.*

- 6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Exception: (1) Each person responsible for collecting cash is bonded. (2) One person responsible for collecting cash is responsible for depositing cash in the bank and reconciling the related bank account, and is not responsible for recording the related transaction. Two people responsible for collecting cash are responsible for depositing cash in the bank and recording the related transaction, and are not responsible for reconciling the related bank account. No compensating controls are performed by an outside party. (3) Each person responsible for collecting cash is not required to share the same cash register or drawer with another employee.

- b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Comments: The entity has a formal process to reconcile cash collections to the general ledger by revenue source and/or agency fund additions by a person who is not responsible for cash collections in the cash collection location.

- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we reported the number of days from receipt to deposit for each day at each collection location.

Exception: Three deposits were not made within one day of collection. One deposit was made within two days of collection and one deposit was made within four days of collection. The number of days for one deposit could not be determined due to receipts being collected over a one month period. There was no indication of when the collections were turned in to the cash collection location.

- Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and reported any exceptions.

Comments: No exceptions noted.

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Exception: The school has a process but it is not in writing.

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

8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.

Comments: *No exceptions noted in the procedures performed.*

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Comment: *No exceptions noted.*

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

Comments: *No exceptions noted.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Comments: *No exceptions noted.*

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

Exception: *No documentation prohibiting the person responsible for processing payments from adding vendors to the entity's purchasing/disbursement system was noted.*

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

Comments: *We noted that persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.*

12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.

Comments: *No exceptions noted.*

13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks were likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

Comments: *No exceptions noted.*

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

Comments: *Management represented that the entity does not have any credit cards, bank debit cards, fuel cards, or P-cards (cards).*

15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

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

Comments: *NA – Entity does not have cards.*

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

Comments: *NA – Entity does not have cards.*

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

- a) For each transaction, we reported whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Comments: *NA – Entity does not have cards.*

- b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.

Comments: NA – Entity does not have cards.

- c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, we reported the transaction as an exception.

Comments: NA – Entity does not have cards.

Travel and Expense Reimbursement

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

Comments: No exceptions noted in the procedures performed.

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

Exception: It appears travel and expense reimbursements for lodging, meals and incidentals based on entity policy could potentially exceed per diem rates established by GSA. The travel policy does not include specific rates for every category of expense. Certain travel and expense reimbursements are based on actual expenditures with receipts required. Mileage rates per the entity's policy were consistent with GSA established mileage rates.

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

- a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

Comments: No exceptions noted.

- b) We reported whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

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

Comments: *No exceptions noted.*

- c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, we reported the transaction as an exception.

Exception: *One travel expense reimbursement included an additional night's hotel stay beyond the conference period. No exceptions noted related to the other travel expenses.*

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

Comments: *No exceptions noted.*

Contracts

- 20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

Comments: *No exceptions noted in the procedures performed.*

- 21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs and Ingram, LLC). We obtained the related contracts and paid invoices and:

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

Comments: *No exceptions noted.*

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

- If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.

Exception: *The contracts were not subject to the Louisiana Public Bid Law or Procurement Code. The entity did not solicit quotes as a best practice.*

- c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Comments: *No exceptions noted.*

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

Comments: *No exceptions noted.*

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

Comments: *No board approval requirement noted.*

Payroll and Personnel

- 22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete.

Comments: *No exceptions noted in the procedures performed.*

We randomly selected five employees/officials, obtained their personnel files, and:

- a) We reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Comment: *No exceptions noted.*

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

Comment: *No exceptions noted.*

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

- a) We reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Comment: *No exceptions noted.*

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

Comment: *No exceptions noted.*

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

Comment: *No exceptions noted.*

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

Comment: *No exceptions noted.*

25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Comment: *No exceptions noted.*

Other

26. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Comment: *Management represented that there had been no misappropriations of public funds or assets during the fiscal period.*

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

Exception: *The notice is not posted on the entity's website.*

28. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Comment: *No exceptions noted.*

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board and management of Shreveport Charter Schools, Inc. and the Louisiana Legislative Auditor 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 LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
December 28, 2017



Management's Responses to Statewide Agreed Upon Procedures

Section 1B - Purchasing

The policy will be updated to address how vendors are added to the vendor list.

Section 1F - Contracting

The policy will be updated to address types of services requiring contracts, standard terms and conditions, and legal review.

Section 2B - Board

It is the school's policy to have monthly budget-to-actual financial statements presented to the board.

Section 4A - Bank Reconciliations

Bank reconciliations were prepared for all months but were not printed out of the system monthly for evidence.

Section 6A (2) - Collections

The school will change the procedure whereby the person responsible for collecting cash will not be responsible for depositing the funds in the bank.

Section 6C - Collections

It is the school's policy to make deposits as practical and feasible.

Section 7 - Collections

The school will produce a written policy in regards to this process.

Section 10 - Disbursements

All payments are made from approved vendor invoices.

Section 18 - Travel

It is the school's policy to reimburse travel related expenses at actual amounts provided that those expenses are reasonable.

Section 19C - Travel

It is the school's policy to only reimburse actual travel expenses that benefit the school.

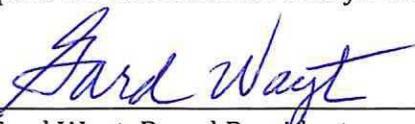
Section 21B - Contracts

The five contracts were professional service contracts that were analyzed and negotiated by management and the board.

Section 27- Other

The school will post the notice on the entity's website.

Approved by: _____


Gard Wayt, Board President

