
Northshore Charter School

Financial Statements

June 30, 2017

***With Summarized Comparative
Information for June 30, 2016***

Northshore Charter School
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Independent Auditor's Report

To the Board of Directors
Northshore Charter School
Bogalusa, Louisiana

We have audited the accompanying financial statements of Northshore Charter School, a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, 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 Northshore Charter School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Northshore Charter School's 2016 financial statements, and our report dated January 12, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Northshore Charter School. The accompanying schedule of compensation, benefits, and other payments to school head is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to school head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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 schedule of compensation, benefits, and other payments to school head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedules of statewide agreed-upon procedures and performance statistical data, as required by Louisiana state law and referred to in our Independent Accountant's Reports on Applying Agreed-Upon Procedures, have not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Directors
Northshore Charter School
Bogalusa, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2017, on our consideration of Northshore Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Covington, Louisiana
December 30, 2017

Financial Statements

Northshore Charter School
Statement of Financial Position
June 30, 2017
(with summarized comparative information as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 819,718	\$ 1,025,903
Grants receivable	421,971	201,766
Prepaid expenses	134,009	143,131
	<u>1,375,698</u>	<u>1,370,800</u>
Fixed Assets		
Property and equipment, net	780,648	740,278
Other Assets		
Security deposits	32,429	32,429
	<u>\$ 2,188,775</u>	<u>\$ 2,143,507</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 57,220	\$ 202,562
Retirement payable	409,746	191,149
Accrued payroll expenses	305,922	351,868
	<u>772,888</u>	<u>745,579</u>
Noncurrent liabilities		
Accrued compensated absences	200,226	156,098
	<u>200,226</u>	<u>156,098</u>
Net Assets		
Unrestricted	1,215,661	1,241,830
	<u>\$ 2,188,775</u>	<u>\$ 2,143,507</u>

See accompanying notes to financial statements.

Northshore Charter School
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017
(with summarized comparative information for the year ended June 30, 2016)

	2017	2016
Revenues		
State public school funding	\$ 6,694,546	\$ 5,559,777
Federal grants	466,336	260,650
Meal income	511,221	372,789
Grants and contributions	138,793	78,540
	<u>7,810,896</u>	<u>6,271,756</u>
Expenses		
Program expenses		
Regular education	3,818,570	2,392,534
Special education	891,878	741,638
Student support and school administration	1,565,958	1,389,516
Cafeteria	561,386	514,206
Transportation	450,230	350,137
	<u>7,288,022</u>	<u>5,388,031</u>
General administrative expenses	549,043	480,134
	<u>7,837,065</u>	<u>5,868,165</u>
Change in net assets	(26,169)	403,591
Net assets, beginning of year	1,241,830	838,239
Net assets, end of year	<u>\$ 1,215,661</u>	<u>\$ 1,241,830</u>

See accompanying notes to financial statements.

Northshore Charter School
Statement of Functional Expenses
For the Year Ended June 30, 2017
(with summarized comparative information for the year ended June 30, 2016)

	Program Expenses					Total Program Expenses	Support	2017 Total Expenses	2016 Total Expenses
	Regular Education	Special Education	Student Support and School Administration	Cafeteria	Transportation		General Administrative Expenses		
Salaries and wages	\$ 2,159,854	\$ 557,097	\$ 711,110	\$ 173,308	\$ 320,861	\$ 3,922,230	\$ 190,460	\$ 4,112,690	\$ 3,250,732
Employee benefits	767,589	238,089	336,373	92,777	106,175	1,541,003	76,488	1,617,491	1,265,826
Compensated absences	23,154	5,962	7,630	1,889	3,446	42,081	2,047	44,128	43,753
Educational supplies	576,960	13,722	-	-	-	590,682	-	590,682	167,514
Health services and supplies	-	-	70,391	-	1,900	72,291	-	72,291	41,366
Meals purchased	-	-	-	205,614	-	205,614	-	205,614	187,406
Cafeteria supplies	-	-	-	32,927	-	32,927	-	32,927	23,848
Rents and leases	257,678	66,371	84,929	21,030	-	430,008	25,823	455,831	287,184
Repairs and maintenance	-	-	65,107	5,647	15,140	85,894	8,024	93,918	96,912
Utilities	-	-	79,204	3,202	-	82,406	10,155	92,561	59,323
Depreciation	-	-	92,704	15,845	365	108,914	11,058	119,972	92,880
Insurance	15,740	4,053	5,187	1,284	2,343	28,607	109,470	138,077	103,696
Professional services	-	-	26,008	-	-	26,008	82,549	108,557	76,996
Staff development	12,348	6,087	-	-	-	18,435	-	18,435	9,912
Office supplies and services	-	-	79,938	1,694	-	81,632	21,979	103,611	128,461
Marketing	-	-	-	-	-	-	10,990	10,990	19,492
Travel	5,247	497	7,377	6,169	-	19,290	-	19,290	12,167
Taxes and penalties	-	-	-	-	-	-	-	-	697
	<u>\$ 3,818,570</u>	<u>\$ 891,878</u>	<u>\$ 1,565,958</u>	<u>\$ 561,386</u>	<u>\$ 450,230</u>	<u>\$ 7,288,022</u>	<u>\$ 549,043</u>	<u>\$ 7,837,065</u>	<u>\$ 5,868,165</u>

See accompanying notes to financial statements.

Northshore Charter School
Statement of Cash Flows
For the Year Ended June 30, 2017
(with summarized comparative information for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (26,169)	\$ 403,591
Adjustments to reconcile the increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	119,972	92,880
(Increase) decrease in:		
Grants receivable	(220,205)	59,433
Prepaid expenses	9,122	(44,373)
Security deposits	-	(13,625)
Increase (decrease) in:		
Accounts payable	(145,342)	126,203
Retirement payable	218,597	64,822
Accrued expenses	(45,946)	154,934
Accrued compensated absences	44,128	43,753
Net cash provided by (used in) operating activities	<u>(45,843)</u>	<u>887,618</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(160,342)	(372,462)
Net cash used in investing activities	<u>(160,342)</u>	<u>(372,462)</u>
Cash Flows From Financing Activities		
Payments on notes payable	-	(33,333)
Net cash used in financing activities	<u>-</u>	<u>(33,333)</u>
Increase (decrease) in cash and cash equivalents	(206,185)	481,823
Cash and cash equivalents, beginning balance	<u>1,025,903</u>	<u>544,080</u>
Cash and cash equivalents, ending balance	<u>\$ 819,718</u>	<u>\$ 1,025,903</u>

See accompanying notes to financial statements.

Northshore Charter School

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

Northshore Charter School, Inc. (the “School”), was created as a non-profit corporation under the laws of the State of Louisiana (the “State”) on June 11, 2012. On July 1, 2013 the School was granted a five year charter by the Louisiana Board of Elementary and Secondary Education (“BESE”) to operate a Type 2 charter school. The School serves eligible students in kindergarten through the twelfth grade.

Financial Statement Presentation

The School follows the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities: Presentation of Financial Statement*. Under FASB ASC 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets - net assets that are not subject to donor-imposed stipulations are classified as unrestricted. These may be designated for specific purposes by action of the Board.
- Temporarily restricted net assets - support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Donor restricted support that will be met either by action of the School and/or the passage of time, are classified as an increase in temporarily restricted net assets. When restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.
- Permanently restricted net assets - net assets subject to donor-imposed stipulations and be maintained permanently by the School are classified as permanently restricted.

When both restricted and unrestricted resources are available for use, it is the School’s policy to use the restricted resources first, then unrestricted resources as needed. At June 30, 2017 and 2016, the School’s net assets were unrestricted.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

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

Functional Allocation of Expenses

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

Northshore Charter School

Notes to Financial Statements

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported net assets.

Cash and Cash Equivalents

For financial statement purposes, cash includes demand deposits. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Prepaid Expenses

Prepaid expenses consist of upfront costs paid upon the commencement of an operating lease for modular buildings. The costs are to be amortized over the life of the lease.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and is depreciated using the straight-line method over the estimated useful life between 5 – 15 years. Betterments of \$5,000 or more that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Expenses for repairs and maintenance are recorded as operating expenses as occurred.

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

Receivables

Grants receivable consist of federal and state funds passed through the Louisiana Department of Education. The balance is considered to be fully collectible; therefore, no allowance for doubtful accounts has been recorded.

Revenues

The School's primary source of funding is through monthly payments from the Minimum Foundation Program ("MFP") funded by the State Public School Fund and BESE based upon per eligible student in attendance at the official pupil count date of October 1 each year. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses occur.

Compensated Absences

Employees earn 10 days paid leave per year to be used in the event of their own illness, an immediate family member's illness, bereavement, visits to required medical practitioners, or personal business. Unused leave can be carried from one year to the next, not to exceed 90 days. Upon retirement and/or death, an employee will be paid any unused leave not to exceed 300 hours. At June 30, 2017 and 2016, the School had accrued compensated absences of \$200,226 and \$156,098, respectively. The liability is reflected in the statement of financial position as a noncurrent liability. Only the compensated absences payable to current terminating employees are reported as current liabilities.

Marketing

Marketing costs are expensed as incurred and reported as general administrative expenses. Marketing expense was \$10,990 and \$19,492 for the years ended June 30, 2017 and 2016, respectively.

Northshore Charter School

Notes to Financial Statements

Income Taxes

The School has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements. With few exceptions, the School is no longer subject to federal or state examinations by tax authorities for years prior to 2014.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the School may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

2. Property and Equipment

Property and equipment consists of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture, fixtures, and equipment	\$ 433,766	\$ 415,869
Leasehold improvements	617,319	405,262
	<u>1,051,085</u>	<u>821,131</u>
Less: accumulated depreciation	<u>(270,437)</u>	<u>(150,464)</u>
	780,648	670,667
Construction in progress	<u>-</u>	<u>69,611</u>
	<u>\$ 780,648</u>	<u>\$ 740,278</u>

Construction in progress relates to costs incurred for the construction of a covered walkway and was completed during the 2017 fiscal year.

Depreciation expense for the years ended June 30, 2017 and 2016, was \$119,972 and \$92,880, respectively.

3. Retirement Plans

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana (the "TRSL") or the Louisiana School Employees' Retirement System (the "LSERS"). These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to these plans follows:

Northshore Charter School

Notes to Financial Statements

Teachers' Retirement System of Louisiana

The Teachers' Retirement System of Louisiana (the "TRSL") provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804.

Plan members are required to contribute 8.00% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rate was 25.30% and 26.30% of annual eligible covered payroll for the years ended June 30, 2017 and 2016, respectively. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to TRSL were \$927,022 and \$743,808 for the years ended June 30, 2017 and 2016, respectively.

Louisiana School Employees' Retirement System

The Louisiana School Employees' Retirement System (the "LSERS") provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. The report may be obtained by writing to the Louisiana School Employees' Retirement System, PO Box 44516, Baton Rouge, Louisiana 70804.

Plan members are required to contribute 8.00% of their annual covered salary. The rate was 35.80% and 30.20% of annual eligible covered payroll for the years ended June 30, 2017 and 2016, respectively. Member contributions and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to LSERS were \$92,296 and \$80,548 for the years ended June 30, 2017 and 2016, respectively.

4. Notes Payable

The School obtained a \$100,000 non-interest bearing loan from the Louisiana Department of Education, Office of Portfolio on April 9, 2013. The loan requires 3 annual payments of \$33,333 payable June 30 of each fiscal year with final payment due June 30, 2016. The loan was paid as of June 30, 2016.

5. Concentrations

The School receives a substantial part of its revenue through MFP funding provided by the State Public School Fund and BESE. For the year ended June 30, 2017, the School received a total of \$6,694,546 through MFP funding which represents approximately 85.7% of revenues.

In the normal course of operations, the School maintains cash deposits with financial institutions which, from time to time, may exceed federally insured limits. At June 30, 2017, deposits exceeded FDIC limits by \$635,501. Management periodically assesses the financial condition of the institutions and believes the risk of incurring material losses related to this credit risk is remote.

Northshore Charter School

Notes to Financial Statements

6. Lease Commitment

On May 22, 2014, the School entered into an operating lease agreement for modular buildings. The term of the lease is 48 months with equal monthly payments of \$11,853 beginning August 14, 2014.

On April 8, 2015, the School entered into an operating lease agreement for a modular building. The term of the lease is 60 months with equal monthly payments of \$6,951 beginning July 3, 2015.

In March 2016, the School entered into an operating lease agreement for modular buildings. The term of the lease is 60 months with equal monthly payments of \$7,835 beginning July 2016.

In March 2016, the School entered into an operating lease agreement for a modular building. The term of the lease is 60 months with equal monthly payments of \$5,790 beginning July 2016.

Future minimum payments under these agreements are as follows:

<u>For the Year</u> <u>Ended June 30:</u>	<u>Amount</u>
2018	\$ 389,148
2019	258,765
2020	246,912
2021	163,500
	<u>\$ 1,058,325</u>

7. Contingencies

State Funding

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Northshore Charter School

Notes to Financial Statements

State and Federal Programs

The School participates in a number of federal and state programs. These programs require that the School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. Per the Type 2 Charter agreement between the School and the Louisiana Department of Education, the School must follow state audit and reporting requirements established by the Louisiana Legislative Auditor and Louisiana R.S. 24:513-556. Charter schools are required to have an annual audit, and they must submit their audits to the Legislative Auditor's Office by six months after their fiscal year end. The School must also submit their annual audit to the Bureau of Internal Audit, Louisiana Department of Education by six months after their fiscal year end. Failure to meet this requirement can result in a freeze in funding.

All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, should not, in the opinion of management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

8. Board Member Compensation

<u>Board Member</u>	<u>Amount</u>
Reginald "Bubba" Bourne	\$ -
Al St. Pierre	-
Belinda Ikerd	-
Dr. Whit Gallaspy	-
Roosevelt Ludd	-
Justin Arnold	-
Lisa Miles	-
Christy Montgomery	-
	<u>\$ -</u>

9. Subsequent Events

Management has evaluated subsequent events through December 30, 2017, which is the date the financial statements were available to be issued.

In July 2017, the School applied for a Type 1 Charter through Bogalusa City Schools and no longer operates as a Type 2 Charter.

Supplementary Information

Northshore Charter School
Schedule of Compensation, Benefits, and Other Payments to School Head
For the Year Ended June 30, 2017

School Head: Linda McCullough
Position: Principal

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 107,950
Benefits - insurance	11,108
Benefits - retirement	21,675
Reimbursements	4,560
Travel	1,117
	<u>\$ 146,410</u>

*Statewide Agreed-Upon Procedures
Required by Louisiana State Law*

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Northshore Charter School
Bogalusa, Louisiana

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

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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget
 - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving
 - d) *Receipts*, including receiving, recording, and preparing deposits
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

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- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

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

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6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
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- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
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16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

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- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

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23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
 29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
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30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report 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.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results

We noted the following exceptions as a result of applying the above procedures:

Bank Reconciliations

Finding

1. The operating account bank reconciliation had 14 transactions totaling \$5,860 outstanding since the end of the 2014 fiscal year; 13 transactions totaling \$8,376 outstanding since the end of the 2015 fiscal year; 16 transactions totaling \$8,187 outstanding since the end of the 2016 fiscal year; and 1 transaction totaling \$1,057 outstanding since August 2016.

Management's Response

1. Management has researched all outstanding items and has determined 22 of the outstanding transactions will not clear. Management has determined the transactions were either duplicates or created by error. Management made the corrections which are reflected in the June 30, 2017 financial statements.

Payroll and Personnel

Findings

1. The personnel file of the cafeteria manager could not be located by management. Therefore, we were unable to verify the employee's compensation, changes in pay rates, supervisor approval of time, or approved leave. In addition, the employee is paid additional compensation for serving as the School's cheerleading coach. We were not able to verify if the additional pay was approved.
2. Our testing revealed two employees who were paid \$1,000 less than their approved contract amount.

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3. Our testing indicated two teachers recorded six hours of time for tutoring on the sign in/out sheet, but both teachers were compensated for 12 hours each for the pay period ending March 10, 2017. In addition, a teacher recorded one and one-half hours of time for tutoring on the sign in/out sheet but was compensated for 12 hours for the pay period ending March 10, 2017.

Management's Response

1. A new personnel file will be created for the cafeteria manager and all required documentation will be included.
2. The two employees who were underpaid will be compensated for the amount owed less applicable taxes and withholdings.
3. The three employees who were paid for 12 hours of tutoring did work the full 12 hours. The School will ensure the sign in and sign out sheets are complete and accurate going forward.

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 control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Covington, Louisiana
December 30, 2017

***Schedules Required by Louisiana State Law
(R.S. 24:514 – Performance and Statistical Data)***

Independent Accountant’s Report on Applying Agreed-Upon Procedures

To the Board of Directors
Northshore Charter School
Bogalusa, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Northshore Charter School, (the “School”) 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 the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (“BESE”) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards* published by the United States Comptroller General. 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 related to the accompanying schedules of performance and statistical data are as follows:

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

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

Schedule 2 – Education Levels of Public School Staff

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

Schedule 3 – Number and Type of Public Schools

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.

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

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

Schedule 5 – Public School Staff Data

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status, as well as full time equivalents as reported on Schedule 5 and traced each to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on Schedule 5.
8. We recalculated the average salaries and full time equivalents reported on Schedule 5.

Schedule 6 – Class Size Characteristics

9. We obtained a list of classes by school, school type, and class size as reported on Schedule 6 and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in Schedule 7 by the School.

Schedule 8 – Graduation Exit Exam (GEE)

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

Schedule 9 – Integrated Louisiana Educational Assessment Program (iLEAP)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in Schedule 9 by the School.

Results

We noted no exceptions as a result of applying the above procedures.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the performance and statistical data accompanying the annual financial statements of the School. 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 and the Board of Directors 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 Louisiana Legislative Auditor as a public document.



Covington, Louisiana
December 30, 2017

Northshore Charter School

Performance and Statistical Data

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

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

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

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

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

Schedule 5 - Public School Staff Data

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

Schedule 6 - Class Size Characteristics

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

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 - Graduation Exit Exam

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

Schedule 9 - iLEAP Test Results

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

Northshore Charter School
Schedule 1 – General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 2,344,152
Other Instructional Staff Salaries	365,251
Instructional Staff Employee Benefits	1,054,587
Purchased Professional and Technical Services	26,008
Instructional Materials and Supplies	598,277
Instructional Equipment	-
Total Teacher and Student Interaction Activities	<u>4,388,275</u>

Other Instructional Activities -

Pupil Support Services	194,183
Less: Equipment for Pupil Support Services	-
Net Pupil Support Services	<u>194,183</u>

Instructional Staff Services	156,600
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	<u>156,600</u>

School Administration	601,006
Less: Equipment for School Administration	-
Net School Administration	<u>601,006</u>

Total General Fund Instructional Expenditures **\$ 5,340,064**

Total General Fund Equipment Expenditures **\$ -**

Certain Local Revenue Sources

Local Taxation Revenue	\$ -
Local Earnings on Investment in Real Property	-
State Revenue in Lieu of Taxes	-
Nonpublic Textbook Revenue	-
Nonpublic Transportation Revenue	-

Northshore Charter School
Schedule 2 – Education Levels of Public School Staff
As of October 1, 2016

Category	Full Time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	17	36%	14	30%	1	25%		
Master's Degree	13	28%	1	2%	1	25%		
Master's Degree +30	1	2%			2	50%		
Specialist in Education								
Ph.D. or Ed.D.	1	2%						
Total	32	68%	15	32%	4	100%	0	0

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

Northshore Charter School
Schedule 3 – Number and Type of Public Schools
For the Year Ended June 30, 2017

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

Northshore Charter School

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

As of October 1, 2016

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Principals						1		1
Assistant Principals			1		2			3
Classroom Teachers	14	7	12	4	3	1	6	47
Total	14	7	13	4	5	1	6	51

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

Northshore Charter School
Schedule 5 – Public School Staff Data
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$47,363.45	N/A
Average Classroom Teachers' Salary Excluding Extra Compensation	\$46,034.87	N/A
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	47	N/A

Northshore Charter School
Schedule 6 – Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	56%	18	44%	14	0%	0	0%	0

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

Northshore Charter School
Schedule 7 – Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	1	0	0	1	1
Mastery	23	18	8	11	21	8
Basic	29	21	23	18	28	17
Approaching Basic	18	28	30	30	28	39
Unsatisfactory	30	32	39	41	21	35
Total	100	100	100	100	99	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	1	1	0	0
Mastery	30	14	12	9	15	2
Basic	31	15	33	23	23	14
Approaching Basic	30	41	35	36	42	53
Unsatisfactory	7	28	19	31	20	32
Total	99	99	100	100	100	101

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	2	0	0	0	0
Mastery	21	22	8	10	3	2
Basic	40	22	23	27	17	13
Approaching Basic	30	39	50	37	36	50
Unsatisfactory	9	15	19	26	44	35
Total	100	100	100	100	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	1	0	N/A	0	0	N/A
Mastery	12	11	N/A	2	0	N/A
Basic	31	38	N/A	21	15	N/A
Approaching Basic	34	38	N/A	38	45	N/A
Unsatisfactory	22	13	N/A	40	40	N/A
Total	100	100		101	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	N/A	N/A	0	N/A	N/A
Mastery	18	N/A	N/A	0	N/A	N/A
Basic	33	N/A	N/A	18	N/A	N/A
Approaching Basic	28	N/A	N/A	54	N/A	N/A
Unsatisfactory	21	N/A	N/A	28	N/A	N/A
Total	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	11	N/A	N/A	0	N/A	N/A
Mastery	16	N/A	N/A	11	N/A	N/A
Basic	42	N/A	N/A	11	N/A	N/A
Approaching Basic	11	N/A	N/A	42	N/A	N/A
Unsatisfactory	21	N/A	N/A	37	N/A	N/A
Total	101			101		

***The percent of students across achievement levels may not total 100 due to rounding

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

Northshore Charter School
Schedule 8 – Graduation Exit Exam (GEE)
For the Year Ended June 30, 2017

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

Northshore Charter School
Schedule 9 – Integrated Louisiana Educational Assessment Program (iLEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	1	0	0	N/A	0
Mastery	5	8	4	2	N/A	1
Basic	34	35	28	9	N/A	28
Approaching Basic	36	30	30	41	N/A	35
Unsatisfactory	25	25	38	48	N/A	36
Total	100	99	100	100		100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	1	0	0	N/A	0
Mastery	11	4	5	6	N/A	0
Basic	31	28	25	19	N/A	36
Approaching Basic	39	32	50	24	N/A	38
Unsatisfactory	19	35	20	51	N/A	27
Total	100	100	100	100		101

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	0	0	0	N/A	0
Mastery	6	5	0	6	N/A	0
Basic	36	31	17	16	N/A	20
Approaching Basic	31	31	36	24	N/A	24
Unsatisfactory	27	34	47	54	N/A	56
Total	100	101	100	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	0	N/A	0	N/A	N/A
Mastery	0	6	N/A	3	N/A	N/A
Basic	31	23	N/A	7	N/A	N/A
Approaching Basic	47	45	N/A	47	N/A	N/A
Unsatisfactory	22	26	N/A	43	N/A	N/A
Total	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	0	N/A	N/A	0	N/A	N/A
Mastery	5	N/A	N/A	14	N/A	N/A
Basic	32	N/A	N/A	14	N/A	N/A
Approaching Basic	36	N/A	N/A	16	N/A	N/A
Unsatisfactory	27	N/A	N/A	56	N/A	N/A
Total	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	1	N/A	N/A	0	N/A	N/A
Mastery	11	N/A	N/A	11	N/A	N/A
Basic	33	N/A	N/A	47	N/A	N/A
Approaching Basic	33	N/A	N/A	26	N/A	N/A
Unsatisfactory	22	N/A	N/A	16	N/A	N/A
Total	100			100		

***The percent of students across achievement levels may not total 100 due to rounding

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

*Reports Required by
Government Auditing Standards*

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

To the Board of Directors
Northshore Charter School
Bogalusa, 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 Northshore Charter School (the “School”), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Covington, Louisiana
December 30, 2017

Northshore Charter School
Summary of Auditor's Results and Schedule of Findings
For the Year Ended June 30, 2017

A. Summary of Audit Results

Financial Statements

- a. Type of auditor's report issued: Unmodified
- b. Internal control over financial reporting:
- | | | |
|--|-----------|--|
| Material weaknesses identified | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Significant deficiencies identified that are
not considered to be material weaknesses | _____ yes | _____ <input checked="" type="checkbox"/> none noted |
- c. Noncompliance material to financial
statements noted
- | | | |
|--|-----------|--|
| | _____ yes | _____ <input checked="" type="checkbox"/> no |
|--|-----------|--|

**B. Findings Related to the Financial Statements Reported in Accordance with
*Government Auditing Standards***

None noted.

Northshore Charter School
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2017

A. Findings Related to the Financial Statements Reported in Accordance with
Government Auditing Standards

None noted.