

D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana

Financial Report
For the Years Ended June 30, 2017 and 2016

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

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Farmerville, Louisiana

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HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana

We have audited the accompanying financial statements of the D'Arbonne Woods Charter School (a nonprofit organization, the School), 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.

Auditor's 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 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.

Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana

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 D'Arbonne Woods Charter School 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Schedule of Compensation, Benefits, and Other Payments to the Executive Director are presented for purposes of additional analysis and are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on internal control over financial reporting or 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.



(A Professional Accounting Corporation)
December 29, 2017

FINANCIAL STATEMENTS

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Financial Position

	June 30, 2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets			
Cash	\$ 4,146,518	\$ 106,177	\$ 4,252,695
Cash held for school facility construction	340,825	-	340,825
Investments	206,544	-	206,544
Funds held by fiscal agent	1,480,210	-	1,480,210
Accounts receivable	2,032	908	2,940
Grants receivable	432,549	-	432,549
Unamortized bond issuance cost	309,460	-	309,460
Land	473,787	-	473,787
Buildings	19,803,118	-	19,803,118
Building improvements	44,305	-	44,305
Land improvements	30,810	-	30,810
Construction in progress	56,600	-	56,600
Equipment	1,069,611	2,530	1,072,141
Land held for sale	-	-	-
Accumulated depreciation	<u>(917,711)</u>	<u>(1,518)</u>	<u>(919,229)</u>
Total assets	<u>\$ 27,478,658</u>	<u>\$ 108,097</u>	<u>\$ 27,586,755</u>
Liabilities and net assets			
Liabilities			
Accounts and retainage payable	\$ 277,246	\$ -	\$ 277,246
School activity funds payable	-	3,994	3,994
Payroll liabilities	713,019	-	713,019
Compensated absences	179,140	-	179,140
Deferred revenues	-	-	-
Long-term debt, current portion	<u>257,544</u>	<u>-</u>	<u>257,544</u>
Total current liabilities	1,426,949	3,994	1,430,943
Long-term debt	<u>22,356,448</u>	<u>-</u>	<u>22,356,448</u>
Total liabilities	23,783,397	3,994	23,787,391
Net assets	<u>3,695,261</u>	<u>104,103</u>	<u>3,799,364</u>
Total net assets	<u>3,695,261</u>	<u>104,103</u>	<u>3,799,364</u>
Total liabilities and net assets	<u>\$ 27,478,658</u>	<u>\$ 108,097</u>	<u>\$ 27,586,755</u>

The accompanying notes are an integral part of these statements

June 30, 2016

Unrestricted	Temporarily Restricted	Total
\$ 3,761,390	\$ 36,696	\$ 3,798,086
1,590,400	-	1,590,400
204,917	-	204,917
1,242,716	-	1,242,716
248	10	258
280,120	-	280,120
322,640	-	322,640
473,787	-	473,787
-	-	-
-	-	-
-	-	-
18,370,224	-	18,370,224
658,178	2,530	660,708
55,310	-	55,310
(378,325)	(1,012)	(379,337)
<u>\$ 26,581,605</u>	<u>\$ 38,224</u>	<u>\$ 26,619,829</u>

\$ 1,475,552	\$ -	\$ 1,475,552
-	288	288
731,352	-	731,352
183,673	-	183,673
-	7,975	7,975
62,960	-	62,960
<u>2,453,537</u>	<u>8,263</u>	<u>2,461,800</u>
20,600,000	-	20,600,000
<u>23,053,537</u>	<u>8,263</u>	<u>23,061,800</u>
3,528,068	29,961	3,558,029
<u>3,528,068</u>	<u>29,961</u>	<u>3,558,029</u>
<u>\$ 26,581,605</u>	<u>\$ 38,224</u>	<u>\$ 26,619,829</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Activities

For the Years Ended

	June 30, 2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
State public school funding	\$ 9,159,835	\$ -	\$ 9,159,835
Federal sources	551,227	-	551,227
State sources	14,666	-	14,666
School activity funds			
Donations	430	1,545	1,975
Fundraisers	633	83,486	84,119
Cost of direct benefit to donors	-	(7,481)	(7,481)
Meal income	57,574	-	57,574
Other income	59,989	177,312	237,301
Interest income	27,226	-	27,226
Total	<u>9,871,580</u>	<u>254,862</u>	<u>10,126,442</u>
Net assets released from restrictions	<u>180,720</u>	<u>(180,720)</u>	<u>-</u>
Total support and revenue	10,052,300	74,142	10,126,442
Expenses and losses			
Program Services	9,266,859	-	9,266,859
Support Services			
Management and general	565,466	-	565,466
Fundraising expenses	26,488	-	26,488
Total expenses	<u>9,858,813</u>	<u>-</u>	<u>9,858,813</u>
Loss on sale of assets	26,294	-	26,294
Total expenses and losses	<u>9,885,107</u>	<u>-</u>	<u>9,885,107</u>
Increase in net assets	167,193	74,142	241,335
Net assets at beginning of year	<u>3,528,068</u>	<u>29,961</u>	<u>3,558,029</u>
Net assets at end of year	\$ <u><u>3,695,261</u></u>	\$ <u><u>104,103</u></u>	\$ <u><u>3,799,364</u></u>

The accompanying notes are an integral part of these statements

June 30, 2016

Unrestricted	Temporarily Restricted	Total
\$ 8,143,286	\$ -	\$ 8,143,286
1,192,523	-	1,192,523
19,378	-	19,378
108	1,509	1,617
6,438	66,878	73,316
(2,330)	(25,761)	(28,091)
86,454	-	86,454
139,649	120,740	260,389
50,120	-	50,120
<u>9,635,626</u>	<u>163,366</u>	<u>9,798,992</u>
156,530	(156,530)	-
9,792,156	6,836	9,798,992
7,985,151	-	7,985,151
641,651	-	641,651
13,590	-	13,590
<u>8,640,392</u>	<u>-</u>	<u>8,640,392</u>
-	-	-
<u>8,640,392</u>	<u>-</u>	<u>8,640,392</u>
1,151,764	6,836	1,158,600
2,376,304	23,125	2,399,429
<u>\$ 3,528,068</u>	<u>\$ 29,961</u>	<u>\$ 3,558,029</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

Statements of Cash Flows

	<u>For the Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net assets	\$ 241,335	\$ 1,158,600
Adjustment to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	583,699	36,846
Bond amortization	13,180	7,577
Loss on sale of assets	26,294	-
Changes in assets and liabilities		
Accounts receivable	(2,682)	531
Grants receivable	(152,428)	110,757
Accounts payable	(1,194,600)	150,907
Payroll liabilities	(22,866)	(103,360)
Deferred revenues	(7,975)	7,975
Net cash provided (used) by operating activities	<u>(516,043)</u>	<u>1,369,833</u>
Cash flows from capital and related financing activities		
Purchase of construction in progress and equipment	(2,060,260)	(9,394,008)
Proceeds from the issuance of debt	2,287,118	23,101,865
Payment on notes payable	<u>(336,086)</u>	<u>(14,257,596)</u>
Net cash used by capital and related financing activities	<u>(109,228)</u>	<u>(549,739)</u>
Cash flows from investing activities		
Increase in funds held by fiscal agent	(237,494)	(246,695)
Purchase of investments	(1,627)	(2,664)
Proceeds from the sale of assets	<u>69,426</u>	<u>-</u>
Net cash used by investing activities	<u>(169,695)</u>	<u>(249,359)</u>
Net increase (decrease) in cash	(794,966)	570,735
Cash at beginning of year	<u>5,388,486</u>	<u>4,817,751</u>
Cash at end of year	<u>\$ 4,593,520</u>	<u>\$ 5,388,486</u>
Shown on accompanying Statements of Financial Position as		
Cash	\$ 4,252,695	\$ 3,798,086
Cash held for school facility construction	340,825	1,590,400
Total	<u>\$ 4,593,520</u>	<u>\$ 5,388,486</u>
Noncash capital and related financing activities		
Purchase of equipment with proceeds from long-term debt	<u>\$ -</u>	<u>\$ 83,036</u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	<u>\$ 536,613</u>	<u>\$ 53,047</u>
Cash paid for capitalized interest	<u>\$ -</u>	<u>\$ 460,982</u>

The accompanying notes are an integral part of these statements

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

The D'Arbonne Woods Charter School, Inc. (the School) was granted a Type 2 charter by the Louisiana Board of Elementary or Secondary Education (BESE) to provide educational services in Union Parish to students beginning with the 2009-2010 school year. The curriculum is designed to meet the unique needs of rural, at-risk students. The School serves eligible students in kindergarten through twelfth grade. At its March 9, 2012 meeting the Louisiana State Board of Elementary and Secondary Education approved a material amendment to the School's charter allowing an increase in total enrollment and to add grades nine through twelve beginning with grade nine in the fall of 2012, subject to certain conditions set by the State Superintendent of Education. The projected enrollment for the 2016 – 2017 school year was 945 students in grades K – 12. The School's Charter was renewed during the 2013 – 2014 fiscal year for a 10-year period. The School is governed by a seven member board of directors.

A. Financial Reporting

The School follows the guidance of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the School is required to present a statement of cash flows. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on 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.

C. Revenues

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. Adjustments are normally made in the following year. State and Federal grants are generally on a cost reimbursement basis whereby revenues are recognized when related eligible expenses are incurred.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

D. Property, Plant, and Equipment

The School has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$2,000 and the useful life exceeds one year. Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the capital assets of the School:

<u>Asset</u>	<u>Useful Life (in years)</u>
Buildings	40
Building Improvements	20
Land Improvements	30
Portable School Building	5
Furniture and Equipment	5-7
Computer Equipment	3
Buses	5-10
Software	5

E. Compensated Absences

The School grants all employees of the School a total of ten days of paid sick leave per year. Sick leave may be accumulated from year to year with no limit. Upon retirement or death prior to retirement, the School will pay to the employee or his/her estate for any unused sick leave not to exceed 25 days. Unused leave may be applied to years of service at retirement. In addition, all full-time personnel employed on a twelve month fiscal year basis are entitled to annual leave of ten to fifteen days per year, based upon years of consecutive service. Unused leave may be accumulated at a rate of five days per year with a maximum of twenty days. Upon retirement, death prior to retirement, termination, or resignation, the School will pay to the employee or his or her estate for all unused annual leave.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

F. Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Also, the School is subject to income tax examinations by the Internal Revenue Service and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The School is no longer subject to examination by tax authorities for years ended before June 30, 2014.

G. Investments and Investments Held With Fiscal Agent

The School's investments consist of certificates of deposit with maturities greater than three months. The certificates are reported at cost which approximates fair market value.

Investments held with fiscal agent are composed of United States Treasury Strips, Treasury Bills, and Treasury Securities – State and Local Government Series (SLGS) and are carried at fair value.

H. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

I. 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 certain reported amounts and disclosures*. Accordingly, actual results could differ from those estimates.

J. Concentrations

The School received 90% and 83% of its revenues in the years ended June 30, 2017 and 2016 respectively, from the State of Louisiana's Minimum Foundation Program, in accordance with its charter school contract with the State.

K. Reclassifications

Minor reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

2. Cash

The School's cash (bank balance) at June 30, 2017, was \$4,800,209 of which \$250,000 was covered by Federal Deposit Insurance Corporation (FDIC) and \$4,550,209 was unsecured. A complete breakdown of cash is as follows:

	Bank Balance (secured)	Bank Balance (unsecured)	Bank Balance (total)	Book Balance
Cash	\$ 250,000	\$ 4,209,384	\$ 4,459,384	\$ 4,252,695
Cash held for school facility construction	-	340,825	340,825	340,825
	<u>\$ 250,000</u>	<u>\$ 4,550,209</u>	<u>\$ 4,800,209</u>	<u>\$ 4,593,520</u>

3. Investments

The School's investments consist of Certificates of Deposit and U. S. Treasury securities. The certificates of deposit were completely secured by FDIC. The School's investments at June 30, 2017 and June 30, 2016 were as follows:

	June 30, 2017	June 30, 2016
Certificates of Deposit	\$ <u>206,544</u>	\$ <u>204,917</u>
Funds held by fiscal agent		
Federated U.S. Cash Reserves	324	2
U.S. Treasury Strips	72,436	148,771
U.S. Treasury Bills	63,771	-
U.S. Treasury Notes	-	118,043
U.S. Treasury Strip Interest Payment Tint	69,261	-
Treasury Securities - State and Local		
Government Series - (SLGS)	<u>1,274,418</u>	<u>975,900</u>
Total funds held by fiscal agent	<u>1,480,210</u>	<u>1,242,716</u>
Total Investments	<u>\$ 1,686,754</u>	<u>\$ 1,447,633</u>

Investments held with fiscal agent are composed of United States Treasury Strips, Treasury Bills, and Treasury Securities – State and Local Government Series (SLGS) and are carried at fair value. ASC Section 820 establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the School has the ability to access;
- Level 2 Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investments held by D'Arbonne Woods Charter School at June 30, 2017, are valued at quoted market prices and other relevant information generated by market transactions held by the School at that date, and are considered to be level 1 in the fair value hierarchy.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

For the years ended June 30, 2017 and 2016, the School's investments (including gains and losses on investments bought, sold, and held during the year) changed in value as follows:

	June 30,	
	2017	2016
Interest income	\$ 34,351	\$ 32,143
Change in market value	(7,125)	17,977
	\$ 27,226	\$ 50,120

4. Grants and Other Receivables

Grants receivable are as follows for the years ended June 30, 2017 and 2016:

Grant	2017	2016
Title I	\$ 142,740	\$ 109,810
Title I Migrant	22,350	13,515
Title II	-	9,547
IDEA	65,614	47,527
8-G	-	3,462
Extended School Year	-	1,485
Medicaid	-	16,232
Career & Technical Education	201,845	75,182
Opportunity Grant	-	3,360
Total	\$ 432,549	\$ 280,120

The other receivables are comprised primarily of various refunds, commissions, and student lunch balances. The School expects to collect substantially all outstanding balances and, therefore, does not include an estimate for allowance for doubtful accounts.

5. School Activity Funds

School Activity Funds are monies collected through dues, fundraisers, admissions or other money generating activity by an organizational unit within the School. It also includes donations from outside sources when such donation is made for a specific or restricted purpose.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

Any School Activity Funds collected for a specific purpose are considered temporarily restricted until such funds are spent.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets represent the school activities funds and any donations made for a specific or restricted purpose. As of June 30, 2017 and 2016, the entirety of the School's temporarily restricted net assets related to school activity funds. At June 30, 2017, the School's Track fund maintained a small deficit balance which is to be restored through future activities.

7. Property, Plant, and Equipment

Property, plant, and equipment consisted of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Depreciable Assets		
Buildings	\$ 19,803,118	\$ -
Building improvements	44,305	-
Land improvements	30,810	-
Equipment	<u>1,072,141</u>	<u>660,708</u>
Total depreciable assets	20,950,374	660,708
Less: Accumulated depreciation	<u>(919,229)</u>	<u>(379,337)</u>
Net depreciable assets	<u>20,031,145</u>	<u>281,371</u>
Nondepreciable Assets		
Land	473,787	473,787
Land held for sale	-	55,310
Construction in progress	<u>56,600</u>	<u>18,370,224</u>
Total nondepreciable assets	<u>530,387</u>	<u>18,899,321</u>
 Total property, plant, and equipment	 <u>\$ 20,561,532</u>	 <u>\$ 19,180,692</u>

Depreciation expense totaled \$583,699 and \$36,846 for the years ended June 30, 2017 and 2016, respectively.

In August 2011, the School purchased 21.65 acres of land at a cost of \$55,310 for the purpose of constructing its school facility. Subsequent to the purchase it was

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

determined that this tract of land was not suitable for construction of the school. The School approved advertising the land for sale and it was classified as Land Held for Sale on the financial statements at June 30, 2016. The land was sold during the year ended June 30, 2017. In March 2012, the School purchased 41.55 acres of land at a total cost of \$473,787 for the purpose of constructing its school facility.

Work on the new school facility was substantially completed and the building was placed into service during the year ended June 30, 2017. Work on the construction of the school facility was classified as Construction in Progress at June 30, 2016. Continuing work on athletic facilities was classified as Construction in Progress at June 30, 2017.

All assets acquired with Louisiana Department of Education funds are owned by the School while used for 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.

8. Retirement Plan

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description: 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 70804-9123.

Funding Policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The rates were 25.5% and 26.3%, respectively, of annual eligible covered payroll for the years ended June 30, 2017 and 2016. 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

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

the plan were \$949,705 and \$899,349 for the years ended June 30, 2017 and 2016 respectively, which is equal to the required contribution.

9. Bonds Payable and Long-Term Debt

During the year ended June 30, 2016, the School entered into a promissory note with a local financial institution in the amount of \$83,036 for the purpose of purchasing a bus. The terms of the note called for 36 payments in the amount of \$2,416. The note carried a 3% interest rate and was secured by one of the School's certificates of deposit that held a balance of \$102,482 at June 30, 2016. The balance of the note was \$62,960 at June 30, 2016 which was paid in October 2016.

The School issued a \$5.1 million Qualified School Construction Bond (QSCB) dated December 21, 2010 bearing interest at 1.0% for the purpose of constructing a school facility. Interest is payable quarterly with the full principal amount due at maturity on December 15, 2029. In addition, the School is making quarterly deposits into an irrevocable trust reserved for future payment of the bond (the sinking fund). These funds are shown as funds held by fiscal agent on the Statements of Financial Position and had a balance of \$1,480,210 and \$1,242,716 at June 30, 2017 and 2016, respectively. The QSCB is secured by any of the unspent bond funds which were approximately \$341,000 and \$1.6 million at June 30, 2017 and 2016 respectively, all funds held by the fiscal agent as noted above and any assets purchased with the bond proceeds. The approximate required balance in the sinking fund as prescribed in the QSCB bond indenture document, to be funded in contributions, net of interest, is as follows for the next five years: June 30, 2018, \$1,730,711; 2019, \$1,986,889; 2020, \$2,249,532; 2021 \$2,518,803; and 2022, \$2,794,869.

During the year ended June 30, 2014, the School obtained interim financing with a local financial institution in anticipation of obtaining permanent financing from the United States Department of Agriculture – Rural Development (USDA) for the purpose of building a new school campus. The total amount of interim financing available was \$18,000,000. Of that amount, the School had drawn down \$14,231,459 at June 30, 2016. The interim loan carried an interest rate of 4.27%. The balance of the loan was repaid in June 2016 with proceeds from the issuance of a permanent loan from the USDA. The total amount of available USDA funding is \$18,000,000 of which the School had drawn down \$17,787,118 at June 30, 2017 and \$15,500,000 at June 30, 2016. The USDA loan is for the term of 40 years with payments beginning on July 13, 2016. The loan carries an interest rate of 2.825%. Future minimum payments on the USDA loan are as follows:

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

2018	\$ 257,544
2019	265,050
2020	271,509
2021	280,771
2022	288,962
Thereafter	<u>16,150,155</u>
	<u>\$17,513,991</u>

Changes in long-term debt were as follows for the year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Retirements	Balance at June 30, 2017
Notes payable	\$ 62,960	\$ -	\$ (62,960)	\$ -
QSCB	5,100,000	-	-	5,100,000
USDA	15,500,000	2,287,118	(273,127)	17,513,991
Total	<u>\$ 20,662,960</u>	<u>\$ 2,287,118</u>	<u>\$ (336,087)</u>	<u>\$ 22,613,991</u>

Changes in long-term debt were as follows for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016
Notes Payable	\$ 50,214	\$ 83,036	\$ (70,290)	\$ 62,960
QSCB	5,100,000	-	-	5,100,000
USDA Interim	6,585,441	7,601,865	(14,187,306)	-
USDA	-	15,500,000	-	15,500,000
Total	<u>\$ 11,735,655</u>	<u>\$ 23,184,901</u>	<u>\$ (14,257,596)</u>	<u>\$ 20,662,960</u>

During the year ended June 30, 2017, the School incurred \$536,613 in interest expenses.

10. Leases

The School leases a building, an athletic facility, and certain equipment under the terms of various operating leases. The School recognized rental expenses of \$69,446 and \$318,575, respectively, for the years ended June 30, 2017 and 2016. The noncancellable portion of future minimum lease payments are as follows:

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

June 30,	
2018	\$ 44,940
2019	44,940
2020	245
	<u>\$ 90,125</u>

11. Allocation of Expenses

Expenses were allocated between Program Services, Management and General, and Fundraising as follows for the year ended June 30, 2017:

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 3,565,381	\$ 191,541	\$ -
Employee benefits	1,369,727	75,420	-
Payroll taxes	74,142	3,904	-
Advertising and promotion	31	1,889	-
Books and periodicals	103,662	-	-
Depreciation and amortization	550,428	46,451	-
Food services	274,115	-	-
Information technology	22,668	-	-
Insurance	6,154	41,585	-
Interest	506,026	30,587	-
Legal and accounting	-	128,431	-
Materials and supplies	869,324	-	26,488
Miscellaneous	84,705	599	-
Occupancy	763,812	1,675	-
Office expenses	66,741	10,351	-
Professional fees	349,378	25,019	-
Student transportation	628,445	-	-
Training	1,485	-	-
Travel	30,635	8,014	-
Total	<u>\$ 9,266,859</u>	<u>\$ 565,466</u>	<u>\$ 26,488</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

Expenses were allocated between Program Services, Management and General, and Fundraising as follows for the year ended June 30, 2016:

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 3,417,727	\$ 192,949	\$ -
Employee benefits	1,249,884	61,060	-
Payroll taxes	148,243	11,337	-
Advertising and promotion	-	4,038	-
Books and periodicals	122,239	-	-
Depreciation and amortization	36,846	7,577	-
Food services	442,509	-	-
Information technology	48,340	874	-
Insurance	5,434	37,622	-
Interest	-	53,047	-
Legal and accounting	-	96,138	-
Materials and supplies	686,781	-	13,590
Miscellaneous	45,361	1,310	-
Occupancy	559,663	-	-
Office expenses	45,141	19,923	-
Payments to affiliates	38,422	-	-
Professional fees	226,530	150,278	-
Student transportation	851,805	-	-
Training	691	-	-
Travel	59,535	5,498	-
Total	<u>\$ 7,985,151</u>	<u>\$ 641,651</u>	<u>\$ 13,590</u>

12. Uncertain Income Taxes

The School has adopted the provisions of FASB ASC 740 Accounting for Uncertainty in Income Taxes. The implementation of this topic had no impact on the statement of financial position or statement of activities.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Notes to the Financial Statements

For the Years Ended June 30, 2017 and 2016

13. Subsequent Events

Management has evaluated subsequent events through December 29, 2017, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

SUPPLEMENTARY INFORMATION

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

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Katie Jacola, CPA
Lesley Engolia, CPA

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

Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, 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 **D'Arbonne Woods Charter School, Inc.** (a nonprofit organization, the School), 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 29, 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these

D'Arbonne Woods Charter School
Farmerville, Louisiana

limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 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 the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



(A Professional Accounting Corporation)

December 29, 2017

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

Board of Directors
D'Arbonne Woods Charter School
Farmerville, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School'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 the School'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 the School's compliance.

Opinion on Each Major Federal Program

In our opinion, D'Arbonne Woods Charter School 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 the School 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 the School'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 the School'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



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December 29, 2017

**D'ARBONNE WOODS CHARTER SCHOOL
FARMERVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	2017 PROGRAM EXPENDITURES
CASH FEDERAL AWARDS		
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Louisiana Department of Education		
School Breakfast Program	10.553A	\$ 38,621
National School Lunch Program	10.555A	<u>120,049</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>158,670</u>
U. S. DEPARTMENT OF EDUCATION		
Passed through Louisiana Department of Education		
Title I Grants to Local Educational Agencies		
Title I Part A Basic (2016-17)	84.010A	243,026
Title I Part C Migrant Education (2016-17)	84.011C	<u>8,835</u>
		<u>251,861</u>
Special Education—Grants to States	84.027A	
IDEA Part B (2015-16)		98,506
Vocational Education—Basic Grants to States	84.048	
Carl D. Perkins Career & Technical 2015-16 Reallocation		7,305
Carl D. Perkins Career & Technical Education (2016-17)		20,617
Passed through to subrecipients		<u>173,923</u>
		<u>201,845</u>
Special Education - Preschool Grants	84.173A	
Preschool (2015-16)		<u>514</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>552,726</u>
TOTAL EXPENDITURES OF CASH FEDERAL AWARDS		<u>711,396</u>
LOANS		
U. S. DEPARTMENT OF AGRICULTURE		
Rural Development		
Community Facilities Loans and Grants	10.780	<u>1,415,028</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,415,028</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,126,424</u>

D'ARBONNE WOODS CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of D'Arbonne Woods Charter School, Inc. (the School) for the year ended June 30, 2017, and is presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when they are incurred.

Note 2 - Reconciliation of Revenues from Federal Sources to Expenditures of Cash Federal Awards

Total revenues from federal sources	\$ 551,227
Less Medicaid reimbursements	(13,754)
Add amounts passed through to subrecipients	<u>173,923</u>
Total expenditure of cash federal awards	<u><u>\$ 711,396</u></u>

Note 3 - Reconciliation of Expenditure of U.S. Department of Agriculture Funds

At June 30, 2017, the School had drawn down \$17,787,118 under the USDA Community Facilities Loans and Grants program. The entire amount is included in the Statements of Financial Position as follows:

Buildings	\$ 19,803,118
Building improvements	44,305
Land improvements	30,810
Construction in progress	<u>56,600</u>
Subtotal	19,934,833
Less amount paid from local funds	(1,703,473)
Less capitalized interest	(460,982)
Less contractor invoice not approved by USDA at June 30, 2017	<u>(18,810)</u>
Construction costs drawn and paid from USDA funds	17,751,568
Unspent cash balance	<u>35,550</u>
Total USDA drawdown	<u><u>\$ 17,787,118</u></u>

D'ARBONNE WOODS CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

Total USDA expenditures for the project are as follows:

Expenditures for the year ended June 30, 2017	\$ 1,415,028
Expenditures for the year ended June 30, 2016	8,214,628
Expenditures for the year ended June 30, 2015	8,121,912
Total expenditures	<u>\$ 17,751,568</u>

Note 4 - Indirect Cost Rate

The School Board did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2017.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weakness(es)? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
10.780	Community Facilities Loans and Grants

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, LA

Status of Prior Year Findings
For the Year Ended June 30, 2017

The following is a summary of the status of the prior year findings reported in the Huffman & Soignier (APAC) audit report dated December 30, 2016 covering the examination of the financial statements of the D'Arbonne Woods Charter School, Inc. (the School) as of and for the year ended June 30, 2016.

2016-01 Compliance with open meetings law

Criteria

Louisiana Revised Statute 42:20(B)(2) requires that if a quasi-public entity has a website, then that entity must post the minutes from the meetings of its governing board within 10 days after the minutes are published in the entity's journal of record or directly to the website within a reasonable amount of time after the meeting if the entity is not required to have a journal of record.

Condition

During the course of the audit, it was noted that the minutes posted to the School's website were not up to date as prescribed by law.

Cause

Toward the end of the year ended June 30, 2016, D'Arbonne Woods Charter School became delinquent in posting the minutes of the meetings of its Board of Directors to the website.

Effect

The School was in violation of the statute.

Status

The School's website has been maintained and updated throughout the year in accordance with the open meetings law.

HUFFMAN & SOIGNIER

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Katie Jacola, CPA
Lesley Engolia, CPA

MANAGEMENT LETTER

**To the Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana**

In planning and performing our audit of the financial statements of D'Arbonne Woods Charter School, Inc. (the School) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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.

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 deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

During our audit, we became aware of the following matter which we believe represents an opportunity for strengthening internal controls and operating efficiency:

2017 – 001 Filing of quarterly budget reports

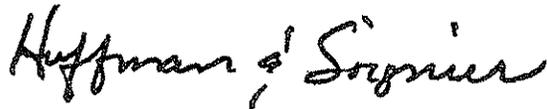
Comment: Louisiana Revised Statute 17:3996 requires the School to submit quarterly budgetary reports to the Louisiana Department of Education (LDOE). Those reports should present budgetary and actual results of operations in a comparable manner. For the School's budget reports submitted to the LDOE for 2016-17, budgetary amounts related to debt service payments associated with the School's United States Department of Agriculture loan were indicated on line 123, while actual payments were indicated on line 129. The School records its budgetary and actual financial information according to Louisiana Accounting and Uniform Governmental Handbook (LAUGH) guidelines. Those guidelines implement the use of object codes to separate various financial information. However, the School recorded its budgetary information in the General Fund while the actual payment was recorded in a debt service fund. The transfer of payments from the General Fund to the debt service fund was accounted for in a general ledger account that contains a different object code than the related budgetary amount. Although all information was present, the line items were not comparable.

D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana

Recommendation: We recommend that School personnel review each line item on the quarterly budgetary report to ensure that budgetary and actual financial information match up according to object code.

Management's Response: School personnel have corrected this oversight and now report actual and budgeted debt service payments on the same line in the current-year budgetary reports.

This communication is intended solely for the information of management, the Board of Directors, and others within the School, and is not intended to be, and should not be, used by anyone other than these specified parties. Although the intended use of this letter 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.

A handwritten signature in black ink, reading "Huffman & Signier". The signature is written in a cursive, flowing style.

(A Professional Accounting Corporation)

December 29, 2017

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana
Schedule of Compensation, Benefits, and
Other Payments to the Executive Director
For the Year Ended June 30, 2017

Executive Director: Pam Schooler

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 115,449
Benefits - Retirement	25,514
Reimbursements	793
Travel - Conferences	921

OTHER INFORMATION

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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Katie Jacola, CPA
Lesley Engolia, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (ASSERTIONS COVERING PERFORMANCE AND STATISTICAL DATA) FOR THE YEAR ENDED JUNE 30, 2017

Board of Directors
D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of D'Arbonne Woods 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). Management of the School is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

D'Arbonne Woods Charter School, Inc.
Farmerville, Louisiana

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 board supporting payroll records as of October 1.
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.
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.

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 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

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 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.

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

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

D'Arbonne Woods Charter School, Inc.
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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.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by D'Arbonne Woods Charter School.

Graduation Exit Examination (GEE) (Schedule 8)

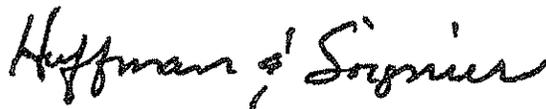
11. The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by D'Arbonne Woods Charter School.

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 D'Arbonne Woods Charter 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.



(A Professional Accounting Corporation)

December 29, 2017

D'ARBONNE WOODS CHARTER SCHOOL
Farmerville, Louisiana

Schedules Required by 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).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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 Examination (GEE)

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

Schedule 9 –iLEAP Tests

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.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

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

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,612,834	
Other Instructional Staff Activities	320,568	
Instructional Staff Employee Benefits	1,164,509	
Purchased Professional and Technical Services	14,695	
Instructional Materials and Supplies	197,849	
Instructional Equipment	6,150	
Total Teacher and Student Interaction Activities		\$ 4,316,605
Other Instructional Activities		111,724
Pupil Support Activities	154,608	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		154,608
Instructional Staff Services	329,089	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		329,089
School Administration		
Less: Equipment for School Administration	251,124	
Net School Administration	-	251,124
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 5,163,150</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 11,750</u>
<u>Certain Local Revenue Sources</u>		
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		<u>\$ -</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ -
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>\$ -</u>
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		<u>\$ -</u>
Nonpublic Textbook Revenue		\$ -
Nonpublic Transportation Revenue		<u>\$ -</u>

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Education Levels of Public School Staff
As of October 1, 2017

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	-	-	-	-	-	-	-	-
Bachelor's Degree	31	69%	6	86%	4	50%	-	-
Master's Degree	12	27%	1	14%	2	25%	-	-
Master's Degree + 30	2	4%	-	-	1	13%	-	-
Specialist in Education	-	-	-	-	1	13%	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	45	100%	7	100%	8	100%	-	-

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

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

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

Note: Schools opened or closed during the fiscal year are included in this schedule.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2017

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	2	3	1	1	-	7
Principals	-	-	-	-	-	1	-	1
Classroom Teachers	6	2	27	1	13	1	2	52
Total	6	2	29	4	14	3	2	60

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

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

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 47,300	\$ 46,254
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 41,885	\$ 40,945
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	52	50

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.

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	30.6%	90	54.1%	159	15.3%	45	0.0%	0
Combination Activity Classes	68.4%	54	25.3%	20	6.3%	5	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.

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	13%	5%	2%	13%	13%	6%
Mastery	53%	45%	35%	58%	44%	31%
Basic	28%	29%	26%	19%	32%	30%
Approaching Basic	6%	15%	21%	9%	12%	22%
Unsatisfactory	0%	5%	16%	1%	<1%	11%
Total	100%	100%	100%	100%	100%	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	7%	13%	<1%	16%	18%	<1%
Mastery	46%	39%	39%	58%	43%	38%
Basic	32%	37%	42%	21%	29%	43%
Approaching Basic	13%	7%	18%	4%	9%	13%
Unsatisfactory	3%	4%	<1%	1%	<1%	5%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	9%	<1%	<1%	13%	<1%	<1%
Mastery	40%	37%	33%	26%	25%	22%
Basic	33%	37%	51%	40%	40%	48%
Approaching Basic	15%	16%	11%	15%	28%	28%
Unsatisfactory	3%	9%	5%	6%	5%	3%
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	4%	9%	7%	3%	<1%	3%
Mastery	47%	38%	38%	30%	22%	38%
Basic	31%	36%	43%	36%	45%	43%
Approaching Basic	17%	16%	7%	26%	32%	13%
Unsatisfactory	1%	<1%	5%	5%	<1%	3%
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	14%	25%	6%	0%	4%	<1%
Mastery	33%	43%	48%	19%	34%	35%
Basic	29%	20%	27%	58%	34%	38%
Approaching Basic	15%	11%	14%	19%	26%	14%
Unsatisfactory	8%	<1%	6%	4%	<1%	13%
Total	100%	100%	100%	100%	98%	100%

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

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	16%	11%	6%	3%	6%	8%
Mastery	60%	71%	62%	45%	44%	38%
Basic	16%	13%	31%	19%	19%	35%
Approaching Basic	5%	4%	2%	25%	19%	13%
Unsatisfactory	1%	<1%	<1%	8%	11%	6%
Total	100%	100%	100%	100%	100%	100%

D'ARBONNE WOODS CHARTER SCHOOL, INC.
Farmerville, Louisiana

Graduation Exit Examination (GEE)
For the Year Ended June 30, 2017

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

ILEAP Tests
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	12%	13%	5%	17	N/A	2%
Mastery	31%	42%	19%	26	N/A	17%
Basic	49%	40%	43%	31	N/A	50%
Approaching Basic	8%	5%	22%	21	N/A	19%
Unsatisfactory	<1%	<1%	11%	6	N/A	12%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	7%	11%	6%	4%	N/A	<1%
Mastery	18%	25%	17%	18%	N/A	9%
Basic	62%	47%	45%	36%	N/A	61%
Approaching Basic	12%	13%	26%	30%	N/A	25%
Unsatisfactory	>1%	4%	5%	12%	N/A	5%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	4%	<1%	4%	N/A	3%
Mastery	21%	11%	16%	19%	N/A	13%
Basic	36%	57%	51%	27%	N/A	51%
Approaching Basic	32%	23%	29%	29%	N/A	25%
Unsatisfactory	5%	5%	4%	21%	N/A	9%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	5%	5%	8%	N/A	5%
Mastery	23%	25%	25%	14%	N/A	11%
Basic	47%	57%	59%	29%	N/A	62%
Approaching Basic	21%	11%	10%	25%	N/A	21%
Unsatisfactory	5%	3%	2%	25%	N/A	2%
Total	100%	100%	100%	100%	N/A	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%	6%	N/A	<1%
Mastery	22%	30%	32%	18%	N/A	13%
Basic	55%	43%	47%	38%	N/A	63%
Approaching Basic	18%	22%	10%	24%	N/A	15%
Unsatisfactory	4%	3%	10%	13%	N/A	8%
Total	100%	100%	100%	100%	N/A	100%

D'ARBONNE WOODS CHARTER SCHOOL, INC.

Farmerville, Louisiana

iLEAP Tests

For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	4%	6%	15%	N/A	2%
Mastery	26%	36%	21%	34%	N/A	13%
Basic	60%	47%	56%	30%	N/A	67%
Approaching Basic	8%	8%	17%	16%	N/A	12%
Unsatisfactory	3%	4%	<1%	4%	N/A	6%
Total	100%	100%	100%	100%	N/A	100%

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Katie Jacola, CPA
Lesley Engolia, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (STATEWIDE PROCEDURES ON CONTROL AND COMPLIANCE AREAS)

To the Board of Directors of D'Arbonne Woods Charter School, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by D'Arbonne Woods Charter School, Inc. (the School) 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. 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.

Written policies and procedures were obtained that address the function 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.

Written policies and procedures were obtained that address the function above.

- c) **Disbursements**, including processing, reviewing, and approving.
Written policies and procedures were obtained that address the function above. Receipts, including receiving, recording, and preparing deposits.
Written policies and procedures were obtained that address the function above.
- d) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained that address the function above.
- e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Written policies and procedures were obtained that address the function above.
- f) **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.
Written policies and procedures were obtained that address the function above.
- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained that address the function above.
- h) **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.
Written policies and procedures were obtained that address the function above.
- i) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained that address the function above.

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.
The Board of Directors met monthly or more often as the need arose.
 - 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).

Review of the minutes revealed budget-to-actual comparisons at each regularly scheduled meeting.

- 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.

No such matters were noted.

- 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.

The minutes reference various non-budgetary financial information at various times throughout the year.

Bank Reconciliations

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

A listing of bank accounts was obtained and Management has made 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;

Bank reconciliations were observed for each account for each month.

- 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

Monthly bank reconciliations were observed to have been initialed by a member of the Board of Directors that was not otherwise directly involved in financial transaction processes.

- 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. *We observed research documentation held by Management that indicated that had researched long-outstanding reconciling items.*

Collections

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

The School maintains four cash collection locations. Each of the individuals responsible for collecting cash is bonded. One individual responsible for collecting cash was also responsible for depositing the cash in the bank; however, another employee verifies the receipt when it comes in and reconciles receipts to deposits. No employees responsible for cash collections are responsible for recording the transaction or reconciling the bank account. No employees share a cash drawer.

- 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.

Employees from the finance office not responsible for cash collections reconcile receipts to deposits.

- 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.

Seven of the fourteen deposits were made within 2 – 3 business days after receipt, which is in compliance with the School's policy.

- 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.

All transactions were observed to be properly supported.

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.

The School does not have a process to determine the completeness of all collections. Personnel from the finance office who are not responsible for collections reconcile prenumbered receipts to deposits. EFTs are compared to related budgets.

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.

We obtained a listing of all disbursements for the year and Management has made representation that the listing 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:

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

We examined supporting documentation for 25 disbursements and found that all were properly initiated using requisitions and, if necessary, purchase orders.

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

All requisitions and purchase orders were observed to have been properly approved by a member of Management that did not initiate the transaction.

- 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.

All disbursements were observed to be supported by requisitions, purchase orders, if applicable, and invoices. No receiving reports were observed.

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.

The employee responsible for processing payments is prohibited by policy from adding new vendors.

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.

Authorized check signers are prohibited by policy from initiating and recording purchases and we observed no documentation which would suggest otherwise.

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.

Observed check stock to be kept in a locked vault. Authorized check signers do not have access.

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.

All authorized check signers that have signature stamps have indicated that they maintain possession of their stamps at all times.

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.

A listing of all debit cards was obtained indicating that the School maintained only 1 debit card. Management has made 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:

Review of monthly bank statements indicated that January 2017 had the largest dollar activity.

- 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.]]

All transactions were observed to be subjected to the same purchasing procedures as mentioned above.

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

No finance charges or late fees were noted.

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)

All transactions were found to be properly supported by an original receipt.

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

All transactions were found to have an allowable business/public purpose.

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

All transactions were found to be subjected to the same purchasing processes as mentioned above.

- 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.

No exceptions were noted.

- 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.

No exceptions were noted.

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.

A listing of all travel and expense reimbursements was obtained and Management has made representation that the listing 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.

The policy for lodging allows for reimbursements for hotel stays at conferences up to the conference rate, which may exceed GSA rates. All other reimbursement policies were found to be within GSA parameters.

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.

Reimbursements were found to have been made in accordance with School policy.

- 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.]

All items were found to be properly supported or within authorized rates.

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

The business/public purpose for all transactions was documented.

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

All documentation required by policy was present for all transactions.

- 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.

No exceptions were noted.

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

All transactions were found to be properly authorized and approved.

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.

We obtained a listing of all contracts and Management has made representation that the listing 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.

Written contracts were obtained for each of the vendors.

- 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)

One of the contracts was subject to bid law in a prior year and was found to have been properly advertised and bid.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Quotes were found to have been obtained for three of the four remaining contracts. There is no viable alternative to the fourth.

- 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.

A change order in the amount of \$250,495.09 was made in a prior year and found to have been made in compliance with applicable laws.

- 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.

All payments were found to be in compliance with the terms of their contracts.

- 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).

Review of the minutes of the meetings of the Board of Directors indicated that the Board approved all significant contracts.

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.

We randomly selected 5 employees and verified that their salaries and wages were paid in accordance with approved rates and contracts.

- 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.

Changes in pay rates were made in accordance with preapproved salary schedules.

- 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.)

All employees selected for the period were found to have signed in and out or obtained authorized leave.

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

There was no written documentation of supervisory approval for leave records. There was written documentation that personnel in charge of maintaining leave records communicated with the previous Executive Director regarding individual leave requests. The current Executive Director now signs all leave records.

- 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.

Written leave records were observed for all employees that took leave for the period.

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.

A listing of all employees that were terminated during the period was obtained and Management has made representation that the listing is complete. One employee was paid for accrued sick and vacation time. Payment at termination was found to have been made in compliance with School policy.

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.

All payroll tax, insurance, and retirement contributions were found to have been made in a timely manner.

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.

All employees selected above were found to have certificates indicating the completion of ethics training.

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.

No allegations of ethics violations were noted.

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.

No new debt was issued during the year.

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.

The School was found to be in compliance with all required debt covenants.

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.

This item is not applicable.

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.

No allegations of misappropriations were received.

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.

We observed the posting of the required notice in multiple locations.

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

No exceptions were noted.

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

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

Huffman & Signier

(A Professional Accounting Corporation)

December 29, 2017