

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

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Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Education Explosion, Inc.
d/b/a **Impact Charter Elementary School**
Baker, LA

Report on the Financial Statements

I have audited the accompanying financial statements of **Education Explosion, Inc.** d/b/a **Impact Charter Elementary School** (a nonprofit organization), as of and for the year ended June 30, 2017. These financial statements comprised the Statement of Financial Position and the related Statements of Activities, and Cash Flows for the year then ended, and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with *Auditing Standards Generally Accepted* in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I express no such opinion. An audit 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Education Explosion, Inc. d/b/a Impact Charter Elementary School** (a nonprofit organization), as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with *Accounting Principles Generally Accepted* in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Performance and Statistical Data on pages 24 to 35, are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. I have applied certain limited procedures, which are described in the Independent Accountant's Report on applying Agree-Upon Procedures. However, I did not audit this information and, accordingly express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 22, 2017, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, LA
December 22, 2017

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

Assets	
Cash and cash equivalents	\$ 1,191,982
Grants receivable	295,830
Inter-fund Receivable	239,707
Prepaid Expenses	<u>4,476</u>
Total Assets	<u><u>1,731,995</u></u>
Liabilities and Net Assets	
Accounts Payable	57,773
Inter-fund Payables	239,707
Accrued Liabilities	<u>100,990</u>
Total Liabilities	398,470
Net Assets	
Net assets without donor restrictions	<u>1,333,525</u>
Total net assets without donor restrictions	<u>1,333,525</u>
Total liabilities and net assets	\$ <u><u>1,731,995</u></u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2017

Increase in net assets without donor restrictions	
Revenue from Local Sources	
Local Minimum Foundation Program	\$ 1,622,161
Uniform Sales	7,841
Before/After Care	25,701
Fundraising	7,701
Contributions and donations	33,160
Medicaid Reimbursement	3,811
Early Childhood	26,812
Other	20,815
Total Local Revenues	<u>1,748,002</u>
Revenues from State Sources	
State Minimum Foundation Program	1,618,449
Food Service	2,750
Other	15,170
Total revenue from State Sources	<u>1,636,369</u>
Revenue from Federal Sources	
School Food Service	365,910
IDEA Part B	45,334
IDEA Preschool	1,442
Title I	188,760
Title II	13,338
Title II Part A	24,500
Total revenue from Federal Sources	<u>639,284</u>
Total Increase in net assets without donor restrictions	4,023,655
Decrease in net assets without donor restrictions	
Program Services	
Regular program expenditures	1,422,220
Special education expenditures	7,556
Other instructional programs	58,669
Special Programs	232,811
Pupil support services	108,066
Instructional staff services	164,945
School administration	412,513
Operation and maintenance of plant services	137,065

The accompanying notes are an integral part of these financial statements

(statement of activity continued)

Student transportation services		239,825
Food service operations		239,735
Indirect Cost Paid		17,826
Management and general		
Business services		39,560
General administration		134,982
Central services		161,133
Total decrease in net assets without donor restrictions	\$	<u>3,376,906</u>
Change in net assets without donor restrictions (increase)	\$	646,749
Net assets without donor restrictions, July 1, 2016		<u>686,776</u>
Net assets without donor restrictions, June 30, 2017	\$	<u><u>1,333,525</u></u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in unrestricted net assets	\$ 646,749
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities	
Increase in Receivables	(60,659)
Decrease in Inventory	4,618
Increase in accounts payable	(32,727)
Increase in accrued liabilities	<u>(2,088)</u>
net cash provided by operating activities	555,893
Cash and cash equivalents, beginning of year	<u>636,089</u>
Cash and cash equivalents, end of year	\$ <u><u>1,191,982</u></u>

The accompanying notes are an integral part of these financial statements

EDUCATION EXPLOSION, INC.
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017

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

Education Explosion, Inc. d/b/a Impact Charter Elementary School (ICE), was incorporated on November 9, 2009, under the laws of the State of Louisiana, as a not-for-profit corporation.

Education Explosion, Inc. d/b/a Impact Charter Elementary School provides educational services, primarily in the target area of East Baton Rouge Parish, for the grades Pre-Kindergarten through the Fourth grade. The School is located at 4815 Lavey Lane, Baker, Louisiana. The Board of Directors is the intermediate authority and it consists of five members with the majority of the members domiciled in East Baton Rouge Parish. The members of the Board of Directors are appointed based on recommendations from the community and by the other members of the Board. The Charter School has a director who oversees and manages the daily operations of the School.

Education Explosion, Inc. d/b/a Impact Charter Elementary School operates under a charter school contract with the Louisiana State Board of Elementary Education (BESE), as a Type 2 public charter school. Under the contract, the school receives its Minimum Foundation Program (MFP) distributions through the Louisiana State Board of Elementary Education. The current contract commenced on July 1, 2014 and terminates on June 30, 2018.

Basis of Presentation

Under the Financial Accounting Standards Board (FASB) ASC 958-205, Education Explosion, Inc. d/b/a Impact Charter Elementary School recognizes MFP Funding received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value. At June 30, 2017, Education Explosion, Inc. d/b/a Impact Charter Elementary School received no promises to give.

Adoption of FASB ASC 958-10-65-1 was made in the current fiscal year, accordingly, net assets of the School and changes therein, may be classified and reported as follows, as financial circumstances require:

Net assets without donor restrictions – These are net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the governing board of the school for specific purposes.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will

be met by actions of the School and/or the passage of time.

Income Taxes

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

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

Receivables

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

Use of Estimates

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

Advertising

Advertising costs are charged to programs in the period in which the advertisement is placed. The Organization had \$6,729 in advertising costs for the period July 1, 2016 through June 30, 2017.

Compensated Absences

If an employee resigns, the employee will be paid for all annual leave time at a rate of \$7.50 per hour, only if a minimum of three years' service has been established. However, payments for earned leave may not exceed two days salary and no employee will be paid for annual leave upon termination prior to three years employment. Employees who are terminated, may not receive any pay for earned annual leave.

Budgetary Data

Education Explosion, Inc. d/b/a Impact Charter Elementary School formally adopts a budget. The budgetary data are submitted to BESE for approval.

NOTE B: CASH IN BANK- CREDIT RISK

Financial instruments that potentially subject Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc. to credit risk consist principally of cash at financial institutions. Demand deposits, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances in the cash accounts in excess of FDIC insurance limits are insured by the Dodd-Frank Deposit Insurance Provision. At June 30, 2017 deposits totaled \$636,089 which exceeded FDIC limits, however, the Organization feels that it is not exposed to significant credit risk on its cash balances.

NOTE C: RETIREMENT PLAN

All full-time employees of Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc are eligible to participate in Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc.'s 401(k) Contribution Plan. Covered employees may elect to contribute a portion of their salaries to the plan. Education Explosion, Inc. d/b/a Impact Charter Elementary School, Inc.'s matching contribution to the Plan is 100% of the participant's contribution up to 3% of employee's annual salary. Ice made contributions of \$7,540 to the Plan for the year ended June 30, 2017.

NOTE D: FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE E: OPERATING LEASES

Management entered into three operating leases for the rental of furniture and equipment. The leases were initiated on September 14, 2014, October 9, 2014, and December 22, 2014. The terms of the leases were for 39, 24, and 36 months respectively. Total rents paid for the year ending June 30, 2017 were \$76,327. Future minimum lease payments are as follows:

For the years Ending			
June 30,			
2018	\$	8,140	

NOTE F: GRANTS RECEIVABLE

At **June 30, 2017**, grants receivable consist of amounts due from the following sources:

<u>Federal</u>		
IDEA Part B	\$	45,334
Title II		13,338
Title I		188,760
Title I		<u>1,442</u>
Total Federal	\$	248,874.
<u>Other</u>		
State Food		<u>46,956</u>
Total	\$	<u><u>295,830</u></u>

NOTE G: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been determined utilizing available market information and appropriate valuation methodologies. The School considers the carrying amounts of cash to approximate fair value.

NOTE H: PER DIEM TO BOARD OF DIRECTORS

During the year ended **June 30, 2017**, no board member received per diem in his or her capacity as Director.

NOTE I: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2017, accounts payable consisted of the following:

Vendors	\$	42,984
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At June 30, 2017, accrued expenses consisted of the following:

Accrued Salaries	\$	45,805
Accrued Taxes and Benefits		<u>55,185</u>
Total	\$	<u><u>100,990</u></u>

NOTE J: CONCENTRATION OF REVENUE SOURCE

Education Explosion, Inc. d/b/a Impact Charter Elementary School's primary sources of funding is provided from the Minimum Foundation Program (MFP), provided by the State of Louisiana to all public school systems in Louisiana. The funding is based on October 1st and February 1st student count and various direct grants from federal and state agencies. If the amount of the MFP and grants received fall below the expected student count and contract levels, respectively, the School's operating results could be adversely affected.

NOTE K: CONTINGENCIES AND COMMITMENTS

Education Explosion, Inc. d/b/a Impact Charter Elementary School, is a recipient of funding from the State of Louisiana's Minimum Foundation Program. This funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of Education Explosion, Inc. d/b/a Impact Elementary Charter School, and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms; conditions and regulations of the funding sources may be subject to recapture.

NOTE L: SCHOOL FACILITIES

Education Explosion dba Impact Charter Elementary School entered into a sub-lease effective as of April 30, 2014 with ICE Project Development, LLC, a Utah limited liability company. The registered agent of ICE Project Development, LLC is Highmark School Development (a charter school developer that seeks to facilitate the development of modern, efficient, and functional charter school facilities across the nation). The entities are not related parties.

The sub-leased property is a parcel of land together with an approximately 35,000 square foot building inclusive of all buildings, fixtures, and other improvements for the purpose of operating a charter school for 480 students. The prime lessor is Education Capital Solutions, LLC, a Delaware limited liability company.

Under the terms of the sub-lease, Education Explosion, Inc. dba Impact Charter Elementary School is responsible for providing all furnishings and personal property necessary for the operation of the charter school, including desks, office furniture, tables, chairs, and other items. The School shall also pay all taxes, insurance, utilities, and services, including garbage, maintenance, and janitorial services.

Under the terms of the sub-lease, the School shall pay an annual rent equal to ten percent (10%) of the total development cost of the prime lessor (as described in the prime lease) on the first day of each month and every calendar month during the lease term. The terms also include an annual increase of three percent (3%) of the previous lease payment. The School has an option to renew the lease for an additional three (3) terms of five years.

The total rental payments made under the lease for the year ended June 30, 2017 was \$730,398.

Estimated future scheduled rental payments under the terms of the sub-lease for the next four years and thereafter are as follows:

June 30	
2018	782,806
2019	806,290
2020	830,479
2021	855,393
	<u>3,274,968</u>
\$	<u>3,274,968</u>

NOTE L: SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements Subsequent events have been evaluated through December 22, 2017 , the date the financial statements were available for issuance.

Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

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

To The Board of Directors
Education Explosion, Inc.
d/b/a Impact Charter Elementary School
Baker, LA

I 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 Education Explosion, Inc. dba Impact Charter Elementary School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 22, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Education Explosion, Inc. dba Impact Charter Elementary School internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Education Explosion, Inc. dba Impact Charter Elementary School's internal control. Accordingly, I do not express an opinion on the effectiveness Education Explosion dba Impact Charter Elementary 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Education Explosion, Inc. d/b/a Impact Charter Elementary School's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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 my 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, LA
December 22, 2017

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

Schedule of Findings and Questions Cost
For the Year Ended
June 30, 2017

Section I – Summary of Auditor’s Report

Financial Statements

Type of auditor’s report issued	Unmodified		
Internal Control over financial reporting			
Material weaknesses identified	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No
Significant deficiencies identified	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No

Federal Awards – N/A

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

Summary Schedule of Prior Audit Findings
For the Year Ended
June 30, 2016

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partially Corrective Action Taken
Section I – Financial Statement Findings				
2016-001	06/30/2016	The Organization’s fiscal year ended June 30, 2017 and was required to submit an audit report by December 31, 2016. However, it was not submitted until the May 2017.	Yes	Management contracted its audit services within 6 months of the required reporting date.

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
FOR THE YEAR ENDED
JUNE 30, 2017

**Schedule of Compensation, Benefits and
Other Payments to
Agency Head or Chief Executive Officer**

Agency Head: Chakesha Scott, CEO

Purpose	Amount
Salary	\$126,687
Benefits-Insurance	\$13,225
Benefits-Retirement	\$3,580
Benefits (Other)	\$10,573
Car Allowance	
Vehicle provide by government	
Per Diem	
Reimbursements	
Travel	\$16,473
Registration Fees	\$575
Conference Travel	\$2,778
Continuing professional education fees	
Housing	
unvouchered expenses	
Special meals	\$2,149

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

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

**To the Board of Directors
Education Explosion, Inc.
d/b/a Impact Charter Elementary School
Baker, LA**

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which I am agreed to by the management of Education Explosion, Inc. d/b/a Impact Charter Elementary 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 Education Explosion, Inc. d/b/a Impact Charter Elementary School, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I 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. I 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

Finding: None

Education Levels of Public School Staff (Schedule 2)

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

Finding: None

3. I 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 totals of principals and assistant principals per this schedule.

Finding: None

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. I traced a random sample of 23 teachers (the school teacher staff did not exceed 25) to the individual’s personnel file and determined if the individual’s education level was properly classified on the schedule.

Finding: None

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. I 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.

Finding: None

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

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

Finding: None

Public School Staff Data: Average Salaries (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status 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 I properly included on the schedule.

Finding: None

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

Finding: None

Class Size Characteristics (Schedule 6)

9. I 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. I 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.

Finding: None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. I 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 East Baton Rouge Parish School Board.

Finding: None

Graduation Exit Examination (GEE) (Schedule 8)

11. I 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 East Baton Rouge Parish School Board.

Finding: N/A (School only goes up to Fifth Grade)

ILEAP Tests (Schedule 9)

12. I 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 East Baton Rouge Parish School Board.

Finding: None

I was 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, I do not express such an opinion. Had I 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, Board of Directors, the Louisiana Legislative Auditors, the Louisiana Department of Education, and the East Baton Rouge Parish School Board, 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.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
Shreveport, LA
December 22, 2017

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)
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 certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the 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 teacher's 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).

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 6 - Class Size Characteristics

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

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 - Graduation Exit Examination (GEE)

No longer applicable

Schedule 9 –ILEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 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 two years of data.

**EDUCATION EXPLOSION, INC d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL**

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES-SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2017**

General fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 661,105	
Other Instructional Staff Activities	51,008	
Instructional Staff Employee Benefits	98,381	
Purchased Professional and Technical Services	71,037	
Instructional Materials and Supplies	95,149	
Instructional Equipment		
Total Teacher and Student Interaction Activities		976,680
Other Instructional Activities	591,941	591,941
Pupil Support Activities	221,237	
Less: Equipment for Pupil Support Activities	0	
Net Pupil Support Activities	221,237	221,237
Instructional Staff Services	0	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	0	0
School Administration	1,089,033	
Less: Equipment for School Administration	-	
Net School Administration	1,089,033	1,089,033
Total General Fund Instructional Expenditures	\$ 2,878,891	
Total General Fund Equipment Expenditures	\$ 7,229	

Certain Local Revenue Sources

Local Tax Revenue		
Constitutional Ad Valorem Taxes		-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		-
Local Earnings on Investments in Real Property		
Earnings from the 16th Section Property		
Earnings from Other Real Property		

See independent accountants' report on applying agreed upon procedures

Total Local Earnings on Investment in Real Property

State Revenue in Lieu of Taxes	-
Revenue Sharing-Constitutional Tax	-
Revenue Sharing-Other Taxes	-
Revenue Sharing-Excess Portion	-
Other Revenue in Lieu of Taxes	-
<hr/>	
Total State Revenue in Lieu of Taxes	-
<hr/>	
Nonpublic Textbook Revenue	-
<hr/>	
Nonpublic Transportation Revenue	-
<hr/>	

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

EDUCATION LEVELS OF PUBLIC SCHOOL STAFF
SCHEDULE 2
FOR THE YEAR ENDED JUNE 30, 2017

Category	Full-time Classroom Teachers				Principals & Assistant Principles			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	13	52%	4	16%				
Master's Degree	6	24%	1	4%				
Master's Degree + 30			1	4%	1	100%		
Specialist in Education								
Ph. D or Ed. D								
Total	19	76%	6	24%	1	100%		

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC

d/b/a

**IMPACT CHARTER ELEMENTARY SCHOOL
NUMBER AND TYPE OF PUBLIC SCHOOLS—SCHEDULE 3
FOR THE YEAR ENDED JUNE 30, 2017**

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

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

**EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT PRINCIPALS
AND FULL TIME CLASSROOM TEACHERS—SCHEDULE 4
FOR THE YEAR ENDED JUNE 30, 2017**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals								
Principals				1				1
Classroom Teachers		13	8	1	1	1	1	25
Total		13	8	2	0	1	1	26

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

PUBLIC SCHOOL STAFF DATA—SCHEDULE 5
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	\$26,296	\$26,296
Average Classroom Teachers' Salary Excluding Extra Compensation	\$26,296	\$26,296
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	25	25

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC

d/b/a

IMPACT CHARTER ELEMENTARY SCHOOL

CLASS SIZE CHARACTERISTICS –SCHEDULE 6

AS OF OCTOBER 1, 2016

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	19%	60	50%	160	31%	97		
Elementary Activity Classes	19%	60	50%	160	31%	97		
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)
SCHEDULE 7
FOR THE YEAR ENDED JUNE 30, 2017

District Achievement Level Results	English Language Arts						Mathematics					
	2017		2016		2015		2017		2016		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3												
Advanced	0	0%	1	2%	0	0%	0	0%	1	2%	0	0%
Mastery	9	19%	6	12%	0	0%	5	10%	9	18%	0	0%
Basic	20	42%	13	26%	0	0%	22	46%	15	31%	0	0%
Approaching Basic	11	23%	16	32%	0	0%	16	33%	18	37%	0	0%
Unsatisfactory	8	17%	14	28%	0	0%	5	10%	6	12%	0	0%
Total	48	100%	50	100%	0	0%	48	100%	49	100%	0	0%

District Achievement Level Results	Science						Social Studies					
	2017		2016		2015		2017		2016		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3												
Advanced	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	2	4%	0	0%	0	0%	0	0%	0	0%
Basic	0	0%	20	43%	0	0%	6	13%	0	0%	0	0%
Approaching Basic	0	0%	14	30%	0	0%	21	44%	0	0%	0	0%
Unsatisfactory	0	0%	11	23%	0	0%	21	44%	0	0%	0	0%
Total	0	0%	47	100%	0	0%	48	100%	0	0%	0	0%

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)
SCHEDULE 7
FOR THE YEAR ENDED JUNE 30, 2017

District Achievement Level Results	English Language Arts				Mathematics			
	2017		2016		2017		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4								
Advanced	2	5%	0	0%	1	2%	0	0%
Mastery	20	45%	9	20%	9	20%	3	7%
Basic	9	20%	16	36%	23	52%	22	48%
Approaching Basic	9	20%	15	33%	9	20%	13	28%
Unsatisfactory	4	9%	5	11%	2	5%	8	17%
Total	44	100%	45	100%	44	100%	46	100%

District Achievement Level Results	Science				Social Studies			
	2017		2016		2016		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4								
Advanced	0	0%	0		0		0	
Mastery	3	7%	0		5		0	
Basic	20	45%	0		10		0	
Approaching Basic	12	27%	0		13		0	
Unsatisfactory	9	20%	0		15		0	
Total	44	100%	0	0%	43	0%	0	0.00%

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL
LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)
SCHEDULE 7
FOR THE YEAR ENDED JUNE 30, 2017

District Achievement Level Results	English Language Arts				Mathematics			
	2017		2016		2017		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	5	11%	0	0%	2	5%	0	0%
Basic	20	45%	0	0%	12	27%	0	0%
Approaching Basic	14	32%	0	0%	21	48%	0	0%
Unsatisfactory	3	7%	0	0%	7	16%	0	0%
Total	42	95%	0	0%	42	95%	0	0%

District Achievement Level Results	Science				Social Studies			
	2017		2016		2017		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%
Basic	0	0%	0	0%	3	7%	0	0%
Approaching Basic	0	0%	0	0%	16	39%	0	0%
Unsatisfactory	0	0%	0	0%	22	54%	0	0%
Total	0	0%	0	0%	41	100%	0	0%

See independent accountants' report on applying agreed upon procedures

**Education Explosion, Inc.
d/b/a Impact Charter Elementary School**

**GRADUATION EXIT EXAM—SCHEDULE 8
FOR THE YEAR ENDED JUNE 30, 2017**

Not Applicable

See independent accountants' report on applying agreed upon procedures

EDUCATION EXPLOSION, INC
d/b/a
IMPACT CHARTER ELEMENTARY SCHOOL

ILEAP TEST RESULTS
SCHEDULE 9
FOR THE YEAR ENDED JUNE 30, 2017

District Achievement Level Results	Science				Social Studies			
	2017		2016		2017		2016	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%
Basic	15	31%	0	0%	0	0%	0	0%
Approaching Basic	20	42%	0	0%	0	0%	0	0%
Unsatisfactory	13	27%	0	0%	0	0%	0	0%
Total	48	100%	0	0%	0	0%	0	0%

District Achievement Level Results	Science				Social Studies			
	2017		2016		2017		2016	
Students	Number	Percent			Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	2%	0	0%	0	0%	0	0%
Basic	8	19%	0	0%	0	0%	0	0%
Approaching Basic	16	38%	0	0%	0	0%	0	0%
Unsatisfactory	17	40%	0	0%	0	0%	0	0%
Total	42	100%	0	0%	0	0%	0	0%

See independent accountants' report on applying agreed upon procedures

Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors of
Education Explosion, Inc.
d/b/a Impact Charter Elementary School
and the Louisiana Legislative Auditor
Baker, Louisiana

I have performed the procedures enumerated below, which were agreed to by the management of Education Explosion, Inc., d/b/a Impact Charter Elementary 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, I 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:

I obtained the written policies and verified that they addressed the areas as follows:

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

No Exceptions

- 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.

No Exceptions

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

No Exceptions

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

No Exceptions

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

No Exceptions

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

No Exceptions

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

No Exceptions

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

No Exceptions

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

Not Applicable

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not Applicable

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 is required to meet at least once a year at its annual meeting. The Board fulfilled this requirement. The Board conducted meetings five times during the year.

- 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).

The minutes reference review of the financial statements and approval of the annual budget. The minutes did not reference a comparison of budget to actual.

- 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.

No observation was made to references of non-budgetary financial information in the Board minutes.

Bank Reconciliations

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

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No Exceptions

- 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

No Exceptions

- 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.

No Exceptions

Collections

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

I obtained a listing of collection locations and a representation from management 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.*

- 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.

For each person responsible for collecting cash, I determined that they are not responsible for depositing cash in the bank, recording the related collection, or

reconciling the bank account. Also, they do not share the same cash register or drawer with another employee.

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

I reviewed the copy of the School's written policies for handling cash and reconciliations to the general ledger.

- 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.

Sales of uniforms normally are made at the beginning of the school year. Contributions are collected throughout the year. Cash collections are turned over to the business manager, who reconciles the collections to the receipt copies. A copy of all checks is made for file, the business manager prepares the deposit slip which is then submitted to Office Manager, who makes the deposit. The contracted accountant prepares the monthly bank reconciliations.

- 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.

There is a written process which is followed by the staff for determining the completeness of collections.

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.

Written documentation is available which reflects that there is a process to determine the completeness of collections

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

I obtained the general ledger and cash register along with representation from management that the documents were 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:

I selected 25 disbursements and examined the supporting documentation and verified the following:

- 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.

No exceptions noted

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

In most cases, the CEO initiates the purchases

- 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 purchases were approved by an authorized person.

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.

Payments are process by the contracted accountant

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.

In most cases, the CEO authorizes the disbursements, and in most cases initiates the purchases, but does not record disbursements.

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.

Unused checks are in a safeguarded location. The persons not having signature authority do not have access to unused checks. Authorized office personal prints check disbursements.

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.

Not applicable

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.

There is only 1 credit card in use.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

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

The credit card statements are reviewed by the CEO and reconciled by the contracted accountant.

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

Finance charges are assessed on the selected statements, no late charges 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)

No exceptions noted

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

No exceptions noted

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

No exceptions noted

- 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 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 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.

I have obtained a listing of travel and related expense reimbursements.

- 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 does not list the rates to be applied to travel, nor does the policy cite the use of GSA rates to be applied to travel.

- 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.

Comparison with GSA rates indicate that documentation agrees with GSA rates.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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 noted.

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

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

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

There are written contracts supporting the amount paid for the services.

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)

I confirmed that each contract examined was not subject to Louisiana Public Bid Law.

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

I did not note that quotes had been solicited for any contract.

- 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.

No contracts were amended

- 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.

I obtained the largest payment from each of the five contracts and examined supporting documentation to determine whether payments were in accordance with contract terms.

- 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).

Board approval was made on at least one of the contracts selected for examination.

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.

I verified that compensation was paid in accordance with the terms of the employment contracts for each of the five employees.

- 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.

I reviewed the personnel file of each employee and determined that there were no changes in the compensation agreed to during the fiscal year.

- 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 are required to sign in daily through an electronic sign in system. Because the school year is 180 days, vacation time is not accrued by employees. Employees however, are allowed leave days during the year which do not accrue if not used.

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

Electronic attendance records are reviewed by the business manager, and approved by the CEO.

- 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.

The entity does not accrue leave, however, it maintains a record of approved time off.

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.

I obtained a list from management of employees terminated during the year. I then selected two of the largest termination payments and determined that the payments were in accordance with policy and approved by management.

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

I observed that required payments of payroll taxes and retirement contributions were made timely.

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 exceptions

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.
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 other exceptions noted.

I was 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, I do not express such an opinion or conclusion. Had I 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.



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Shreveport, Louisiana
December 22, 2017