

CRESCENT CITY SCHOOLS
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crescent City Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Crescent City Schools (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.



To the Board of Directors
Crescent City Schools
December 10, 2018

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 Crescent City Schools as of June 30, 2018 and 2017, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statements of financial position and activities and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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.



To the Board of Directors
Crescent City Schools
December 10, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of Crescent City Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crescent City Schools' internal control over financial reporting and compliance.

December 10, 2018
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

Certified Public Accountants

CRESCENT CITY SCHOOLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,703,514	\$ 2,112,766
Grant receivables	519,730	991,006
Other receivables	356,598	87,157
Prepaid expenses	226,742	25,602
Property and equipment, net of accumulated depreciation	166,304	204,721
Deposits	<u>51,191</u>	<u>57,503</u>
 Total assets	 <u>\$ 4,024,079</u>	 <u>\$ 3,478,755</u>

LIABILITIES

Accounts payable	\$ 627,139	\$ 935,853
Accrued expenses	1,166,032	1,182,338
Deferred revenue	<u>348,438</u>	<u>-</u>
 Total liabilities	 <u>2,141,609</u>	 <u>2,118,191</u>

NET ASSETS

Unrestricted net assets	<u>1,882,470</u>	<u>1,360,564</u>
 Total net assets	 <u>1,882,470</u>	 <u>1,360,564</u>
 Total liabilities and net assets	 <u>\$ 4,024,079</u>	 <u>\$ 3,478,755</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
<u>Revenues and Other Support:</u>			
Local per pupil aid	\$ 9,946,213	\$ -	\$ 9,946,213
Federal grants	4,389,109	-	4,389,109
State public school funds	8,683,120	-	8,683,120
Other grants, contributions, and donations	1,207,830	-	1,207,830
Other sources	1,091,895	-	1,091,895
Net assets released from restrictions	-	-	-
	<u>25,318,167</u>	<u>-</u>	<u>25,318,167</u>
<u>Expenses:</u>			
Program services:			
Instructional	14,131,943	-	14,131,943
Supporting services:			
Management and general	8,689,481	-	8,689,481
Non-instructional services:			
Central services	4,212	-	4,212
Food services	1,970,625	-	1,970,625
	<u>24,796,261</u>	<u>-</u>	<u>24,796,261</u>
Change in net assets	521,906	-	521,906
Beginning net assets	<u>1,360,564</u>	<u>-</u>	<u>1,360,564</u>
Ending net assets	<u>\$ 1,882,470</u>	<u>\$ -</u>	<u>\$ 1,882,470</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
<u>Revenues and Other Support:</u>			
Local per pupil aid	\$ 9,212,433	\$ -	\$ 9,212,433
Federal grants	3,883,393	-	3,883,393
State public school funds	7,901,503	-	7,901,503
Other grants, contributions, and donations	1,246,794	-	1,246,794
Other sources	484,281	-	484,281
Net assets released from restrictions	94,062	(94,062)	-
	<u>22,822,466</u>	<u>(94,062)</u>	<u>22,728,404</u>
<u>Expenses:</u>			
Program services:			
Instructional	13,197,240	-	13,197,240
Supporting services:			
Management and general	9,040,591	-	9,040,591
Non-instructional services:			
Central services	9,028	-	9,028
Food services	2,123,866	-	2,123,866
	<u>24,370,725</u>	<u>-</u>	<u>24,370,725</u>
Change in net assets	(1,548,259)	(94,062)	(1,642,321)
Beginning net assets	<u>2,908,823</u>	<u>94,062</u>	<u>3,002,885</u>
Ending net assets	<u>\$ 1,360,564</u>	<u>\$ -</u>	<u>\$ 1,360,564</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Support Services	Non-Instructional Services	Total
	Instructional	Management and General	Other Services	
Regular education programs	\$ 8,689,398	\$ -	\$ -	\$ 8,689,398
Special education programs	4,286,267	-	-	4,286,267
Other instruction programs	1,156,278	-	-	1,156,278
Pupil support services	-	1,925,798	-	1,925,798
General administrative	-	1,136,863	-	1,136,863
School administration	-	1,703,301	-	1,703,301
Business services	-	647,359	-	647,359
Operation and maintenance of plant services	-	1,667,333	-	1,667,333
Student transportation	-	1,608,827	-	1,608,827
Central services	-	-	4,212	4,212
Food services	-	-	1,970,625	1,970,625
Total expenses	\$ 14,131,943	\$ 8,689,481	\$ 1,974,837	\$ 24,796,261

See accompanying NOTES TO FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Support Services	Non-Instructional Services	Total
	Instructional	Management and General	Other Services	
Regular education programs	\$ 8,252,777	\$ -	\$ -	\$ 8,252,777
Special education programs	3,478,423	-	-	3,478,423
Other instruction programs	1,466,040	-	-	1,466,040
Pupil support services	-	2,396,946	-	2,396,946
General administrative	-	1,121,154	-	1,121,154
School administration	-	1,684,559	-	1,684,559
Business services	-	607,535	-	607,535
Operation and maintenance of plant services	-	1,620,127	-	1,620,127
Student transportation	-	1,610,270	-	1,610,270
Central services	-	-	9,028	9,028
Food services	-	-	2,123,866	2,123,866
Total expenses	\$ 13,197,240	\$ 9,040,591	\$ 2,132,894	\$ 24,370,725

See accompanying NOTES TO FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 521,906	\$ (1,642,321)
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation	38,417	40,511
(Increase) decrease in:		
Grant receivables	471,276	(400,243)
Other receivables	(269,441)	(53,874)
Prepaid expenses	(201,140)	120,199
Deposits	6,312	(7,677)
Increase (decrease) in:		
Accounts payable	(308,714)	674,049
Accrued expenses	(16,306)	172,330
Deferred revenue	<u>348,438</u>	<u>-</u>
Net cash from (used for) operating activities	<u>590,748</u>	<u>(1,097,026)</u>
Net increase (decrease) in cash and cash equivalents	590,748	(1,097,026)
Cash and cash equivalents, beginning of year	<u>2,112,766</u>	<u>3,209,792</u>
Cash and cash equivalents, end of year	<u>\$ 2,703,514</u>	<u>\$ 2,112,766</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Crescent City Schools (CCS) is a Louisiana not-for-profit organization incorporated on June 8, 2010 for the purpose of operating charter schools. CCS was created to support and develop open enrollment charter schools that raise student achievement and prepare students for college.

The Board of Elementary and Secondary Education (BESE) approved the granting of a charter to CCS effective May 18, 2011 to operate a Type 5 Charter School, as defined in LA. R.S. 17:3996. CCS commenced operations with the 2011-2012 school year. As of June 30, 2018 and 2017, CCS operates three charter schools, Harriet Tubman Charter School (HT), Akili Academy of New Orleans (Akili), and Paul Habans Charter School (Habans). Their individual school charter contracts terminate June 30, 2022, June 30, 2024 and June 30, 2021, respectively.

Basis of Accounting

CCS prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-45 *Not-for-Profit Entities Balance Sheet Presentation*. Under FASB ASC 958-210-45, CCS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The June 30, 2018 and 2017 financial statements present the activities of the management organization and three charter schools (HT, Akili, and Habans). All significant intercompany balances have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

For the purpose of the statement of cash flows, CCS considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Additions to physical plant and facilities in excess of \$5,000 are capitalized and stated at cost at the date of acquisition or at fair value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and betterments in excess of \$5,000 are capitalized. Depreciation is provided by utilizing the straight-line method over the estimated useful lives of the assets, which is three to ten years.

Deferred Revenue

CCS is the recipient of grants that stipulate CCS meet certain conditions, otherwise, in the event of not complying with the conditions, CCS would be required to return the funds to the grantor. The grants also stipulate CCS return any unused grant funds at the end of the grant period. In this case, the amount received is reported as deferred revenue until the conditions of the grant have been substantially met by CCS.

Public Support and Revenue

CCS receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. State and federal grants are on a cost reimbursement basis.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances for uncollectible contributions are estimated. Promises to give and contributions are principally received from corporate, foundation, and individual donors. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give for subsequent years are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions where donor restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not donated, are recorded at their fair values in the period received.

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Public Support and Revenue

All contributions are considered to be available for unrestricted use unless specially restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

CCS receives a substantial amount of donated services from unpaid volunteers who assist in carrying out instructional activities and facility improvement assistance. No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under generally accepted accounting principles.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. Accordingly, this requires the allocation of certain costs based on total program costs and estimates made by management.

Income Tax Matters

Crescent City Schools has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2018 and 2017, CCS believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2015 and later remain subject to examination by the taxing authorities.

Subsequent Events

Subsequent events have been evaluated through December 10, 2018, which is the date the financial statements were available to be issued.

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(2) GRANT RECEIVABLES

At June 30, 2018, CCS had the following grant receivables:

<u>Louisiana Department of Education (LDOE):</u>	
Title I	\$ 196,345
IDEA B	56,656
IDEA PS	8,695
High Cost Services	3,980
Child Nutrition	227,658
LA4	<u>14,780</u>
Total from LDOE	<u>508,114</u>
<u>Other:</u>	
BESE	<u>11,616</u>
Total from other	<u>11,616</u>
Total grant receivables	<u>\$ 519,730</u>

At June 30, 2017, CCS had the following grant receivables:

<u>Louisiana Department of Education (LDOE):</u>	
Title I	\$ 399,093
Title II	21,315
Title III	1,299
IDEA B	92,782
IDEA PS	8,691
High Cost Services	60,719
Child Nutrition	239,472
LA4	<u>156,443</u>
Total from LDOE	<u>979,814</u>
<u>Other:</u>	
BESE	5,556
NSLP	<u>5,636</u>
Total from other	<u>11,192</u>
Total grant receivables	<u>\$ 991,006</u>

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(3) OTHER RECEIVABLES

Other receivables consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Medicaid reimbursement	\$ 210,421	\$ -
Employee receivable	25,650	13,756
Recovery School District	32,871	21,625
Contributions	17,235	17,538
Other	<u>70,421</u>	<u>34,238</u>
Total	<u>\$ 356,598</u>	<u>\$ 87,157</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 401,357	\$ 401,357
Furniture and fixtures	36,000	36,000
Less accumulated depreciation	<u>(271,053)</u>	<u>(232,636)</u>
Total	<u>\$ 166,304</u>	<u>\$ 204,721</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$38,417 and \$40,511, respectively.

(5) ACCRUED EXPENSES

At June 30, 2018 and 2017, CCS had the following accrued expenses:

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 1,155,869	\$ 1,090,554
Insurance payable	-	91,329
Other	<u>10,163</u>	<u>455</u>
Total accrued expenses	<u>\$ 1,166,032</u>	<u>\$ 1,182,338</u>

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(6) TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted net assets as of June 30, 2018 and 2017.

Temporarily restricted net assets were released from restrictions for the following purposes during the years ended June 30th:

	<u>2018</u>	<u>2017</u>
Special education program	\$ -	\$ 4,412
Teacher recruitment	-	1,149
Preschool program	-	669
Personalized learning staff, equipment, and supplies	<u>-</u>	<u>87,832</u>
Total temporarily restricted assets	<u>\$ -</u>	<u>\$ 94,062</u>

(7) SCHOOL OPERATIONS/LEASEHOLD INTEREST

CCS entered into an agreement with the State of Louisiana, Department of Education, Recovery School District (RSD), which allows HT to use the facilities, located at 2832 General Meyer Avenue, New Orleans, Louisiana 70114, and its contents free of charge. The agreement expired on June 30, 2014. The parties have agreed to the continued use of the facility until a new lease can be negotiated. CCS is party to a second agreement with the State of Louisiana, Department of Education, RSD which allows Akili to use the facilities and its contents free of charge located at 3811 North Galvez Street, New Orleans, Louisiana 70117 beginning January 1, 2017. This agreement expired on June 30, 2018. CCS is party to a third agreement with the State of Louisiana, Department of Education, RSD which allows Habans to use the facilities and its contents free of charge located at 3501 Siene Drive, New Orleans, Louisiana 70114 beginning June 21, 2016. This agreement expires on June 30, 2022 and may be extended for an additional term in the event that BESE extends the Charter contract for a specified period time. CCS is party to a an agreement with Noble Minds School which allowed HT to use the Old Habans facilities, located at 3819 Herschel Street, New Orleans, Louisiana 70114, and its contents free of charge. This agreement expired on June 30, 2018.

At June 30, 2018 the leases at 2832 General Meyer Avenue, 3811 North Galvez Street, and 3501 Siene Drive terminated as the facilities were released from RSD's control and put under the control of the Orleans Parish School Board (OPSB). OPSB renewed these three leases as of July 1, 2018 with the same terms and conditions stipulated in the RSD agreements. HT lease at 2832 General Meyers Avenue expires June 30, 2019. Akili lease at 3811 North Galvez Street expires June 30, 2024. Habans lease at 3501 Seine Drive expires June 30, 2021. CCS also entered into a fourth agreement with OPSB which allows HT to use the facilities, located at 2013 General Meyer Avenue, New Orleans, Louisiana 70114, and its contents free of charge. The agreement expires on June 30, 2022.

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(7) SCHOOL OPERATIONS/LEASEHOLD INTEREST (CONTINUED)

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

Use of property, including fixtures, furniture and equipment provided by RSD, is not recorded as an in-kind contribution. The value of the land and buildings is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

(8) RETIREMENT PLAN

Crescent City Schools maintains a safe-harbor 401(k) plan covering all eligible employees. CCS matches 100% of an employees' deferrals up to the following limits based on years of employment with CCS: less than 4 years – up to 4% of total compensations; 4-9 years – up to 5% of total compensation; 9-14 years – up to 6% of total compensation; greater than 14 years – up to 7% of total compensation. Matching contributions for the years ended June 30, 2018 and 2017 totaled \$529,001 and \$456,568, respectively.

(9) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject CCS to concentrations of credit risk consist principally of cash and cash equivalents and federal grant receivables.

CCS maintains its deposits at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018 and 2017, the cash balance in excess of insured amounts was \$3,050,700 and \$2,099,374, respectively. CCS has not experienced any losses in such accounts. CCS has no policy requiring collateral or other security to support its deposits.

CCS requires no collateral to secure the federal grant receivables or other receivable balances.

CCS received a substantial amount of its revenue through grants awarded by the federal, state, and local governments, which totaled approximately 92% and 92%, respectively, of total revenue for the years ended June 30, 2018 and 2017, respectively.

All of the students of Crescent City Schools live in the Greater New Orleans area.

CRESCENT CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

(10) CONTINGENCIES

State Funding

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

(11) NEW ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-14, "*Not-for-Profit Entities (NFPs)*." This Update makes several improvements to current reporting requirements that address, among others, the following problems: (1) complexities about the use of the currently required three classes of net assets that focus on the absence or presence of donor-imposed restrictions and whether those restrictions are temporary or permanent; (2) deficiencies in the transparency and utility of information useful in assessing an entity's liquidity caused by potential misunderstandings and confusion about the term unrestricted net assets and how restrictions or limits imposed by donors, grantors, laws, contracts, and governing boards affect an entity's liquidity, classes of net assets, and financial performance; (3) inconsistencies in the type of information provided about expenses of the period—for example, some, but not all, NFPs provide information about expenses by both nature and function; and (4) impediment of preparing the indirect method reconciliation if an NFP chooses to use the direct method of presenting operating cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. CCS plans to adopt this Update as applicable by the effective date.

(12) RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform with current year presentations.

CRESCENT CITY SCHOOLS
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018

	CMO	Harriet Tubman	Akili Academy	Habans	Eliminating Entries	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 228,134	\$ 1,149,544	\$ 625,693	\$ 700,143	\$ -	\$ 2,703,514
Grant receivables	-	154,399	178,508	186,823	-	519,730
Other receivables	34,925	154,006	60,743	106,924	-	356,598
Due from affiliate	1,026,339	773,738	303,209	335,613	(2,438,899)	-
Prepaid expenses	17,503	64,365	69,798	75,076	-	226,742
Property and equipment, net of accumulated depreciation	-	5,941	83,426	76,937	-	166,304
Deposits	-	1,650	2,500	47,041	-	51,191
	<u> </u>	<u> </u>				
Total assets	<u>\$ 1,306,901</u>	<u>\$ 2,303,643</u>	<u>\$ 1,323,877</u>	<u>\$ 1,528,557</u>	<u>\$ (2,438,899)</u>	<u>\$ 4,024,079</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 100,918	\$ 168,830	\$ 196,873	\$ 160,518	\$ -	\$ 627,139
Due to affiliate	742,994	751,145	675,654	269,106	(2,438,899)	-
Accrued expenses	11,824	440,376	363,397	350,435	-	1,166,032
Deferred revenue	-	288,000	50,000	10,438	-	348,438
	<u> </u>	<u> </u>				
Total liabilities	<u>855,736</u>	<u>1,648,351</u>	<u>1,285,924</u>	<u>790,497</u>	<u>(2,438,899)</u>	<u>2,141,609</u>
<u>NET ASSETS</u>						
Net assets, unrestricted	<u>451,165</u>	<u>655,292</u>	<u>37,953</u>	<u>738,060</u>	<u>-</u>	<u>1,882,470</u>
	<u> </u>	<u> </u>				
Total net assets	<u>451,165</u>	<u>655,292</u>	<u>37,953</u>	<u>738,060</u>	<u>-</u>	<u>1,882,470</u>
	<u> </u>	<u> </u>				
Total liabilities and net assets	<u>\$ 1,306,901</u>	<u>\$ 2,303,643</u>	<u>\$ 1,323,877</u>	<u>\$ 1,528,557</u>	<u>\$ (2,438,899)</u>	<u>\$ 4,024,079</u>

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017

	CMO	Harriet Tubman	Akili Academy	Habans	Eliminating Entries	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 172,005	\$ 1,099,402	\$ 230,512	\$ 610,847	\$ -	\$ 2,112,766
Grant receivables	-	331,690	320,016	339,300	-	991,006
Other receivables	6,001	64,118	8,847	8,191	-	87,157
Due from affiliate	462,104	136,160	196,134	195,269	(989,667)	-
Prepaid expenses	7,000	792	-	17,810	-	25,602
Property and equipment, net of accumulated depreciation	-	16,808	99,310	88,603	-	204,721
Deposits	-	7,962	2,500	47,041	-	57,503
	<u>647,110</u>	<u>1,656,932</u>	<u>857,319</u>	<u>1,307,061</u>	<u>(989,667)</u>	<u>3,478,755</u>
Total assets	<u>\$ 647,110</u>	<u>\$ 1,656,932</u>	<u>\$ 857,319</u>	<u>\$ 1,307,061</u>	<u>\$ (989,667)</u>	<u>\$ 3,478,755</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 58,266	\$ 248,086	\$ 416,838	\$ 212,663	\$ -	\$ 935,853
Due to affiliate	136,160	389,459	58,517	405,531	(989,667)	-
Accrued expenses	4,866	450,968	361,622	364,882	-	1,182,338
Deferred revenue	-	-	-	-	-	-
	<u>199,292</u>	<u>1,088,513</u>	<u>836,977</u>	<u>983,076</u>	<u>(989,667)</u>	<u>2,118,191</u>
Total liabilities	<u>199,292</u>	<u>1,088,513</u>	<u>836,977</u>	<u>983,076</u>	<u>(989,667)</u>	<u>2,118,191</u>
<u>NET ASSETS</u>						
Net assets, unrestricted	<u>447,818</u>	<u>568,419</u>	<u>20,342</u>	<u>323,985</u>	<u>-</u>	<u>1,360,564</u>
Total net assets	<u>447,818</u>	<u>568,419</u>	<u>20,342</u>	<u>323,985</u>	<u>-</u>	<u>1,360,564</u>
Total liabilities and net assets	<u>\$ 647,110</u>	<u>\$ 1,656,932</u>	<u>\$ 857,319</u>	<u>\$ 1,307,061</u>	<u>\$ (989,667)</u>	<u>\$ 3,478,755</u>

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS
COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	CMO	Harriet Tubman	Akili Academy	Habans	Eliminating Entries	Total
Revenues and Other Support:						
Local per pupil aid	\$ -	\$ 3,342,322	\$ 3,334,102	\$ 3,269,789	\$ -	\$ 9,946,213
Federal grants	19,500	1,401,879	1,518,436	1,449,294	-	4,389,109
State public school funds	-	3,108,248	2,923,527	2,651,345	-	8,683,120
Other grants, contributions, and donations	33,348	453,993	297,006	423,483	-	1,207,830
Other sources	1,457,437	539,471	254,482	312,689	(1,472,184)	1,091,895
	<u>1,510,285</u>	<u>8,845,913</u>	<u>8,327,553</u>	<u>8,106,600</u>	<u>(1,472,184)</u>	<u>25,318,167</u>
Expenses:						
Program services:						
Instructional	334,631	4,765,946	4,597,997	4,433,369	-	14,131,943
Supporting services:						
Management and general	1,168,095	3,374,053	2,992,506	2,627,011	(1,472,184)	8,689,481
Non-instructional services:						
Central services	4,212	-	-	-	-	4,212
Food services	-	619,041	719,439	632,145	-	1,970,625
	<u>1,506,938</u>	<u>8,759,040</u>	<u>8,309,942</u>	<u>7,692,525</u>	<u>(1,472,184)</u>	<u>24,796,261</u>
Change in net assets	3,347	86,873	17,611	414,075	-	521,906
Beginning net assets	447,818	568,419	20,342	323,985	-	1,360,564
Ending net assets	<u>\$ 451,165</u>	<u>\$ 655,292</u>	<u>\$ 37,953</u>	<u>\$ 738,060</u>	<u>\$ -</u>	<u>\$ 1,882,470</u>

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS
COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	CMO	Harriet Tubman	Akili Academy	Habans	Eliminating Entries	Total
Revenues and Other Support:						
Local per pupil aid	\$ -	\$ 3,108,305	\$ 3,059,521	\$ 3,044,607	\$ -	\$ 9,212,433
Federal grants	-	1,235,761	1,380,613	1,267,019	-	3,883,393
State public school funds	-	2,810,823	2,632,783	2,457,897	-	7,901,503
Other grants, contributions, and donations	22,722	605,959	254,470	363,643	-	1,246,794
Other sources	1,231,221	220,142	158,474	116,087	(1,241,643)	484,281
Total revenues and other support	1,253,943	7,980,990	7,485,861	7,249,253	(1,241,643)	22,728,404
Expenses:						
Program services:						
Instructional	86,403	4,568,702	4,578,910	3,963,225	-	13,197,240
Supporting services:						
Management and general	1,157,079	3,470,112	2,941,249	2,713,794	(1,241,643)	9,040,591
Non-instructional services:						
Central services	9,028	-	-	-	-	9,028
Food services	-	652,007	746,928	724,931	-	2,123,866
Total expenses	1,252,510	8,690,821	8,267,087	7,401,950	(1,241,643)	24,370,725
Change in net assets	1,433	(709,831)	(781,226)	(152,697)	-	(1,642,321)
Beginning net assets	446,385	1,278,250	801,568	476,682	-	3,002,885
Ending net assets	\$ 447,818	\$ 568,419	\$ 20,342	\$ 323,985	\$ -	\$ 1,360,564

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Kate Mehok - CEO</u>	
Time served	06/30/17 through 06/30/18	
	<hr/>	
Salary	\$	175,000
Benefits - insurance (health, dental, vision, life, short-term disability)		8,101
Benefits - retirement		7,000
Benefits - cell phone		1,198
Reimbursements		1,244
Travel		782
Registration fees		566
		<hr/>
Total compensation, benefits, and other payments	<u>\$</u>	<u>193,891</u>

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 1,325,480
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	499,276
Special Education - Preschool Grants	84.173	<u>8,695</u>
Total Special Education Cluster		507,971
English Language Acquisition State Grants	84.365	14,758
Improving Teacher Quality State Grants	84.367	144,249
Student Support and Academic Enrichment Program (Title IV)	84.424	<u>30,798</u>
Total U.S. Department of Education		<u>2,023,256</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
National School Lunch Program	10.555	2,346,352
Non-cash food commodity assistance	10.555	<u>98,181</u>
Total Child Nutrition Cluster		<u>2,444,533</u> *
Total U.S. Department of Agriculture		<u>2,444,533</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
TANF Cluster		
Temporary Assistance for Needy Families	93.558	<u>319,528</u>
Total TANF Cluster		<u>319,528</u>
Total U.S. Department of Health and Human Services		<u>319,528</u>
Total expenditures of federal awards		<u>\$ 4,787,317</u>

* **Major Program**

(See Independent Auditors' Report)

CRESCENT CITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS, THE UNIFORM GUIDANCE, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of Crescent City Schools are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Child Nutrition Cluster (CFDA No. 10.555)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2018.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when Crescent City Schools has met the qualifications for the respective grants.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2018.

Non-Cash Assistance

Nonmonetary assistance is reported in the schedule of expenditures of federal awards as CFDA# 10.555 at the fair market value of the commodities received and disbursed.

NOTE 4 – INDIRECT COST RATE

Crescent City Schools has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Directors of
Crescent City Schools

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 Crescent City Schools (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crescent City Schools' 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 Crescent City Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Crescent City Schools' internal control.

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

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



To the Board of Directors
Crescent City Schools
December 10, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crescent City Schools' 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 Crescent City Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crescent City Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 10, 2018
New Orleans, Louisiana

Certified Public Accountants



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

To the Board of Directors of
Crescent City Schools

Report on Compliance for Each Major Federal Program

We have audited Crescent City Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Crescent City Schools' major federal programs for the year ended June 30, 2018. Crescent City Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Crescent City Schools' 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 Crescent City Schools' 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 Crescent City Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Crescent City Schools 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, 2018.



To the Board of Directors
Crescent City Schools
December 10, 2018

Report on Internal Control Over Compliance

Management of Crescent City Schools 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 Crescent City Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Crescent City Schools' 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 10, 2018
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

Certified Public Accountants

CRESCENT CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Crescent City Schools.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Crescent City Schools were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Crescent City Schools expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was Child Nutrition Cluster (CFDA No. 10.555).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Crescent City Schools was determined to be a low risk auditee.
10. A management letter was not issued for the year ended June 30, 2018.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

CRESCENT CITY SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

None Noted

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FEDERAL AWARDS**

None Noted

SECTION III MANAGEMENT LETTER

None Noted



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

To the Board of Directors of
Crescent City Schools

We have performed the procedures enumerated below, which were agreed to by Crescent City Schools, the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Crescent City Schools for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. Management of Crescent City Schools is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

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

- I. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

Findings: None



To the Board of Directors
Crescent City Schools
December 10, 2018

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Findings: None

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Findings: None

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Findings: None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the performance and statistical data. 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.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
Crescent City Schools
December 10, 2018

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Crescent City Schools, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 10, 2018
New Orleans, Louisiana

Certified Public Accountants

CRESCENT CITY SCHOOLS
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	<u>Column A</u>	<u>Column B</u>
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 5,406,313	
Other instructional staff salaries	763,995	
Instructional staff employee benefits	1,507,145	
Purchased professional and technical services	384,342	
Instructional materials and supplies	592,973	
Instructional equipment	<u>-</u>	
Total teacher and students interaction activities		\$ 8,654,768
Other instructional activities		296,965
Pupil support services	2,505,849	
Less: Equipment for pupil support services	<u>-</u>	
Net pupil support services		2,505,849
Instructional staff services	1,573,939	
Less: Equipment for instructional staff services	<u>-</u>	
Net instructional staff services		1,573,939
School administration	1,152,812	
Less: equipment for school administration	<u>-</u>	
Net school administration		1,152,812
Total general fund instructional expenditures (total of column B)		<u>\$ 14,184,333</u>
Total General fund equipment expenditures		<u>\$ -</u>
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
Total local taxation revenue		<u>\$ -</u>
Total local earnings on investment in real property		<u>\$ -</u>
Total state revenue in lieu of taxes		<u>\$ -</u>
Nonpublic textbook revenue		<u>\$ -</u>
Nonpublic transportation revenue		<u>\$ -</u>

(See Independent Accountants' Report)

CRESCENT CITY SCHOOLS
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2018
AS OF OCTOBER 1, 2017

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	48%	201	34%	142	16%	67	3%	11
Elementary/Activity Classes	18%	35	40%	78	32%	61	10%	19
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.

CRESCENT CITY SCHOOLS
NEW ORLEANS, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2017 THROUGH JUNE 30, 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Crescent City Schools

We have performed the procedures enumerated below, which were agreed to by Crescent City Schools (Entity) 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, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs. 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 attached in Schedule "1."

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*. 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.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. 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.

December 10, 2018
New Orleans, Louisiana

Certified Public Accountants

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES
JULY 1, 2017 -- JUNE 30, 2018

Written Policies and Procedures

Procedures:

1. Obtain and inspect the Entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. ***Disbursements***, including processing, reviewing, and approving.
 - d. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
 - e. ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g. ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h. ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2017 – JUNE 30, 2018

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

Results:

The written policies and procedures entirely address the functions of budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, and travel and expense reimbursement listed above. Ethics and debt service are not applicable to the Entity.

Bank Reconciliations

Procedures:

- 2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results:

Obtained management's representation that the list of bank accounts was complete. Bank reconciliations were prepared for every month, there was evidence or proper approval, and outstanding reconciling items were researched in a timely manner.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2017 – JUNE 30, 2018

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

Procedures:

3. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
4. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
5. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a. Observe that the disbursement matched the related original invoice/billing statement.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2017 – JUNE 30, 2018

Results:

Obtained a listing of entity disbursements from management and management's representation that the listing was complete. Obtain written policies and procedures relating to employee job duties and observed that job duties were properly segregated. All disbursements tested related to original invoice/billing statement and included documentation of segregation of duties.

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

Procedures:

6. 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.
7. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b. Observe that finance charges and late fees were not assessed on the selected statements.
8. Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:
 - a. an original itemized receipt that identifies precisely what was purchased,
 - b. written documentation of the business/public purpose, and
 - c. documentation of the individuals participating in meals (for meal charges only).

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2017 – JUNE 30, 2018

Results:

Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing was complete. All monthly statements and supporting documentation for transactions selected for testing were approved by someone other than the card holder. There were no finance charges and/or late fees assessed on the selected statements. All transactions tested had proper support, included itemized receipts, documentation of the business purpose of the transaction, and individuals participating in meals.

Payroll and Personnel

Procedures:

9. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
10. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #1 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
11. Obtain listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
12. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated forms have been filed by required deadlines.

CRESCENT CITY SCHOOLS
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2017 – JUNE 30, 2018

Results:

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing was complete. All employees tested documented their daily attendance and leave, supervisors approved the attendance and leave, and leave accrued or taken was reflected in the Entity's leave records. There were no termination payments during the fiscal period. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated forms have been filed by required deadlines.