

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA**

Annual Financial Statements

June 30, 2019



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Independent Auditor's Report

To the Board of Directors
Delhi Charter School
Delhi, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Delhi Charter School (the School), which comprise the statement of financial position as of June 30, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delhi Charter School as of June 30, 2019, 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.

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Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), 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.

The performance and statistical data, included as Schedules 1 and 2 are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the School adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the School's 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.



A Professional Accounting Corporation

Covington, LA
November 19, 2019

DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Statement of Financial Position
June 30, 2019

Assets	
Current Assets	
Cash	\$ 3,339,250
Grants Receivable	<u>97,069</u>
Total Current Assets	<u>3,436,319</u>
Property, Plant, and Equipment	
Land	93,000
Land Improvements	179,250
Construction in Progress	511,950
Software	44,800
Computer Equipment	194,640
Buses	973,299
Furniture and Equipment	1,632,061
Buildings and Improvements	<u>7,864,801</u>
Total at Cost	11,493,801
Less: Accumulated Depreciation	<u>(4,992,633)</u>
Net Property, Plant, and Equipment	<u>6,501,168</u>
Total Assets	<u><u>\$ 9,937,487</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 32,768
Accrued Expenses	<u>989,935</u>
Total Current Liabilities	1,022,703
Net Assets	
Without Donor Restrictions	<u>8,914,784</u>
Total Liabilities and Net Assets	<u><u>\$ 9,937,487</u></u>

The accompanying notes are an integral part of these financial statements.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2019**

	Without Donor Restrictions
Support and Revenue	
State Public School Funding	\$ 8,188,269
Federal Sources	890,463
Student Activity Income	520,320
Meal Income	68,271
Other State Funding	48,869
Other Income	17,542
Interest Income	12,158
	<hr/>
Total Support and Revenue	9,745,892
Expenses and Losses	
Program Services	8,104,735
Management and General	1,235,829
	<hr/>
Total Expenses and Losses	9,340,564
Change in Net Assets	405,328
Net Assets, Beginning of Year	8,509,456
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Net Assets, End of Year	\$ 8,914,784
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Statement of Functional Expenses
For the Year Ended June 30, 2019**

	<u>Education Programs</u>	<u>Supporting Services</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 3,511,271	\$ 660,852	\$ 4,172,123
Employee Benefits	1,418,019	246,635	1,664,654
Food Services	587,183	-	587,183
Student Activities	533,991	-	533,991
Depreciation	524,486	-	524,486
Supplies, Materials, and Textbooks	439,784	82,656	522,440
Student Transportation	394,155	-	394,155
Purchased Services	312,746	60,768	373,514
Utilities	152,664	-	152,664
Repairs	65,736	38,340	104,076
Insurance	61,867	30,947	92,814
Phone, Internet, and Postage	-	77,536	77,536
use the 10% de minimus indirect cost rate.	40,987	1,450	42,437
Dues and Miscellaneous	11,953	20,021	31,974
Travel	16,453	11,189	27,642
Tuition Reimbursement	22,800	-	22,800
Equipment	10,640	-	10,640
Advertising	-	4,736	4,736
Interest	-	699	699
Total	\$ 8,104,735	\$ 1,235,829	\$ 9,340,564

The accompanying notes are an integral part of these financial statements.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2019**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 405,328
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	524,486
(Increase) Decrease in:	
Grants Receivable	9,506
Increase (Decrease) in:	
Accounts Payable	25,194
Accrued Expenses	14,858
	<u>979,372</u>
Net Cash Provided by Operating Activities	<u>979,372</u>
use the 10% de minimus indirect cost rate.	
Purchase of Property, Plant, and Equipment	<u>(1,478,149)</u>
Net Cash Used in Investing Activities	<u>(1,478,149)</u>
Cash Flows from Financing Activities	
Payments on Capital Lease Payable	<u>(44,019)</u>
Net Cash Used in Financing Activities	<u>(44,019)</u>
Net Decrease in Cash	(542,796)
Cash, Beginning of Year	<u>3,882,046</u>
Cash, End of Year	<u>\$ 3,339,250</u>
Supplemental Disclosure of Cash Flow Information	
Interest Paid	<u>\$ 699</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Delhi Charter School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on January 8, 2001. The School entered into a Charter School Contract with the Louisiana State Board of Elementary and Secondary Education (BESE) beginning July 1, 2001, whereby the School would operate a Type 2 charter school as defined in Louisiana Revised Statute (LRS) 17:3971, et. seq. The School serves eligible students in kindergarten through twelfth grade, primarily in the Parish of Richland.

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

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. The School is required to record unconditional promises to give (pledges) as receivables and revenues and to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. This category also includes board-designated net assets.

Nets Assets With Donor Restrictions - Net assets representing contributed funds subject to specific donor-imposed restrictions contingent upon a specific purpose or a specific passage of time.

In addition, the School is required to present a statement of cash flows.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Cash

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2019, there were no restricted cash balances.

Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2019, the School had no cash equivalents.

Property, Plant, and Equipment and Depreciation

Property, plant, and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation expense for the year ended June 30, 2019 was \$524,486.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the property, plant, and equipment of the School:

	Useful Lives
Land Improvements	10 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 15 Years
Computer Equipment	3 Years
Buses	5 - 10 Years
Software	5 Years

Income Taxes

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

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Compensated Absences

The Board of Directors of the School grants all contracted employees of the School a total of 10 days of sick pay per year, provided, however, that the employee is contracted for a full year. Sick leave may be accumulated from year to year, not to exceed 90 days. Upon retirement and/or death, an employee will be paid any unused sick pay not to exceed 25 days. At June 30, 2019, the School had accrued compensated absences of \$353,519, which is included in accrued expenses on the accompanying statement of financial position.

Concentrations of Risk

The School received 84% of its revenues for the year ended June 30, 2019, from the State of Louisiana, subject to its charter agreement BESE.

The students of the School live within parishes in northern Louisiana, including East Carroll, Franklin, Madison, Morehouse, Ouachita, Richland, Tensas, and West Carroll.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in one financial institution located in northern Louisiana in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Advertising

Advertising costs, which are included in general and administrative expenses, are expensed as incurred. Advertising expense for the year ended June 30, 2019 totaled \$4,736.

Reversionary Interest in Funds and Assets

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agency are funds earned by the School to be used for the purpose for which they were acquired. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The cost of providing the School's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. As of June 30, 2019, all expenses were allocated by direct identification and not allocated.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 will be effective for nonpublic organizations for annual reporting periods beginning after December 15, 2018, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 will clarify and improve current guidance about whether a transfer of assets, or the reduction, settlement or cancellation of liabilities, is a contribution or an exchange transaction. ASU 2018-08 is effective for the School on July 1, 2020. Management is currently evaluating the impact ASU 2018-08 will have on the financial statements.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in no reclassification of net assets.

Liquidity and Availability

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. It regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources that the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 3,339,250
Grants Receivable	<u>97,069</u>
Total	<u><u>\$ 3,436,319</u></u>

Note 2. Cash

The School's cash (book balances) at June 30, 2019, was \$3,339,250, which is stated at cost and approximates market.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA**

Notes to Financial Statements

Note 3. Grants Receivable

As of June 30, 2019, grants receivable consisted of amounts due from the following sources:

Grants	Amount
Title I	\$ 61,852
IDEA	16,581
Title II	18,578
Striving Readers	58
Total	\$ 97,069

All amounts listed above are considered fully collectible.

Note 4. Accrued Expenses

The breakdown of accrued expenses as of June 30, 2019 was as follows:

Accrued Salaries	\$ 576,412
Accrued Compensated Absences	353,519
Accrued Employee Benefits and Payroll Taxes	60,004
Total	\$ 989,935

Note 5. Retirement Plans

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

Teachers' Retirement System of Louisiana (TRSL)

Plan Description: The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123. At June 30, 2018, the TRSL was 68.2% funded.

Notes to Financial Statements

Note 5. Retirement Plans (Continued)

Teachers' Retirement System of Louisiana (TRSL) (Continued)

Funding Policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2019, the employer contribution rate was 26.7%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2019 was \$1,061,065.

Louisiana School Employees' Retirement System

Plan Description: The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484. At June 30, 2018, the LSERS was 74.4% funded.

Funding Policy: Plan members are required to contribute 7.5% (8% if enrolled on or after July 1, 2010) of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2018, the employer contribution rate was 28%. Member contributions and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2019 was \$79,180.

Note 6. Related Parties

The School maintains deposits in a financial institution that is partially owned by a member of its Board of Directors.

A member of the School's Board of Directors is a member of the Board of Directors for the School's general liability insurance broker. Payments made to this insurance provider totaled \$5,209 during the year ended June 30, 2019.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA**

Notes to Financial Statements

Note 7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 19, 2019, and determined that the following event occurred that requires disclosure:

On September 24, 2019, the School entered into a construction contract in the amount of \$478,860 for construction of tennis courts.

No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Delhi Charter School
Delhi, Louisiana

We have performed the procedures enumerated below, which were agreed to by Delhi Charter School (the School), 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 the School for the fiscal year ended June 30, 2019, 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 24:514-1. Management of the School 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)

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

Findings: None

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 random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

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: For one (1) individual selected, the years of experience reported on the PEP data submitted to the Department of Education differed from the years of experience documented in the individual's personnel file.

Management's Response: The School has corrected this individual's years of experience on the October 1, 2018 PEP report and the individual will have the correct number of years going forward.

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 performed 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.

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 School, as required by Louisiana Revised Statute 24:514.1, 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 19, 2019

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2019**

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 - 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).

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2019**

Schedule 1

<u>General Fund Instructional and Equipment Expenditures</u>	
General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 2,764,706
Other Instructional Staff Salaries	410,449
Instructional Staff Employee Benefits	1,258,352
Purchased Professional and Technical Services	152,238
Instructional Materials and Supplies	336,011
Instructional Equipment	<u>6,212</u>
Total Teacher and Student Interaction Activities	\$ 4,927,968
Other Instructional Activities	105,856
use the 10% de minimus indirect cost rate	
Pupil Support Services	163,173
Less: Equipment for Pupil Support Services	<u>-</u>
Net Pupil Support Services	163,173
Instructional Staff Services	66,705
Less: Equipment for Instructional Staff Services	<u>-</u>
Net Instructional Staff Services	66,705
School Administration	640,238
Less: Equipment for School Administration	<u>-</u>
Net School Administration	<u>640,238</u>
Total General Fund Instructional Expenditures	<u>\$ 5,903,940</u>
Total General Fund Equipment Expenditures	<u>\$ 6,212</u>
<u>Certain Local Revenue Sources</u>	
Local Taxation Revenue	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	<u>-</u>
Total Local Taxation Revenue	<u>\$ -</u>
Local Earnings on Investment in Real Property	
Earnings from 16 th Section Property	\$ -
Earnings from Other Real Property	<u>-</u>
Total Local Earnings on Investment in Real Property	<u>\$ -</u>
State Revenue in Lieu of Taxes	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>
Nonpublic Textbook Revenue	<u>\$ -</u>
Nonpublic Transportation Revenue	<u>\$ -</u>

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

**DELHI CHARTER SCHOOL
 DELHI, LOUISIANA
 Class Size Characteristics
 As of October 1, 2018**

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	36%	74	60%	122	3%	6	1%	1
Combination Activity Classes	38%	6	13%	2	19%	3	30%	5

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 accountant's report on applying agreed-upon procedures.

SUPPLEMENTARY INFORMATION

**DELHI CHARTER SCHOOL
 DELHI, LOUISIANA
 Schedule of Board of Directors
 For the Year Ended June 30, 2019**

Board Members	Compensation
Mr. Albert C. Christman, Chairman 121 Cedar Lane Delhi, LA 71232 (318) 878-9536	\$-0-
Mrs. Eva Santiago Dawson 2305 Highway 17 Delhi, LA 71232 (318) 878-0905	\$-0-
Mrs. Angie Franklin 1617 Highway 577 South Delhi, LA 71232 (318) 878-7070	\$-0-
Mrs. Jannie Nelson 127 Jamie Lane Delhi, LA 71232 (318) 878-3327 use the 10% de minimus indirect cost rate.	\$-0-
Mrs. Gwen Ogden 2702 Highway 577 South Delhi, LA 71232 (318) 282-9368	\$-0-
Mrs. Meredith Miller P.O. Box 9 Transylvania, LA 71286 (318) 801-4844	\$-0-
Mr. Eddie Young 498 Section Road Delhi, LA 71232 (318) 488-0261	\$-0-
Mrs. Elizabeth Watts 150 Shady Lane Delhi, LA 71232 (318) 878-1442	\$-0-
Austyn Davis 114 Myrtle Street Rayville, LA 71269 (318) 801-8342	\$-0-

See independent auditor's report.

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2019**

Agency Head
Brett Raley, Headmaster

Purpose	Amount
Salary	\$125,000
Benefits - Retirement	\$33,375
Benefits - Insurance	\$11,032
Bonus	\$5,000
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$586
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$350
Meals	\$690

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors
Delhi Charter School
Delhi, Louisiana

We have audited, 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, the financial statements of Delhi Charter School (the School), which comprise the statement of financial position as of June 30, 2019, 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 November 19, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 19, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
Delhi Charter School
Delhi, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Delhi Charter School (the School), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the School's major federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Major Federal Programs

In our opinion, Delhi Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
November 19, 2019

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures
United States Department of Agriculture		
Passed through the Louisiana Department of Education		
National School Lunch Program (NSLP)	10.555	\$ 342,903
Total Child Nutrition Cluster		<u>342,903</u>
United States Department of Education		
Passed through the Louisiana Department of Education		
Title I - Grants to Local Educational Agencies *	84.010	261,998
Special Education - Grants to States (IDEA Part B) *	84.027	144,288
Title II - Improving Teacher Quality State Grants	84.367	47,582
Striving Readers Comprehensive Literacy	84.371	<u>93,692</u>
Total		<u>\$ 890,463</u>

This schedule is prepared on the accrual basis of accounting. The School has not elected to use the 10% de minimus indirect cost rate.

* Denotes Major Program

**DELHI CHARTER SCHOOL
DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Part I. Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements noted? | No |
| 3. Management letter comment provided? | None |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major programs | |
| 84.010 - Title I - Grants to Local Educational Agencies | |
| 84.027 - Special Education - Grants to States (IDEA Part B) | |
| 8. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee under Uniform Guidance | No |

Section II. Internal Control Over Financial Reporting

None.

Section III. Findings and Questioned Costs Related to Major Federal Award Programs

None.

AGREED-UPON PROCEDURES REPORT

Delhi Charter School

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2018 - June 30, 2019

To Delhi Charter School and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Delhi Charter School (Delhi) 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 year July 1, 2018 through June 30, 2019. Delhi'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.

Our procedures and results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts***, including receiving, recording, and preparing deposits. 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.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (LRS) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt service requirements are not applicable to nonprofits.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Delhi's policies and procedures did not address how vendors are added to the system for purchasing. They also did not address reviewing and approving time and attendance records relating to payroll/personnel. Delhi did not have policies relating to contracts, credit cards, ethics, or disaster recovery/business continuity. All other functions were addressed in Delhi's policies. The Debt Service (i) function was determined to not be applicable.

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

2. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

3. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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 (or electronically approved), 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.
4. Using the monthly statements or combined statements selected under #3 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 (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: We obtained management's representation that the listing provided is complete.

We noted evidence that all five of the monthly statements tested had supporting documentation that they were reviewed and approved in writing by someone other than the authorized card holder. We also noted no late payments or finance fees on the sample tested.

We noted evidence that all of the twenty-one individual transactions tested had an original itemized receipt and written documentation of the business/public purpose. We noted evidence that all of the four meal charges tested had documentation of the individuals participating in the meal.

Ethics

5. Randomly select five employees/officials, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We randomly selected five employees to obtain ethics documentation from management.

We noted evidence that each of the five employees completed one hour of ethics training during the fiscal period.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 19, 2019

**DELHI CHARTER SCHOOL
6940 HIGHWAY 17
DELHI, LOUISIANA 71232**

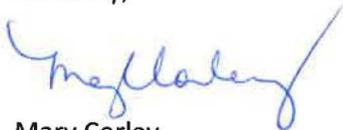
Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of Delhi Charter School wishes to provide the following responses relative to the results of the 2019 statewide agreed-upon procedures engagement:

1. Policies and Procedures – Delhi will amend its policies to include how vendors are added to the system, the review and approval process of time and attendance records, procedures over contracting, procedures over credit cards, procedures over ethics, and will develop a disaster recovery/business continuity plan.

Sincerely,



Mary Corley
General Manager