

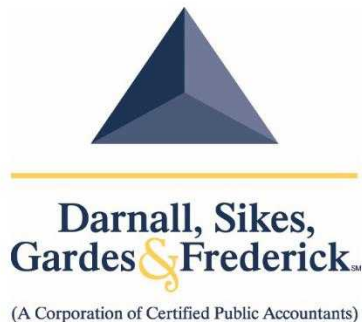
**GLENCOE EDUCATION FOUNDATION, INC.**  
Franklin, Louisiana

Financial Report

Years Ended June 30, 2017 and 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Glencoe Education Foundation, Inc.  
Franklin, Louisiana

We have audited the accompanying financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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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 Glencoe Education Foundation, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on Glencoe Education Foundation, Inc.'s financial statements. The schedule of the governing board, the schedule of insurance in force, and the 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 schedule of compensation, benefits, and other payments to agency head 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. Such 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 schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the financial statements as a whole.

The schedule of the governing board and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of Glencoe Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Glencoe Education Foundation, Inc.'s internal control over financial reporting and compliance.

*Darnall, Sikes, Gardes & Frederick*  
(A Corporation of Certified Public Accountants)

Lafayette, Louisiana  
November 28, 2017

## **FINANCIAL STATEMENTS**

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Statements of Financial Position  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,613,304	\$ 1,707,058
Certificates of deposit	364,939	548,378
Due from other governmental units	48,561	54,095
Other receivables	500	-
Prepaid items	30,650	29,194
Total current assets	2,057,954	2,338,725
<b>PROPERTY AND EQUIPMENT, NET</b>	3,931,643	3,775,134
<b>OTHER ASSETS</b>		
Assets restricted to payment of long-term debt:		
Cash	99,924	30,618
Certificates of deposit	-	56,550
Total other assets	99,924	87,168
<b>TOTAL ASSETS</b>	<b>\$ 6,089,521</b>	<b>\$ 6,201,027</b>

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,727	\$ 8,248
Contract payable	380,850	380,850
Accrued salaries payable	256,352	255,754
Other accrued liabilities	16,632	199,055
Accrued compensated absences payable	49,253	54,954
Current portion of long-term debt	<u>79,043</u>	<u>34,752</u>
Total current liabilities	798,857	933,613
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	<u>1,261,363</u>	<u>1,145,852</u>
Total liabilities	2,060,220	2,079,465
<b>NET ASSETS</b>		
Unrestricted	<u>4,029,301</u>	<u>4,121,562</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 6,089,521</u></u>	<u><u>\$ 6,201,027</u></u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Statements of Activities  
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUES, GAINS, AND OTHER SUPPORT		
State public school funding	\$ 3,236,507	\$ 3,338,675
Federal grants:		
Rural Education Achievement Program	42,868	30,236
IDEA - Part B	60,960	56,978
National School Lunch Program	224,251	214,765
Title I	145,463	143,207
Title II	16,510	19,224
Other	49,776	1,373
State grants:		
Other	1,231	3,271
Food services	25,337	31,749
Contributions	650	6,359
Interest income	8,099	6,127
Miscellaneous	31,740	29,202
Gain on disposal of assets	500	-
Unrealized gain on investment	-	748
Total revenues, gains, and other support	<u>3,843,892</u>	<u>3,881,914</u>
EXPENSES AND LOSSES		
Instruction:		
Regular programs	2,004,006	1,939,329
Special education	163,905	220,237
Special programs	47,918	-
Support services:		
Pupil support	101,291	70,248
Instructional staff	63,915	111,682
General administration	31,188	44,167
School administration	348,005	374,103
Business services	132,244	133,079
Plant services	271,793	289,121
Student transportation services	189,894	160,390
Non-instructional:		
Food services	336,943	371,614
Facilities acquisition and construction	-	6,802
Debt service:		
Interest and bank charges	53,492	53,943



	<u>2017</u>	<u>2016</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
EXPENSES AND LOSSES (CONTINUED)		
Depreciation	191,527	191,008
Unrealized loss on investment	<u>32</u>	<u>-</u>
Total expenses and losses	<u>3,936,153</u>	<u>3,965,723</u>
Change in net assets	(92,261)	(83,809)
Net assets at beginning of year	<u>4,121,562</u>	<u>4,205,371</u>
Net assets at end of year	<u>\$ 4,029,301</u>	<u>\$ 4,121,562</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Statements of Cash Flows  
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (92,261)	\$ (83,809)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	191,527	191,008
Gain on disposal of assets	(500)	-
(Increase) decrease in-		
Certificates of deposit	239,989	(400,825)
Due from other governmental units	5,534	(22,319)
Other receivables	(500)	1,438
Prepaid expenses	(1,456)	36,545
Increase (decrease) in -		
Accounts payable	8,479	(20,656)
Accrued salaries payable	598	6,579
Other accrued liabilities	(182,423)	4,922
Accrued compensated absences	(5,701)	2,037
Net cash provided (used) by operating activities	163,286	(285,080)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(348,036)	(114,636)
Proceeds from the sale of property and equipment	500	-
Net cash used by investing activities	(347,536)	(114,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	230,000	-
Principal payments on long-term debt	(70,198)	(33,225)
Net cash provided (used) by financing activities	159,802	(33,225)
Net decrease in cash	(24,448)	(432,941)
Cash at beginning of year	1,737,676	2,170,617
Cash at end of year	\$ 1,713,228	\$ 1,737,676
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 53,492	\$ 53,943

	<u>2017</u>	<u>2016</u>
Reconciliation of cash per the statements of cash flows to the statements of financial position:		
Cash at beginning of year:		
Cash	\$ 1,707,058	\$2,140,046
Restricted cash	<u>30,618</u>	<u>30,571</u>
Total cash at beginning of year	1,737,676	2,170,617
Cash at end of year:		
Cash	\$ 1,613,304	\$1,707,058
Restricted cash	<u>99,924</u>	<u>30,618</u>
Total cash at end of year	<u>1,713,228</u>	<u>1,737,676</u>
Net decrease in cash	<u>\$ (24,448)</u>	<u>\$ (432,941)</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

INTRODUCTION

Glencoe Education Foundation, Inc. (the Foundation) was founded in 1999 as a nonprofit organization incorporated under the laws of the State of Louisiana. The Foundation is dedicated to providing for and maintaining an optimum learning environment in which all enrolled children are afforded the opportunity to achieve, attain goals and excel as students and as individual citizens of the world. The focus of instruction is child-centered with curricula designed to meet the educational, social, physical, and emotional needs of each learner as a whole person. The Foundation operates Glencoe Charter School which is an approved Type 2 charter school under Louisiana Revised Statute 17:3991. The school's operations are located in Franklin, Louisiana. During its first year of operations (fiscal year ended June 30, 2000), the school had grades kindergarten through fifth. During the second year of operations, sixth grade was added. During the third year of operations, seventh grade was added, and during the fourth year of operations, eighth grade was added. During the fiscal year ending June 30, 2018, the school added a Pre-K program. Open student enrollment began in August 1999. The Foundation is governed by a board of directors and managed by a director. During the fiscal years ended June 30, 2017 and 2016, 98.29% and 98.09% of total revenues, respectively, were derived from federal and state sources.

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

The Foundation is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Foundation does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Support and expenses

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statements of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allowance for doubtful accounts

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

All capital assets are capitalized that have a cost or estimated cost of \$5,000 or more. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Transportation equipment	5
Furniture and equipment	5 - 20
Buildings and improvements	15 - 40

Expenses for additions, major renewals, and betterments are capitalized. Expenses for maintenance and repairs are charged to expense as incurred.

Compensated absences

All twelve-month employees earn vacation leave each year based on years of experience. After one year, 10 days are earned; after four years, 11 days are earned; after five years, 13 days are earned; after ten years, 15 days are earned; after fifteen years, 17 days are earned; and after twenty years, 19 days are earned. A maximum of 10 days can be carried to the next year. Upon discharge or final retirement, all unused and/or accrued vacation leave is paid to the employee at the employee's current rate of pay.

Nine-month employees earn 10 days of sick leave each year. Ten-month employees earn 11 days of sick leave each year. Eleven-month employees earn 12 days of sick leave each year. Twelve-month employees earn sick leave based on the number of years of full-time employment with the Foundation. After one year, 12 days are earned; after four years, 15 days are earned; and after ten years, 18 days are earned. Sick leave may be accumulated. No sick leave is paid upon resignation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's estate at the employee's current rate of pay.

Under the Teachers' Retirement System of Louisiana and the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

In accordance with the provisions of FASB ASC 710, *Compensation – General*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated services

The Foundation received donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation did not have any cash equivalents at June 30, 2017 and 2016.

Inventory

Inventory consists of commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture. The commodities are recorded as revenues when received; however, all inventories are recorded as expenses when consumed. Values are assigned based on information provided by the United States Department of Agriculture.

Advertising costs

Advertising costs are expensed as incurred. Total advertising expense was \$3,380 and \$946 for the fiscal years ended June 30, 2017 and 2016, respectively.

Use of estimates

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

Fair value of financial instruments

The Foundation defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Foundation's financial statements include cash and cash equivalents, receivables, and other assets. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

Subsequent events were evaluated through November 28, 2017, which is the date the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Assets not being depreciated:		
Land	\$ 27,845	\$ 27,845
Construction in progress	<u>126,694</u>	<u>66,200</u>
Total assets not being depreciated	154,539	94,045
Assets being depreciated:		
Building and improvements	4,789,740	4,675,739
Furniture and equipment	259,934	259,934
Transportation equipment	<u>359,042</u>	<u>185,500</u>
Total assets being depreciated	5,408,716	5,121,173
Less accumulated depreciation	<u>(1,631,612)</u>	<u>(1,440,084)</u>
Assets being depreciated, net	<u>3,777,104</u>	<u>3,681,089</u>
Total assets, net	<u>\$3,931,643</u>	<u>\$3,775,134</u>

Total depreciation expense for the fiscal years ended June 30, 2017 and 2016 was \$191,527 and \$191,008, respectively.

NOTE 3 DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Louisiana Department of Education	\$ 314	\$ -
U.S. Department of Education:		
Passed through Louisiana Department of Education	<u>48,247</u>	<u>54,095</u>
	<u>\$ 48,561</u>	<u>\$ 54,095</u>

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 4 NATURAL CLASSIFICATION OF EXPENSES

Expenses incurred were for the following for the fiscal years ended June 30, 2017 and 2016:

	Instruction			Support Services		
	Regular Programs	Special Education	Special Programs	Pupil Support	Instructional Staff	General Administration
2017						
Salary	\$ 1,299,008	\$ 119,743	\$ 41,826	\$ 8,765	\$ 49,237	\$ -
Employee benefits	498,691	43,503	5,843	508	9,140	-
Purchased professional services	300	80	-	90,006	-	23,367
Insurance	-	-	-	1,751	-	6,155
Repairs and maintenance	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Telephone/postage	-	-	-	-	-	-
Disposal services	-	-	-	-	-	-
Rental of land/equipment	-	-	-	-	-	-
Travel	10,921	-	249	-	-	573
Materials and supplies	177,876	579	-	106	4,963	-
Food	-	-	-	-	-	-
Miscellaneous	17,210	-	-	155	575	1,093
Interest	-	-	-	-	-	-
	<u>\$ 2,004,006</u>	<u>\$ 163,905</u>	<u>\$ 47,918</u>	<u>\$101,291</u>	<u>\$ 63,915</u>	<u>\$ 31,188</u>
2016						
Salary	\$ 1,284,378	\$ 162,260	\$ -	\$ 19,690	\$ 109,406	\$ -
Employee benefits	481,548	55,087	-	2,892	-	-
Purchased professional services	-	-	-	47,360	550	34,211
Insurance	-	-	-	-	-	9,956
Repairs and maintenance	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Telephone/postage	-	-	-	-	-	-
Disposal services	-	-	-	-	-	-
Rental of land/equipment	-	-	-	-	-	-
Travel	10,217	1,691	-	-	-	-
Materials and supplies	141,914	399	-	151	1,587	-
Food	-	-	-	-	-	-
Miscellaneous	21,272	800	-	155	139	-
Interest	-	-	-	-	-	-
	<u>\$ 1,939,329</u>	<u>\$ 220,237</u>	<u>\$ -</u>	<u>\$ 70,248</u>	<u>\$ 111,682</u>	<u>\$ 44,167</u>



GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

Support Services				Non-instructional		
School Administration	Business Services	Plant Services	Student Transportation Services	Food Services	Facilities Acquisition and Construction	Debt Service
\$ 202,984	\$ 75,233	\$ 47,795	\$ 93,686	\$ 126,534	\$ -	\$ -
77,120	28,713	21,975	-	65,790	-	-
18,525	11,380	1,625	-	-	-	-
-	12,152	35,638	20,027	5,052	-	-
-	-	40,215	25,675	4,506	-	-
-	-	51,601	15,252	-	-	-
7,799	950	-	-	-	-	-
-	-	15,756	-	-	-	-
9,776	-	28,575	28,800	3,769	-	-
3,533	308	-	3,304	396	-	-
21,387	2,795	26,613	2,858	15,443	-	-
-	-	-	-	112,585	-	-
6,881	713	2,000	292	2,868	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,492</u>
<u>\$ 348,005</u>	<u>\$ 132,244</u>	<u>\$ 271,793</u>	<u>\$ 189,894</u>	<u>\$ 336,943</u>	<u>\$ -</u>	<u>\$ 53,492</u>
\$ 207,418	\$ 79,567	\$ 45,305	\$ 89,696	\$ 139,722	\$ -	\$ -
106,682	28,388	21,218	-	67,774	-	-
10,537	11,314	2,003	-	-	1,871	-
25	9,217	32,091	21,380	6,857	-	-
-	-	58,603	24,924	5,441	4,881	-
-	-	56,361	15,585	-	-	-
9,295	1,412	-	-	-	-	-
-	-	9,096	-	4,456	-	-
10,799	-	26,450	-	3,539	-	-
2,906	833	-	4,959	370	-	-
16,023	1,348	30,648	3,347	18,023	-	-
-	-	-	-	123,899	-	-
10,418	1,000	7,346	499	1,533	50	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,943</u>
<u>\$ 374,103</u>	<u>\$ 133,079</u>	<u>\$ 289,121</u>	<u>\$ 160,390</u>	<u>\$ 371,614</u>	<u>\$ 6,802</u>	<u>\$ 53,943</u>

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 5 LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2017 and 2016:

	2017	2016
Note payable in the original amount of \$1,600,000, payable in 466 monthly installments of \$7,264 beginning on May 23, 2010 and one final undetermined installment, bearing interest at 4.500%, collateralized by real estate and equipment	\$ 1,146,280	\$ 1,180,604
Non-interest bearing uncollateralized note payable in the original amount of \$100,000, payable in 2 annual installments of \$33,333 beginning on June 30, 2017 and one final installment of \$33,334	66,667	-
Note payable in the original amount of \$130,000, payable in 143 monthly installments of \$1,063 beginning on April 22, 2017 and one final undetermined installment, bearing interest at 2.750%, collateralized by real estate and equipment	<u>127,459</u>	<u>-</u>
	1,340,406	1,180,604
Less current portion	<u>79,043</u>	<u>34,752</u>
Long-term portion	<u>\$ 1,261,363</u>	<u>\$ 1,145,852</u>

Maturities of long-term debt are as follows:

2018	79,043
2019	80,974
2020	49,655
2021	51,757
2022	53,951
Thereafter	<u>1,025,026</u>
Total long-term debt	<u>\$ 1,340,406</u>

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 PENSION PLANS

Eligible employees of the Foundation participate in one of two cost-sharing, multiple-employer defined benefit pension plans, which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability, and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows.

Teachers' Retirement System of Louisiana – Regular

For the fiscal year ended June 30, 2017, plan members were required to contribute 8.0% of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 25.5% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 26.3% of total annual covered payroll for the fiscal year ended June 30, 2016.

The Foundation's contributions to the system for the fiscal years ended June 30, 2017 and 2016 were \$459,612 and \$509,124, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Louisiana School Employees' Retirement System

For the fiscal year ended June 30, 2017, plan members were required to contribute 7.5%, or 8.0% for members employed subsequent to July 1, 2010, of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 27.3% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 30.2% of total annual covered payroll for the fiscal year ended June 30, 2016. The Foundation's contributions to the system for the fiscal years ended June 30, 2017 and 2016 were \$16,106 and \$15,561, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516, or by calling (225) 925-6484.

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GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 LEASE COMMITMENT

The Foundation entered into a non-cancelable operating lease for immovable property with Glencoe-Vacherie Plantation, LLC, which is a related party as a result of one of the Foundation's board members being a managing member in the entity. The lease calls for four quarterly payments of \$6,000 per year. The original lease expired on September 30, 2004. The lease contains an option to renew for four additional five year periods, with the first five year period having begun on October 1, 2004. The first option to renew was executed. The first lease option expired on September 30, 2009. The second option to renew was executed. The second lease option expired on September 30, 2014. The third option to renew was executed.

The lease expense for the fiscal years ended June 30, 2017 and 2016 totaled \$24,000 and \$24,000, respectively.

The following is a schedule of future minimum rental payments required under the above non-cancelable operating lease:

Year ending June 30,	
2018	\$ 24,000
2019	\$ 24,000
2020	\$ 6,000

The Foundation also leases immovable and movable property under cancelable operating leases.

NOTE 8 CASH AND CERTIFICATES OF DEPOSIT

The Foundation may invest in United States bonds, notes, or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Foundation had cash and interest-bearing deposits (book balances) totaling \$2,078,167.

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GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 CASH AND CERTIFICATES OF DEPOSIT (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. At June 30, 2017, the Foundation had bank balances totaling \$2,253,518. Of the bank balance, \$598,761 was covered by federal depository insurance, \$1,395,714 was covered by collateral held by pledging bank's agent not in the Foundation's name, and \$259,043 was uninsured and uncollateralized.

NOTE 9 PENDING LITIGATION

The Foundation is presently a defendant in litigation involving the contractor of the K-3 building. The contractor is requesting full payment for the final invoices for services rendered; however, management is in disagreement as to the adequacy of the services performed and is defending its position vigorously that the amount requested by the contractor is not reflected in the actual work performed. Management has taken a conservative approach with regards to financial reporting and has accrued the full amount in question in the financial statements. This accrual is reflected in the statements of financial position as contract payable.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

The Foundation provides post-employment healthcare and life insurance benefits for substantially all employees if they reach normal retirement age while working for the Foundation. The Foundation's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at [www.doa.louisiana.gov/osrap](http://www.doa.louisiana.gov/osrap).

The Foundation's contributions to the plan for the fiscal years ended June 30, 2017 and 2016 were \$275,288 and \$250,458, respectively.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 11 RELATED PARTY TRANSACTIONS

The Foundation periodically contracts with the husband of the Foundation's CEO for grounds keeping and general maintenance of school property and small equipment rental. During the fiscal years ended June 30, 2017 and 2016, the Foundation made total payments to the CEO's husband of \$9,514 and \$18,138, respectively. Amounts payable to the CEO's husband as of June 30, 2017 and 2016 were \$3,550 and \$0, respectively.

The Foundation periodically contracts with a company jointly owned by the Director of Glencoe Charter School and her husband for bus repairs. During the fiscal years ended June 30, 2017 and 2016, the Foundation made total payments to the company of \$9,203 and \$10,880, respectively. There were no amounts payable to the company as of June 30, 2017 or 2016.

NOTE 12 SUBSEQUENT EVENT

Subsequent to year end, the Foundation placed the new Pre-K building into service and added a Pre-K program beginning with the 2017-2018 school year. The Pre-K building comprised the majority of the balance in construction in progress at year end.

**SUPPLEMENTARY INFORMATION**

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of the Governing Board (Unaudited)  
Year Ended June 30, 2017

<u>Board Member</u>	<u>Term Expiration</u>	<u>Board Member</u>	<u>Term Expiration</u>
Mr. Arnold Watson P.O. Box 361 Franklin, LA 70538 <i>President</i>	June 30, 2018	James Evans, III P.O. Box 325 Franklin, LA 70538 <i>Member</i>	June 30, 2018
Francine Prince 1500 Norman Bauer Dr. Franklin, LA 70538 <i>Vice President</i>	June 30, 2019	Steve Schmidt P.O. Box 352 Baldwin, LA 70514 <i>Parent Member</i>	June 30, 2017
Cecile Coleman P.O. Box 517 Baldwin, LA 70514 <i>Member</i>	June 30, 2019	Cheryl Braud 210 Mechanic St. Franklin, LA 70538 <i>Member</i>	June 30, 2018
Steven Drexler 103 Janice St. New Iberia, LA 70563 <i>Member</i>	June 30, 2019		



GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Insurance in Force (Unaudited)  
Year Ended June 30, 2017

Type of Coverage	Limits of Coverage	Expires	Company
Workers' Compensation	\$1,000,000	5/10/2018	LUBA Workers Comp
Student Accident	Accident medical expense benefit - \$6,000,000 \$25,000 maximum per student	9/30/2017	Axis Insurance Company
Commercial Auto & General Liab (package)	Auto liability - \$1,000,000 Medical expense - \$5,000 General liability - \$1,000,000 each occurrence Damage to premises rented - \$100,000 any one premises Personal & advertising injury - \$1,000,000 any one entity General aggregate limit - \$3,000,000 Products/completed operations aggregate limit - \$3,000,000	8/12/2017	Arch Insurance Company
Property	Building (Classrooms) - \$3,200,000 Building \$155,000 Business Personal Property Building (Main Building) - \$1,203,847 Building \$110,000 Business Personal Property Building (Classrooms) - \$620,000 Building \$70,000 Business Personal Property Building (PE Building) - \$100,000 Building Building (Lab Building) - \$44,000 Building \$7,000 Business Personal Property	7/19/2017	Arch Insurance Company

(Continued)

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Insurance in Force (Unaudited) (Continued)  
Year Ended June 30, 2017

Type of Coverage	Limits of Coverage	Expires	Company
Flood	\$500,000 - Building	10/18/2017	Wright National Flood Insurance Company
Fidelity Bond	\$186,000 - Employee theft \$50,000 - Money orders and counterfeit currency	until cancelled	Hartford Fire Insurance Company

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
Year Ended June 30, 2017

Agency Head Name: Kimberly Roberts, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 77,920
Benefits - insurance	5,869
Benefits - retirement	19,922
Reimbursements	<u>1,894</u>
Total	<u>\$ 105,605</u>

**INTERNAL CONTROL, COMPLIANCE,  
AND  
OTHER MATTERS**



E. Larry Sikes, CPA/PFS, CVA, CFP®  
 Danny P. Frederick, CPA  
 Clayton E. Darnall, CPA, CVA  
 Eugene H. Darnall, III, CPA  
 Stephanie M. Higginbotham, CPA  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
 CONTROL OVER FINANCIAL REPORTING AND ON  
 COMPLIANCE AND OTHER MATTERS BASED ON AN  
 AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
 ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Kevin S. Young, CPA  
 Christy S. Dew, CPA, MPA  
 Rachel W. Ashford, CPA  
 Veronica L. LeBleu, CPA, MBA  
 Christine Guidry Berwick, CPA, MBA  
 Brandon L. Porter, CPA  
 Brandon R. Dunphy, CPA  
 Robert C. Darnall, CPA, CVA, M.S.

To the Board of Directors of  
 Glencoe Education Foundation, Inc.  
 Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Glencoe Education Foundation, Inc.'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 Glencoe Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Glencoe Education Foundation's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glencoe Education Foundation, Inc.'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 three instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2017-001, 2017-002 and 2017-003.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization'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; therefore its distribution is not limited.

*Dannall, Sikes, Gardes, & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

November 28, 2017

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2017

There were no findings noted during the prior year audit.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Findings and Responses  
Year Ended June 30, 2017

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Glencoe Education Foundation, Inc.'s financial statements as of and for the years ended June 30, 2017 and 2016.

Deficiencies in Internal Control – Financial Reporting

There were no deficiencies in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

The results of our tests disclosed three instances of noncompliance which are required to be reported under *Government Auditing Standards* and are listed as items 2017-001, 2017-002, and 2017-003 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2017.

MANAGEMENT LETTER

A management letter was not issued for the fiscal year ended June 30, 2017.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2017-001 Noncompliance with the Louisiana Code of Governmental Ethics – Payments to Immediate Family Member

Criteria: Louisiana Revised Statute 42:1113 states that “no public servant...or member of such a public servant’s immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.”

Condition: The Foundation periodically contracts with the husband of the Foundation’s CEO for grounds keeping, general maintenance of school property, and small equipment rental. During the fiscal years ended June 30, 2017 and 2016, the Foundation made total payments to the CEO’s husband of \$9,514 and \$18,138, respectively.



GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Findings and Responses (Continued)  
Year Ended June 30, 2017

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Cause: Failure to comply with the Louisiana Code of Governmental Ethics.

Effect: Possible violation of the Louisiana Code of Governmental Ethics.

Recommendation: The Foundation should refrain from contracting with this related party.

Views of Responsible Officials and Planned Corrective Actions: This information is in the Foundation's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

2017-002 Noncompliance with the Louisiana Code of Governmental Ethics – Payments Resulting in Personal Substantial Economic Interest

Criteria: Louisiana Revised Statute 42:1113 states that “no public servant...or member of such a public servant's immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.”

Condition: The Foundation periodically contracts with a company jointly owned by the Director of the school and her husband for bus repairs. During the fiscal years ended June 30, 2017 and 2016, the Foundation made total payments to the company of \$9,203 and \$10,880, respectively. An instance was also noted wherein the Director's travel reimbursement request was not approved by someone other than herself.

Cause: Failure to comply with the Louisiana Code of Governmental Ethics.

Effect: Possible violation of the Louisiana Code of Governmental Ethics.

Recommendation: The Foundation should refrain from contracting with this related party. In addition, the Director's travel reimbursement requests should be approved monthly by the Board.

Views of Responsible Officials and Planned Corrective Actions: This information is in the Foundation's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Findings and Responses (Continued)  
Year Ended June 30, 2017

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

2017-003 Noncompliance with the Louisiana Local Government Budget Act

Criteria: The Louisiana Department of Education Charter School Fiscal Oversight Policy states that each charter school must submit an Annual Operating Budget to the Department of Education by July 31 for the current fiscal year starting July 1. Also, Louisiana Revised Statute 17:88(C) states that each school board shall submit to the state superintendent of education a copy of its adopted budget no later than September 30 of each year.

Condition: The Foundation submitted its proposed budget for the fiscal year ended June 30, 2017 to the Louisiana Department of Education on August 4, 2016, which is past the deadline of July 31, 2016. In addition, the Foundation submitted the adopted budget for the fiscal year ended June 30, 2017 to the Louisiana Department of Education on November 30, 2016, which is past the deadline of September 30, 2016.

Cause: Failure to comply with the Louisiana Local Government Budget Act.

Effect: Possible violation of the Louisiana Local Government Budget Act.

Recommendation: The Foundation should make every effort to submit the proposed budget and the adopted budget to the Louisiana Department of Education by the prescribed deadlines.

Views of Responsible Officials and Planned Corrective Actions: This information is in the Foundation's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2017, Glencoe Education Foundation, Inc. did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings  
Year Ended June 30, 2017

2017-001 Noncompliance with the Louisiana Code of Governmental Ethics – Payments to Immediate Family Member

Management's Response and Planned Corrective Action: All vendor relationships are managed by the Director. The CEO had no management authority over her husband's hours, rates, or job duties. Due to this segregation of duties, the Foundation believed it had mitigated the risk of hiring the CEO's husband. The Foundation was unaware that this vendor relationship was an ethics violation. The vendor relationship will be discontinued and the Foundation's policies will be amended to ensure compliance with the governmental code of ethics.

2017-002 Noncompliance with the Louisiana Code of Governmental Ethics – Payments Resulting in Personal Substantial Economic Interest

Management's Response and Planned Corrective Action: Vendor services with the current Director's company began under the previous Director's tenure. Since the vendor relationship was established prior to the Director's promotion, the vendor relationship remained. The Foundation was unaware that this vendor relationship was an ethics violation. The vendor relationship will be discontinued and the Foundation's policies will be amended to ensure compliance with the governmental code of ethics.

Our current procedures require the CEO to review and approve travel reimbursement request for the Director. It should also be noted that the CEO signs all checks, which is additional proof of her review of each transaction. The Foundation has added additional monitoring procedures to the accounts payable process to ensure that the reimbursement request form is approved by CEO prior to the reimbursement.

2017-003 Noncompliance with the Louisiana Local Government Budget Act

Management's Response and Planned Corrective Action: The Foundation has acknowledged the late submission of this budget report and has already taken action to distribute the work load of accounting personnel to ensure that future deadlines are met. The 2017-2018 budget was submitted timely and the Foundation has amended the current monitoring procedures to ensure that future reports are provided to the Louisiana Department of Education by the prescribed deadlines.



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INDEPENDENT ACCOUNTANT’S REPORT  
 ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
 Glencoe Education Foundation, Inc.  
 Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Glencoe Education Foundation, Inc., 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 Glencoe Education Foundation, Inc. for the fiscal year ended June 30, 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education, in compliance with Louisiana Revised Statute 24:514.1. Management of Glencoe Education Foundation, Inc. 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, and
  - Nonpublic Transportation Revenue.

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The Foundation does not receive local taxation revenue, local earnings on investment in real property, state revenue in lieu of taxes, nonpublic textbook revenue, or nonpublic transportation revenue. With regard to the sample of transactions, no classification errors were noted.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to charter school supporting payroll records as of October 1, 2016.

No differences were noted for this procedure.

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

No differences were noted for this procedure.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined if the individual’s education level was properly classified on the schedule.

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 28 teachers as of year end; therefore, we tested the entire population. No differences were noted for this procedure.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences were noted for this procedure.

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016 and traced the same sample used in Procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

No differences were noted for this procedure.

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual’s personnel file and determined if the individual’s salary, extra compensation, and full-time equivalents were properly included on the schedule.

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 28 teachers as of year end; therefore, we tested the entire population. No differences were noted for this procedure.

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

No differences were noted for this procedure.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in Procedure 5. We then traced a random sample of 10 classes to the October 1, 2016 roll books for those classes and determined if the class was properly classified on this schedule.

No differences were noted for this procedure.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Glencoe Education Foundation, Inc.

No differences were noted for this procedure.

Graduation Exit Exam (GEE) (Schedule 8)

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

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Glencoe Education Foundation, Inc.

No differences were noted for this procedure.

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 Glencoe Education Foundation, Inc., 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 Legislative Auditor as a public document.

*Darnall, Sikes, Gardes, & Frederick*  
(A Corporation of Certified Public Accountants)

Lafayette, Louisiana  
November 28, 2017

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 1 – General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
Year Ended June 30, 2017

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,124,262	
Other Instructional Staff Activities	139,644	
Instructional Staff Employee Benefits	559,397	
Purchased Professional and Technical Services	300	
Instructional Materials and Supplies	71,676	
Instructional Equipment	<u>14,002</u>	
Total Teacher and Student Interaction Activities		\$ 1,909,281

Other Instructional Activities 17,072

Pupil Support Activities	77,870	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		77,870

Instructional Staff Services	69,070	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		69,070

School Administration	357,906	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>357,906</u>

Total General Fund Instructional Expenditures \$ 2,431,199

Total General Fund Equipment Expenditures \$ 197,392

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Taxes	-
Debt Service Ad Valorem Taxes	-
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 Investments in Real Property:

Earnings from 16th 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 Tax	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See Independent Accountant's Report on Applying Agreed-upon Procedures



GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

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

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	24	89%	1	100%	-	0%	-	0%
Master's Degree	3	11%	-	0%	1	100%	-	0%
Master's Degree +30	-	0%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D or Ed. D	-	0%	-	0%	-	0%	-	0%
Total	27	100%	1	100%	1	100%	-	0%

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

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

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

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 4 – Experience of Public Principals, Assistant Principals,  
and Full-time Classroom Teachers  
As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.
Assistant Principals	-	-	-	-
Principals	-	-	1	-
Classroom Teachers	4	3	7	5
Total	4	3	8	5

	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-
Principals	-	-	-	1
Classroom Teachers	4	-	5	28
Total	4	-	5	29

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 5 – Public School Staff Data: Average Salaries  
Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teacher's Salary Including Extra Compensation	\$ 45,188	\$ 45,188
Average Classroom Teacher's Salary Excluding Extra Compensation	\$ 45,188	\$ 45,188
Number of Teacher Full-Time Equivalent (FTEs) used in Computation of Average Salaries	28.00	28.00

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

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

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	68.5%	74	31.5%	34	0.0%	-	0.0%	-
Elementary Activity Classes	30.8%	4	30.8%	4	0.0%	-	38.5%	5
Middle/Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 7 – Louisiana Educational Assessment Program

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	≤ 1%	≤ 1%	2%	14%	24%	15%
Mastery	48%	50%	61%	55%	62%	46%
Basic	31%	35%	22%	17%	15%	27%
Approaching Basic	14%	15%	10%	14%	≤ 1%	10%
Unsatisfactory	7%	≤ 1%	5%	≤ 1%	≤ 1%	2%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	5%	2%	9%	3%	≤ 1%
Mastery	50%	33%	52%	62%	53%	61%
Basic	26%	38%	39%	24%	28%	22%
Approaching Basic	18%	18%	2%	6%	13%	11%
Unsatisfactory	≤ 1%	8%	4%	≤ 1%	5%	7%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	2%	≤ 1%	5%	2%	≤ 1%
Mastery	33%	35%	31%	30%	50%	22%
Basic	39%	38%	47%	50%	42%	44%
Approaching Basic	15%	21%	22%	5%	4%	29%
Unsatisfactory	10%	4%	≤ 1%	10%	2%	4%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	13%	≤ 1%	2%	2%	≤ 1%	2%
Mastery	52%	45%	60%	47%	26%	44%
Basic	26%	47%	33%	37%	47%	35%
Approaching Basic	7%	5%	2%	7%	24%	14%
Unsatisfactory	2%	3%	2%	7%	3%	5%
Total	100%	100%	100%	100%	100%	100%

See Independent Accountant’s Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 7 – Louisiana Educational Assessment Program (Continued)

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	21%	21%	10%	3%	8%	8%
Mastery	59%	49%	38%	53%	54%	38%
Basic	15%	18%	41%	35%	28%	46%
Approaching Basic	3%	8%	5%	3%	10%	≤ 1%
Unsatisfactory	3%	5%	5%	6%	≤ 1%	8%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	24%	6%	≤ 1%	15%	9%	10%
Mastery	52%	61%	65%	67%	73%	50%
Basic	21%	18%	23%	9%	6%	30%
Approaching Basic	≤ 1%	9%	8%	6%	3%	5%
Unsatisfactory	3%	6%	5%	3%	9%	5%
Total	100%	100%	100%	100%	100%	100%

See Independent Accountant’s Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 8 – Graduation Exit Exam

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

See Independent Accountant's Report on Applying Agreed-upon Procedures



GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 9 – iLEAP

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	15%	2%	14%	N/A	2%
Mastery	34%	29%	24%	28%	N/A	29%
Basic	39%	47%	46%	17%	N/A	49%
Approaching Basic	10%	9%	17%	27%	N/A	15%
Unsatisfactory	7%	≤ 1%	10%	14%	N/A	5%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	≤ 1%	≤ 1%	≤ 1%	N/A	≤ 1%
Mastery	24%	18%	20%	24%	N/A	17%
Basic	67%	63%	61%	35%	N/A	72%
Approaching Basic	6%	13%	17%	29%	N/A	7%
Unsatisfactory	≤ 1%	8%	2%	12%	N/A	4%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	≤ 1%	≤ 1%	3%	N/A	< 1%
Mastery	20%	27%	4%	15%	N/A	7%
Basic	39%	46%	58%	22%	N/A	49%
Approaching Basic	25%	23%	29%	37%	N/A	29%
Unsatisfactory	13%	4%	9%	23%	N/A	16%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	≤ 1%	≤ 1%	2%	N/A	12%
Mastery	17%	8%	28%	28%	N/A	7%
Basic	68%	68%	58%	38%	N/A	65%
Approaching Basic	9%	18%	9%	28%	N/A	12%
Unsatisfactory	2%	5%	5%	4%	N/A	5%
Total	100%	100%	100%	100%	N/A	100%

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 9 – iLEAP (Continued)

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	9%	15%	8%	12%	N/A	3%
Mastery	29%	31%	31%	18%	N/A	15%
Basic	50%	38%	44%	40%	N/A	56%
Approaching Basic	9%	10%	10%	24%	N/A	21%
Unsatisfactory	3%	5%	8%	6%	N/A	5%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	≤ 1%	3%	≤ 1%	15%	N/A	≤ 1%
Mastery	50%	30%	23%	43%	N/A	15%
Basic	41%	39%	55%	30%	N/A	63%
Approaching Basic	9%	18%	15%	6%	N/A	18%
Unsatisfactory	≤ 1%	9%	8%	6%	N/A	5%
Total	100%	100%	100%	100%	N/A	100%

See Independent Accountant’s Report on Applying Agreed-upon Procedures

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 Danny P. Frederick, CPA  
 Clayton E. Darnall, CPA, CVA  
 Eugene H. Darnall, III, CPA  
 Stephanie M. Higginbotham, CPA  
 John P. Armato, CPA/PFS  
 J. Stephen Gardes, CPA  
 Jennifer S. Ziegler, CPA/PFS, CFP®  
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 Steven G. Moosa, CPA  
 M. Rebecca Gardes, CPA  
 Joan B. Moody, CPA  
 Lauren V. Hebert, CPA/PFS  
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 Brandon R. Dunphy, CPA  
 Robert C. Darnall, CPA, CVA, M.S.



INDEPENDENT ACCOUNTANTS' REPORT  
 ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
 Glencoe Education Foundation, Inc.  
 Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by Glencoe Education Foundation, Inc. (a nonprofit organization), and the 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 of July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Written policies and procedures were obtained and did address the functions noted above.

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A Member of:  
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 Certified Public Accountants  
 Society of Louisiana  
 Certified Public Accountants

[www.dsfcpas.com](http://www.dsfcpas.com)

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes:

Written policies and procedures were obtained, however the entity's policy did not document how vendors are added to the vendor list since they do not utilize a vendor list.

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

Written policies and procedures were obtained and did address the functions noted above.

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

Written policies and procedures were obtained and did address the functions noted above.

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

Written policies and procedures were obtained and did address the functions noted above.

- 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:

Written policies and procedures were obtained, however the entity's policy did not document the legal review or the monitoring process of contracts.

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

Written policies and procedures were obtained, however the entity's policy did not document allowable business uses or required approvers.

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

Written policies and procedures were obtained and did address the functions noted above.

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

Written policies and procedures were obtained, however the entity's policy did not document the actions to be taken if an ethics violation takes place, a system to monitor the possible ethics violations, or a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. It was noted that although Glencoe Education Foundation, Inc. is a nonprofit entity, it is still subject to the code of government ethics.

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

Written policies and procedures were obtained and did address the functions noted above. The Foundation does not issue bonds and therefore is not subject to EMMA reporting requirements.

***Board (or Finance Committee, if applicable)***

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2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document:  
Obtained and reviewed minutes of the managing board/committee for the fiscal period noting that the full board did not meet monthly in accordance with the entity's policy.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis):  
Minutes did not include monthly budget-to-actual comparisons for the major funds identified as such.
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan:  
Deficit spending was not noted during the fiscal period.
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.):  
The minutes reference non-budgetary financial information for at least one meeting during the fiscal period.

***Bank Reconciliations***

---

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

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and:

Evidence of management's review of the bank reconciliations for each month were noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period:

None of the reconciliations were noted as having outstanding items for more than six months of fiscal year end.

### ***Collections***

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

Obtained listing of cash collection locations and management provided representation that the listing was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee:

Written documentation was obtained and it was noted that the employees who are responsible for collecting cash are not bonded and do not share the register/drawer with another person. It was also noted that the employees who are responsible for collecting cash are not responsible for depositing the cash in the bank, recording the deposits, or reconciling the bank statements.

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

Written documentation was obtained and it was noted that the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers by a person who is not responsible for cash collections in the cash collection location selected.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location:

Collection documentation was obtained for the selected cash collections and it was noted that deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions:

Daily cash collections selected were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections:

Written documentation was obtained and it was noted that the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

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

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

Obtained listing of disbursements and management provided representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

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

Examined supporting documentation for each of the disbursements selected and noted that 10 purchases were not initiated using a purchase order system.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice:

Examined supporting documentation for each of the disbursements selected and noted 10 transactions did not have an appropriate purchase order. It was also noted that all of the transactions had the proper receiving report and approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system:

The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases:

The person with signatory authority has no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks:

Supply of unused checks are maintained in a locked location, with restricted access to those persons without signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions:

The entity utilizes signature stamps/machines with restricted access.

#### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete:

Obtained listing of active credit cards and management provided representation that the listing was complete.



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

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

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

Monthly statement was reviewed and approved by someone other than the authorized card holder.

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

Finance charges and late fees were not noted on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing):

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased):

An original itemized receipt was noted for each transaction.

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

Each transaction documented the business/public purpose.

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

Each transaction included other documentation required by policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions:

All transactions tested were noted as following applicable policies and laws.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception:

No exceptions were noted for the transactions tested.

## *Travel and Expense Reimbursement*

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete:

Obtained listing of travel and expense reimbursements by person and management provided representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates:

Written policies and procedures were obtained and there were no instances of non-compliance.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates:

Written policies and procedures were obtained and there were no instances of non-compliance.

- b) Report whether each expense is supported by:

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

Expenses selected were reimbursed in accordance with established per diem amount.

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

Documentation of the business purpose was noted for each expense reimbursement selected.

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

Documentation required by written policy was noted for each expense reimbursement selected.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception:

No exceptions noted.

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

One expense reimbursement selected was not reviewed and not approved, in writing, by someone other than the person receiving reimbursement.

### Contracts

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

Obtained listing of all contracts in effect and management provided representation that the listing was complete.

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

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

The entity only had two vendor contracts in effect for the fiscal period ended June 30, 2017. It was noted that the entity did not have a formal written contract that supported the services agreed upon and the amount paid for one of the two contracts tested.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder):

Not applicable

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

Obtained documentation that the entity solicited quotes for all contracts tested that were not state contract vendors.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment:

Not applicable

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract:

The invoices and related payments complied with the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter):

Obtained documentation of board approval for selected contracts as required by policy.

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained listing of employees with their related salaries and management's representation that the listing was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure:

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy:

Changes to pay rates during the fiscal period for selected employee were approved in writing.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.):

Documentation of daily attendance and leave were noted for each selected employee.

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

Documentation of supervisor approval for attendance and leave were noted for each selected employee.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave:

Documentation of written leave records were maintained for employees selected.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management:

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing was complete. Termination payments of selected employees were made in accordance with policy and/or contract and approved by management.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period and noted that the related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

#### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed:

The entity did maintain documentation to demonstrate that the required ethics training were completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy:

Per discussion with management, there were no alleged ethics violations reported to the entity during the fiscal period.

#### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained:

The entity is a nonprofit; therefore, this item is not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants:

The entity is a nonprofit; therefore, this item is not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off:

The entity is a nonprofit; therefore, this item is not applicable.

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled:

Management has asserted that the entity did not have any misappropriations of public funds or assets during the reporting period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds:

Required notices were posted on the entity's premises and website.

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

No exceptions noted.

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

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

*Darnall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

November 28, 2017

## ***Virgil Browne Glencoe Charter School***

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### **Independent Account's Report on Applying Agreed-Upon Procedures Management Responses**

#### **Written Policies and Procedures**

1. b) Management plans to review Glencoe Education Foundation, Inc.'s (the Foundation) financial policies and procedures in the 2017-2018 fiscal year. Purchasing, including how vendors are added to the vendor list will be reviewed for inclusion in the revised policies and procedures.
1. f) Management plans to review the Foundation's financial policies and procedures in the 2017-2018 fiscal year. Contracting, including legal review and monitoring process requirements will be reviewed for inclusion in the revised policies and procedures.
1. g) Management plans to review the Foundation's financial policies and procedures in the 2017-2018 fiscal year. Credit Cards, including allowable business uses and required approvers will be reviewed for inclusion in the revised policies and procedures.
1. i) Management plans to review the Foundation's financial policies and procedures in the 2017-2018 fiscal year. Ethics, including actions to be taken if an ethics violation takes place, system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy will be reviewed for inclusion in the revised policies and procedures.

#### **Board**

2. a) The Board has scheduled monthly board meetings and plans to meet at least monthly subject to a quorum.
2. b) Management currently reports budget to actual reports on a quarterly basis. Management will consider monthly reporting.

#### **Collections**

6. a) The Foundation will review bonded employees and will determine the cost benefit of bonding the secretaries who make deposits.

#### **Disbursements – General**

9. Management plans to review to the Foundation's financial policies and procedures in the 2017-2018 fiscal year. The following disbursement policies and procedures will be reviewed and enforced for compliance:
  - a) the use of a requisition/purchase order system or an electronic equivalent system to separate purchase initiation from approval functions



### **Travel and Expense Reimbursement**

19. d) Management believes that this was an unintentional error in oversight.

### **Contracts**

21. a) Management plans a review and update to the Foundation's financial policies and procedures in the 2017-2018 fiscal year. Contract policies and procedures including obtaining contracts as a best practice will be reviewed and enforced for compliance.

