

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA**

Annual Financial Statements

June 30, 2017

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## Independent Auditor's Report

To the Board of Directors  
Delhi Charter School  
Delhi, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Delhi Charter School (the School), which comprise the statement of financial position as of June 30, 2017, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delhi Charter School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Schedules 1 through 9 are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 the School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
December 11, 2017

**DELHI CHARTER SCHOOL**  
**DELHI, LOUISIANA**  
**Statement of Financial Position**  
**June 30, 2017**

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 3,418,232
Grants Receivable	<u>73,617</u>
<b>Total Current Assets</b>	<u>3,491,849</u>
<b>Property, Plant, and Equipment</b>	
Land	93,000
Land Improvements	62,455
Software	44,800
Computer Equipment	107,003
Capital Lease (Computer Equipment)	87,637
Buses	789,234
Furniture and Equipment	1,242,737
Buildings and Improvements	<u>7,116,407</u>
Total at Cost	9,543,273
Less: Accumulated Depreciation	<u>(4,012,017)</u>
<b>Net Property, Plant, and Equipment</b>	<u>5,531,256</u>
<b>Total Assets</b>	<u><u>\$ 9,023,105</u></u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 7,822
Accrued Expenses	1,031,611
Capital Lease Payable	<u>42,777</u>
<b>Total Current Liabilities</b>	1,082,210
Capital Lease Payable, Long-Term	<u>43,125</u>
<b>Total Liabilities</b>	<u>1,125,335</u>
<b>Net Assets</b>	
Unrestricted	<u>7,897,770</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 9,023,105</u></u>

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

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Statement of Activities  
For the Year Ended June 30, 2017**

	<b>Unrestricted</b>
<b>Support and Revenue</b>	
State Public School Funding	\$ 7,636,930
Federal Sources	679,815
Student Activity Income	531,493
Meal Income	85,195
Other State Funding	62,220
Other Income	7,563
Interest Income	2,938
	<hr/>
<b>Total Support and Revenue</b>	<b>9,006,154</b>
	<hr/>
<b>Expenses and Losses</b>	
Program Expenses	
Regular Education Programs	4,075,694
School Administration	700,836
Operation and Maintenance of Plant	647,327
Student Activity Expenses	565,334
Food Service	551,828
Special Education Programs	500,015
Depreciation	451,186
Pupil Transportation	313,358
Pupil Support	185,597
Other Instructional Programs	148,750
Instructional Staff Services	50,082
Management and General	
Central Services	272,190
Business Services	192,902
General Administration	83,032
Loss on Disposal of Property, Plant, and Equipment	14,702
	<hr/>
<b>Total Expenses and Losses</b>	<b>8,752,833</b>
	<hr/>
<b>Change in Net Assets</b>	<b>253,321</b>
<b>Net Assets, Beginning of Year</b>	<b>7,644,449</b>
	<hr/>
<b>Net Assets, End of Year</b>	<b>\$ 7,897,770</b>
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The accompanying notes are an integral part of these financial statements.

**DELHI CHARTER SCHOOL**  
**DELHI, LOUISIANA**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 253,321
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	451,186
Loss on Disposal of Property, Plant, and Equipment	14,702
(Increase) Decrease in:	
Grants Receivable	40,484
Increase (Decrease) in:	
Accounts Payable	5,622
Accrued Expenses	37,437
	<u>802,752</u>
<b>Net Cash Provided by Operating Activities</b>	
<b>Cash Flows from Investing Activities</b>	
Purchase of Property, Plant, and Equipment	<u>(184,417)</u>
	<u>(184,417)</u>
<b>Net Cash Used in Investing Activities</b>	
<b>Cash Flows from Financing Activities</b>	
Payments on Capital Lease Payable	<u>(39,857)</u>
	<u>(39,857)</u>
<b>Net Cash Used in Financing Activities</b>	
<b>Net Increase in Cash</b>	578,478
<b>Cash, Beginning of Year</b>	<u>2,839,754</u>
<b>Cash, End of Year</b>	<u>\$ 3,418,232</u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Interest Paid	<u>\$ 5,202</u>
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>	
Property, Plant, and Equipment Acquired through Capital Lease	<u>\$ 87,637</u>

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



**Note 1. Summary of Significant Accounting Policies**

**Organization**

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

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

**Financial Statement Presentation**

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions for which the restriction is met in the same year are classified as unrestricted.

**Basis of Accounting**

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

**Use of Estimates**

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

**Revenues**

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

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Cash**

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2017, there were no restricted cash balances.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2017, the School had no cash equivalents.

**Property, Plant, and Equipment and Depreciation**

Property, plant, and equipment is recorded at historical cost, or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation expense for the year ended June 30, 2017, was \$451,186.

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

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

**Income Taxes**

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

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

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

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

The Board of Directors of the School grants all contracted employees of the School a total of 10 days of sick pay per year, provided, however, that the employee is contracted for a full year. Sick leave may be accumulated from year to year, not to exceed 90 days. Upon retirement and/or death, an employee will be paid any unused sick pay not to exceed 25 days. At June 30, 2017, the School had accrued compensated absences of \$419,581, which is included in accrued expenses on the accompanying statement of financial position.

**Concentrations of Risk**

The School received 85% of its revenues for the year ended June 30, 2017, from the State of Louisiana, subject to its charter agreement with the State.

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

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

**Advertising**

Advertising costs, which are included in general and administrative expenses, are expensed as incurred. Advertising expense for the year ended June 30, 2017, totaled \$4,607.

**Reversionary Interest in Funds and Assets**

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

**Note 2. Cash**

The School's cash (book balances) at June 30, 2017, was \$3,418,232, which is stated at cost and approximates market.

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA**

**Notes to Financial Statements**

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**Note 3. Grants Receivable**

As of June 30, 2017, grants receivable consisted of amounts due from the following sources:

<b>Grants</b>	<b>Amount</b>
Title I	\$ 58,020
IDEA	12,270
Title II	<u>3,327</u>
<b>Total</b>	<b><u>\$ 73,617</u></b>

All amounts listed above are considered fully collectible.

**Note 4. Accrued Expenses**

The breakdown of accrued expenses as of June 30, 2017, was as follows:

Accrued Salaries	\$ 566,515
Accrued Compensated Absences	419,581
Accrued Employee Benefits and Payroll Taxes	<u>45,515</u>
<b>Total</b>	<b><u>\$ 1,031,611</u></b>

**Note 5. Capital Lease Payable**

During July 2016, the School acquired equipment under a capital lease. The terms of the lease allow the School to take ownership of the equipment upon final payment of the lease on June 7, 2019. The equipment and related liability under the capital lease were recorded at the fair market value of the equipment. The related liability under the capital lease at June 30, 2017, was \$59,632, due in monthly installments of \$2,594, including interest, through June 7, 2019. At June 30, 2017, the recorded cost and accumulated depreciation of the leased equipment was \$87,637 and \$17,527, respectively.

During May 2016, the School acquired equipment under a capital lease which contains a bargain purchase option under which the School may purchase the equipment for \$1 on June 1, 2019. Since the School intends to exercise this option, the equipment and related liability under the capital lease were recorded at the fair market value of the equipment. The related liability under the capital lease at June 30, 2017, was \$26,270, due in monthly installments of \$1,174, including interest, through June 1, 2019. At June 30, 2017, the recorded cost and accumulated depreciation of the leased equipment was \$38,122 and \$7,624, respectively.

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA**

**Notes to Financial Statements**

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**Note 5. Capital Lease Payable (Continued)**

Future minimum lease payments under this capital lease are as follows:

Year Ended June 30,	Amount
2018	\$ 45,219
2019	45,219
Total Minimum Lease Payments	90,438
Less: Amount Representing Interest	(4,536)
<b>Capital Lease Payable</b>	<b>\$ 85,902</b>

Interest expense related to the capital lease was \$5,202, for the year ended June 30, 2017.

**Note 6. Retirement Plans**

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

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

*Plan Description:* The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123. At June 30, 2016, the TRSL was 62.4% funded.

*Funding Policy:* Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2017, the employer contribution rate was 25.5%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2017, was \$985,173.

DELHI CHARTER SCHOOL  
DELHI, LOUISIANA

Notes to Financial Statements

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**Note 6. Retirement Plans (Continued)**

**Louisiana School Employees' Retirement System (LSERS)**

*Plan Description:* The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484. At June 30, 2016, the LSERS was 72.54% funded.

*Funding Policy:* Plan members are required to contribute 7.5% (8% if enrolled on or after July 1, 2010) of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2017, the employer contribution rate was 27.3%. Member contributions and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2017, was \$69,164.

**Note 7. Operating Leases**

The School has entered into various operating lease agreements for office equipment. Future expense under these agreements is currently estimated as follows:

Year Ended June 30,	Amount
2018	\$ 11,365
2019	11,365
<b>Total</b>	<b>\$ 22,730</b>

Total rental expense for the year ended June 30, 2017, was \$11,365.

**Note 8. Related Parties**

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

A member of the School's Board of Directors is a member of the Board of Directors for the School's general liability insurance broker. Payments made to this insurance provider totaled \$2,252, during the year ended June 30, 2017.

Notes to Financial Statements

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**Note 9. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 11, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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



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

To the Board of Directors  
Delhi Charter School  
Delhi, Louisiana

We have performed the procedures enumerated below, which were agreed to by Delhi Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 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 (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514-1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

Findings:

None

### 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 the School's supporting payroll records as of October 1<sup>st</sup>.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full time teachers by classification as of October 1<sup>st</sup>, 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.

Findings:

None

### 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.

Findings:

None

### Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals, and full time teachers by classification as of October 1<sup>st</sup> 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.

Findings:

None

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 equivalents as reported on the schedule, and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None

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<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) - ELA and Math (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 on the schedule by the School.

Findings:

None

Graduation Exit Exam (Schedule 8)

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

Louisiana Educational Assessment Program (LEAP) - Science and Social Studies (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 on the schedule by the School.

Findings:

None

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Covington, LA  
December 11, 2017

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data)  
As of and For the Year Ended June 30, 2017**

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary, and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 - Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers**

This schedule includes the number of years of experience in teaching for principals, assistant principals, and full time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 - Public School Staff Data: Average Salaries**

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 - Class Size Characteristics**

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

**Schedule 7 - Louisiana Educational Assessment Program (LEAP) - ELA and Math**

This schedule represents student performance testing data and includes summary scores for grades 3, 4, 5, 6, 7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - Graduation Exit Exam**

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

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data) (Continued)  
As of and For the Year Ended June 30, 2017**

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**Schedule 9 - Louisiana Educational Assessment Program (LEAP) - Science and Social Studies**

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7, and 8. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

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

**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 2,774,649
Other Instructional Staff Salaries	386,067
Instructional Staff Employee Benefits	1,184,427
Purchased Professional and Technical Services	129,540
Instructional Materials and Supplies	204,444
Instructional Equipment	-
<b>Total Teacher and Student Interaction Activities</b>	<b>\$ 4,679,127</b>
Other Instructional Activities	50,717
Pupil Support Services	185,597
Less: Equipment for Pupil Support Services	-
<b>Net Pupil Support Services</b>	<b>185,597</b>
Instructional Staff Services	50,082
Less: Equipment for Instructional Staff Services	-
<b>Net Instructional Staff Services</b>	<b>50,082</b>
School Administration	700,836
Less: Equipment for School Administration	6,230
<b>Net School Administration</b>	<b>694,606</b>
<b>Total General Fund Instructional Expenditures</b>	<b>\$ 5,660,129</b>
<b>Total General Fund Equipment Expenditures</b>	<b>\$ 6,230</b>

**Certain Local Revenue Sources**

Local Taxation Revenue	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
<b>Total Local Taxation Revenue</b>	<b>\$ -</b>
Local Earnings on Investment in Real Property	
Earnings from 16 <sup>th</sup> Section Property	\$ -
Earnings from Other Real Property	-
<b>Total Local Earnings on Investment in Real Property</b>	<b>\$ -</b>
State Revenue in Lieu of Taxes	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
<b>Total State Revenue in Lieu of Taxes</b>	<b>\$ -</b>
Nonpublic Textbook Revenue	\$ -
Nonpublic Transportation Revenue	\$ -

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

DELHI CHARTER SCHOOL  
 DELHI, LOUISIANA  
 Education Levels of Public School Staff  
 As of October 1, 2016

Schedule 2

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	29	58%	1	50%	1	25%		
Master's Degree	13	26%	1	50%	2	50%		
Master's Degree +30	8	16%			1	25%		
Specialist in Education								
Ph. D. or Ed. D.								
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

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



**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Number and Type of Public Schools  
For the Year Ended June 30, 2017**

**Schedule 3**

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

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

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA**

**Schedule 4**

**Experience of Public Principals, Assistant Principals,  
and Full Time Classroom Teachers  
As of October 1, 2016**

	<b>0 - 1 Yr.</b>	<b>2 - 3 Yrs.</b>	<b>4 -10 Yrs.</b>	<b>11 - 14 Yrs.</b>	<b>15 - 19 Yrs.</b>	<b>20 - 24 Yrs.</b>	<b>25+ Yrs.</b>	<b>Total</b>
Assistant Principals					1	2		<b>3</b>
Principals						1		<b>1</b>
Classroom Teachers		6	20	11	5	6	4	<b>52</b>
<b>Total</b>	<b>0</b>	<b>6</b>	<b>20</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>4</b>	<b>56</b>

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

**DELHI CHARTER SCHOOL**  
**DELHI, LOUISIANA**  
**Public School Staff Data: Average Salaries**  
**For the Year Ended June 30, 2017**

Schedule 5

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	\$54,131	\$54,131
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	\$52,514	\$52,514
<b>Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries</b>	51.47	51.47

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

DELHI CHARTER SCHOOL  
 DELHI, LOUISIANA  
 Class Size Characteristics  
 As of October 1, 2016

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	39%	90	58%	133	3%	7	0%	1
Combination Activity Classes	40%	14	37%	13	14%	5	9%	3

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

Louisiana Educational Assessment Program (LEAP) - ELA and Math  
 For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 3</b>						
Advanced	0%	1%	N/A	1%	1%	N/A
Mastery	32%	32%	N/A	28%	33%	N/A
Basic	21%	23%	N/A	28%	28%	N/A
Approaching Basic	32%	23%	N/A	22%	24%	N/A
Unsatisfactory	15%	21%	N/A	21%	14%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 4</b>						
Advanced	6%	6%	N/A	6%	4%	N/A
Mastery	33%	34%	N/A	20%	40%	N/A
Basic	35%	41%	N/A	48%	34%	N/A
Approaching Basic	22%	16%	N/A	19%	19%	N/A
Unsatisfactory	4%	3%	N/A	7%	3%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 5</b>						
Advanced	6%	8%	N/A	0%	4%	N/A
Mastery	35%	24%	N/A	26%	22%	N/A
Basic	42%	34%	N/A	41%	35%	N/A
Approaching Basic	17%	21%	N/A	30%	25%	N/A
Unsatisfactory	0%	13%	N/A	3%	14%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

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

Louisiana Educational Assessment Program (LEAP) - ELA and Math  
 For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 6</b>						
Advanced	7%	2%	N/A	1%	1%	N/A
Mastery	25%	28%	N/A	24%	9%	N/A
Basic	25%	38%	N/A	32%	36%	N/A
Approaching Basic	35%	27%	N/A	32%	43%	N/A
Unsatisfactory	8%	5%	N/A	11%	11%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 7</b>						
Advanced	3%	7%	N/A	1%	6%	N/A
Mastery	33%	20%	N/A	20%	21%	N/A
Basic	36%	30%	N/A	35%	30%	N/A
Approaching Basic	24%	19%	N/A	37%	37%	N/A
Unsatisfactory	4%	24%	N/A	7%	6%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 8</b>						
Advanced	6%	9%	N/A	6%	1%	N/A
Mastery	27%	35%	N/A	26%	39%	N/A
Basic	33%	28%	N/A	28%	28%	N/A
Approaching Basic	26%	25%	N/A	32%	24%	N/A
Unsatisfactory	8%	3%	N/A	8%	8%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

The LEAP was not administered for English and Mathematics for the 2014 - 2015 school year.

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

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

Louisiana Educational Assessment Program (LEAP) - Science and Social Studies  
 For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 3</b>						
Advanced	4%	3%	7%	1%	N/A	1%
Mastery	20%	24%	25%	15%	N/A	16%
Basic	51%	45%	45%	26%	N/A	64%
Approaching Basic	12%	18%	19%	21%	N/A	15%
Unsatisfactory	13%	10%	4%	37%	N/A	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 4</b>						
Advanced	1%	3%	3%	1%	N/A	2%
Mastery	10%	13%	18%	17%	N/A	10%
Basic	57%	61%	47%	28%	N/A	52%
Approaching Basic	25%	20%	21%	32%	N/A	15%
Unsatisfactory	7%	3%	11%	22%	N/A	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 5</b>						
Advanced	1%	3%	0%	1%	N/A	6%
Mastery	17%	13%	15%	23%	N/A	17%
Basic	59%	50%	52%	33%	N/A	52%
Approaching Basic	17%	19%	25%	30%	N/A	17%
Unsatisfactory	6%	15%	8%	13%	N/A	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

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



Louisiana Educational Assessment Program (LEAP) - Science and Social Studies  
 For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 6</b>						
Advanced	4%	1%	2%	6%	N/A	3%
Mastery	13%	20%	10%	7%	N/A	15%
Basic	41%	48%	45%	24%	N/A	45%
Approaching Basic	28%	25%	37%	32%	N/A	24%
Unsatisfactory	14%	6%	6%	31%	N/A	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 7</b>						
Advanced	3%	6%	1%	6%	N/A	8%
Mastery	21%	19%	16%	17%	N/A	27%
Basic	45%	42%	50%	31%	N/A	49%
Approaching Basic	21%	20%	23%	25%	N/A	11%
Unsatisfactory	10%	13%	10%	21%	N/A	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 8</b>						
Advanced	0%	1%	0%	9%	N/A	2%
Mastery	20%	16%	6%	15%	N/A	14%
Basic	26%	44%	41%	24%	N/A	54%
Approaching Basic	36%	31%	47%	26%	N/A	22%
Unsatisfactory	18%	8%	6%	26%	N/A	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

The LEAP was not administered for Social Studies for the 2015 - 2016 school year.

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

## **SUPPLEMENTARY INFORMATION**

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2017**

<b>Board Members</b>	<b>Compensation</b>
Mr. Reggie Carrol 646 Highway 132 Delhi, LA 71232	\$-0-
Mr. Albert C. Christman, Chairman 121 Cedar Lane Delhi, LA 71232 (318) 878-9536	\$-0-
Mrs. Eva Santiago Dawson, Director 2305 Highway 17 Delhi, LA 71232 (318) 878-0905	\$-0-
Mrs. Angie Franklin 1617 Highway 577 South Delhi, LA 71232 (318) 878-7070	\$-0-
Mr. Mike Martin, Director 302 Depot Street Delhi, LA 71232 (318) 878-5573	\$-0-
Mrs. Jannie Nelson 127 Jamie Lane Delhi, LA 71232 (318) 878-3327	\$-0-
Mrs. Gwen Ogden 2702 Highway 577 South Delhi, LA 71232 (318) 282-9368	\$-0-
Mrs. Tiwana Stubblefield, Director 10 Ferguson Road Delhi, LA 71232 (318) 878-5100	\$-0-
Mr. Eddie Young 498 Section Road Delhi, LA 71232 (318) 488-0261	\$-0-
Mrs. Elizabeth Watts, Director 150 Shady Lane Delhi, LA 71232 (318) 878-1442	\$-0-

See independent auditor's report.

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended June 30, 2017**

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**Agency Head**  
Brett Raley, Headmaster

<b>Purpose</b>	<b>Amount</b>
Salary	\$99,500
Benefits - Retirement	\$29,198
Benefits - Insurance	\$10,670
Contract Agreement	\$20,000
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$520
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$342
Meals	\$474

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Directors  
Delhi Charter School  
Delhi, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Delhi Charter School (the School), which comprise the statement of financial position as of June 30, 2017, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

A Professional Accounting Corporation

Covington, LA  
December 11, 2017

**DELHI CHARTER SCHOOL  
DELHI, LOUISIANA  
Schedule of Findings and Responses  
For the Year Ended June 30, 2017**

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**Part I. Summary of Auditor's Results**

Financial Statements

- |  |            |
|--|------------|
| 1) Type of auditor's report  | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: |            |
| a) Material weaknesses identified?   | No         |
| b) Significant deficiencies identified?  | No         |
| c) Noncompliance material to the financial statements noted?                   | No         |

Federal Awards

Not applicable.

**Part II. Findings Related to the Financial Statements**

None.

**Part III. Federal Award Findings**

Not applicable.

**Part IV. Prior Year Findings**

None.

**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

**For the Period of July 1, 2016 - June 30, 2017**

To Delhi Charter School and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Delhi Charter School (Delhi) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2016 through June 30, 2017. Delhi's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts***, including receiving, recording, and preparing deposits.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.



- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (LRS) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt service requirements are not applicable to nonprofits.

Results: Delhi's policies and procedures did not address how vendors are added to the system for purchasing. They also did not address reviewing and approving time and attendance records relating to payroll/personnel. Delhi did not have policies relating to contracts or credit cards. All other functions were addressed in Delhi's policies. Functions that were determined to not be applicable were items i) Ethics and j) Debt Service.

Management's Response: Delhi will amend its policies to include how vendors are added to the system, the review and approval process of time and attendance records, procedures over contracting, and procedures over credit cards.

**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.
  - 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).
    - 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.
  - 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.

Results: During the fiscal year, Delhi's board met twelve times with a quorum. The board minutes included financial updates which included budget to actual comparisons and other non-budgetary items. Delhi did not have a deficit during the year ended June 30, 2017.

### ***Bank Reconciliations***

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

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five 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;
  - 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
  - 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.

Results: For the accounts selected, all monthly bank reconciliations were prepared timely. Bank statements did not include evidence that a member of management or a board member with no involvement in the transactions associated with the bank account had reviewed each reconciliation. There were no reconciling items that have been outstanding for more than 6 months.

Management's Response: Delhi will amend its bank reconciliation procedures to include a review of the bank reconciliation by a board member.

### ***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.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five 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.
- 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.
- 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.
  - 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.

Results: We noted one cash collection location, the primary location. We noted that the employee responsible for collecting cash is insured through a commercial crime policy. We noted that the person responsible for collecting cash also brings the deposit to the bank. We noted that the person responsible for collecting cash does not record the transaction or reconcile the bank account. We noted that Delhi does not have any formal cash registers or drawers.

Delhi has a formal process to reconcile cash collections to the general ledger, primarily through bank reconciliations performed by a person who is not responsible for cash collections.

Out of 121 collections tested, we noted that four items were deposited two days after receipt, thirty-one items were deposited three days after receipt, eight items were deposited four days after receipt, sixteen items were deposited five days after receipt, and one item was deposited six days after receipt. All other deposits were within one day of collection.

Management's Response: Although the person who collects cash also deposits the cash, the money is totaled and receipted by the individual teachers before the collection person obtains the money. There is also a security camera located at the collection point.

Delhi will enact procedures to ensure that deposits are made daily.

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.

Results: As Delhi is a charter school, its major sources of revenues are monthly Minimum Foundation Program payments and grant reimbursements. The General Manager compares actual revenue to budgeted amounts on a monthly basis.

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

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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.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: For thirteen of the twenty-five disbursements sampled, initiation was performed by using a purchase order or a payment voucher form, which was provided with the supporting documentation. One of the thirteen was approved by the person who initiated the purchase.

The remaining twelve of the twenty-five disbursements sampled were missing a purchase order or payment voucher form and, therefore, it was not documented who initiated or approved those transactions.

Management's Response: Delhi does not complete a purchase order or payment voucher for reoccurring monthly expenses. These expenses are approved by the General Manager through signing of the individual invoices.

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.

Results: We noted that the person who processes payments is also responsible for adding vendors to the system.

Management's Response: Delhi will restrict the person who processes payments from adding vendors going forward.

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.

Results: We noted one of the persons with signatory authority also is responsible for recording purchases.

Management's Response: Delhi will remove signatory authority from this person.

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.

Results: We noted that blank check stock is maintained in the locked office of one of the persons with signatory authority.

Management's Response: Delhi will remove signatory authority from this person.

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.

Results: Delhi does not use a signature stamp or machine. We noted that signed checks are held and mailed by the General Manager.

#### ***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.

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

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

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

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

Results: We noted evidence that two of the three monthly statements tested had supporting documentation that they were reviewed and approved in writing by someone other than the authorized card holder. The other statement tested lacked this documentation.

We noted no late payments or finance fees on the sample tested.

Management's Response: Delhi will ensure all credit card statements include written evidence that it was reviewed and approved by someone other than the authorized card holder.

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).
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
  - 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.
  - 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 of 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.

Results: We noted that all transactions selected were supported by an original itemized receipt. Six of the eight transactions selected did not have documentation of the business/public purpose.

For the year ended June 30, 2017, we noted no construction projects over \$152,550 which is the only bid law provision applicable to charter schools.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

Management's Response: Delhi will ensure going forward that all credit card purchases have the business purpose documented.

### ***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.

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

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

Results: We obtained Delhi's policies and procedures for travel expenses. The policy addresses that mileage is reimbursed at the federal rate established by the Internal Revenue Service and meals are reimbursed at their actual cost, up to rates provided by the Louisiana State Employees Pocket Guide to Travel Regulations. These do not exceed the GSA Meals and Incidental Expense (M&IE) rate.

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.
- 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.]

- Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- 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.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted no exceptions in comparing expense reimbursement transactions sampled to policy.

We noted that all transactions selected were supported by an original itemized receipt and documentation of a business/public purpose.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

We noted that all transactions were reviewed and approved 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.

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

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- 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).
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.



- 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.
- 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.
- 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).

Results: We noted a formal/written contract existed for all sampled contracts.

We noted that contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code. Quotes were not solicited as a best practice.

We noted that contracts selected included no amendments.

We noted that the largest payment from each contract agreed to the supporting invoice and contract terms.

We noted the contracts we selected did not require board approval.

### ***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:
  - 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.
  - 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.

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

We noted that compensation paid to each employee sampled was in accordance with their employment contract and pay rate structure.

We noted that there were no changes to pay rates/salaries during the fiscal period.

- 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.)

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

Results: We noted that daily attendance and leave for each employee sampled was documented.

We noted there was written documentation that supervisors approved, in writing, the attendance and leave of the selected employees.

We noted that there is written documentation that Delhi maintained written leave records on those selected employees that earn leave.

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.

Results: We obtained management's representation that the listing provided is complete. Termination payments for employees selected were made in accordance with the employees' contracts and were 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.

Results: The appropriate employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines for all payroll tax and retirement contribution supporting documentation sampled.

### ***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.

Results: This section is not applicable as Delhi is a nonprofit.

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.

Results: This section is not applicable as Delhi is a nonprofit.

#### ***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.

Results: This section is not applicable as Delhi is a nonprofit.

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.

Results: This section is not applicable as Delhi is a nonprofit.

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.

Results: This section is not applicable as Delhi is a nonprofit.

#### ***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.

Results: We noted no instances of misappropriation of public funds or assets, per inquiry with management and the board president.

32. Observe and report whether the entity has posted on its premises and website, the notice required by LRS 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.

Results: We noted the LLA hotline notice per LRS 24:523.1 posted on Delhi's website on its premises.

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

Results: No exceptions were noted in obtained management representation.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not perform, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

A Professional Accounting Corporation

Covington, LA  
December 11, 2017