

**GRAMBLING HIGH FOUNDATION, INC. dba  
LINCOLN PREPARATORY SCHOOL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2017**

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# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Grambling High Foundation, Inc. dba  
Lincoln Preparatory School  
Grambling, LA

### Report on the Financial Statements

We have audited the accompanying financial statements of Grambling High Foundation, Inc. (a non-profit organization) dba Lincoln Preparatory School (hereafter Lincoln Preparatory School), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 Lincoln Preparatory School as of June 30, 2017, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the School Leader, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Performance and Statistical Data and the Statewide Agreed Upon Procedures are not a required part of the basic 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 21, 2017, on our consideration of Lincoln Preparatory School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Preparatory School's internal control over financial reporting and compliance.

*Daigrepoint & Brian, APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 21, 2017

**LINCOLN PREPARATORY SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017**

**ASSETS**

**Current Assets**

Cash	\$ 401,042
Accounts receivable, net	138,472
Total Current Assets	<u>539,514</u>

**Property and Equipment**

Furniture and fixtures	28,176
Equipment	155,017
Leasehold improvements	120,562
	<u>303,755</u>
Accumulated depreciation	(53,787)
Total Property and Equipment	<u>249,968</u>

Total Assets	<u>\$ 789,482</u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 230,278
Accrued payroll liabilities	16,183
Accrued summer pay	179,146
Accrued retirement	95,652
Total Current Liabilities	<u>521,259</u>

Total Liabilities	<u>521,259</u>
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**Net Assets**

Unrestricted net assets	<u>268,223</u>
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Total Liabilities and Net Assets	<u>\$ 789,482</u>
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See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDING JUNE 30, 2017**

REVENUES

Minimum Foundation Program	\$ 4,127,008
Federal and state grants	328,707
Food service reimbursement	141,051
Athletic revenue	49,856
Contributions	32,977
Other income	41,025

Total Revenues	<u>4,720,624</u>
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EXPENSES

Program services	4,290,293
Management and general	<u>461,380</u>

Total Expenses	4,751,673
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CHANGE IN NET ASSETS	(31,049)
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Net assets - beginning of year	<u>299,272</u>
Net assets - end of year	<u><u>\$ 268,223</u></u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDING JUNE 30, 2017**

	Program Services	Management & General	Total
Curriculum Supplies	59,663	-	\$ 59,663
Curriculum Software	57,306	-	57,306
Depreciation Expense	43,030	10,757	53,787
Employee Benefits	750,290	31,976	782,266
Food Service	249,334	-	249,334
Insurance	27,330	6,832	34,162
Interest	549	137	686
Payroll Taxes	85,075	4,019	89,094
Professional Development	14,263	-	14,263
Recruiting	9,049	-	9,049
Travel	23,302	5,825	29,127
Repairs & Maintenance	106,214	26,554	132,768
Office Expense	49,527	16,509	66,036
Salaries & Wages	2,304,868	190,437	2,495,305
Technical & Professional Services	105,354	104,893	210,247
Student Tuition	18,833	4,708	23,541
Student Security	5,850	-	5,850
Athletic Expense	94,934	23,733	118,667
Transportation	145,522	-	145,522
Utilities	140,000	35,000	175,000
	<u>\$ 4,290,293</u>	<u>\$ 461,380</u>	<u>\$ 4,751,673</u>

See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDING JUNE 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ (31,049)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	53,787
Decrease in accounts receivable	376,038
Decrease in accounts payable	(66,552)
Increase in payroll liabilities	190,574
Increase in accrued retirement	<u>95,653</u>
Total adjustments	649,500
Net cash provided by operating activities	<u>618,451</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash payments for property & equipment	<u>(157,830)</u>
Net cash used in investing activities	<u>(157,830)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment on line of credit	<u>(63,443)</u>
Net cash used in financing activities	<u>(63,443)</u>

INCREASE IN CASH	397,178
CASH, BEGINNING OF YEAR	<u>3,864</u>
CASH, END OF YEAR	<u>\$ 401,042</u>

**SUPPLEMENTAL DISCLOSURE**

Cash paid for interest	<u>\$ 686</u>
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See accompanying notes and independent auditors' report.

**LINCOLN PREPARATORY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2017**

**1. Summary of Significant Accounting Policies**

(a) Organization

Lincoln Preparatory School (the School) was approved on July 1, 2016 as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE). The School is operated and governed by Grambling High Foundation, Inc. which is a 501 (c)(3) organization. As of the 2016-2017 school year the School served children in Kindergarden through 12th grade. The School operates under a charter in Lincoln Parish that expires June 30, 2020 and may be renewed for subsequent periods.

(b) Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP) which passes through the Lincoln Parish School Board. The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The School also receives federal, state and private sector funding. Federal and state funds are passed through the Louisiana Department of Education or the Lincoln Parish School Board.

(d) Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets*

Unrestricted net assets are for general use with no restrictions.

*Temporarily Restricted Net Assets*

Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. There are no temporarily restricted net assets as of June 30, 2017.

*Permanently Restricted Net Assets*

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of June 30, 2017.

**LINCOLN PREPARATORY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2017**

**1. Summary of Significant Accounting Policies (continued)**

(e) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(f) Accounts and Grants Receivable

Management has determined that there were no balances recorded that were uncollectible as of June 30, 2017.

(g) Functional Expenses

The School allocates its expenses on a functional basis between its school program and management expenses. Expenses that can be identified with the school program are allocated directly according to their natural expense classification.

(h) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School files information returns in the U.S. federal jurisdiction. The School is no longer subject to federal information return examinations by tax authorities for years before 2013.

(i) Use of Estimates

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

(j) Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**2. Concentrations**

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Amounts in excess of insured limits at June 30, 2017 was approximately \$263,587. The School does not believe that it is exposed to any significant credit risk on uninsured amounts.

**LINCOLN PREPARATORY SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING JUNE 30, 2017**

**2. Concentrations (continued)**

The School receives the majority of its operating revenue from the State of Louisiana and the Lincoln Parish School Board in the form of Minimum Foundation program funding. The School also receives grants from federal agencies, state agencies, and private foundations. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

	Revenue	Receivables
<b>2017</b>		
Minimum Foundation Program	87%	N/A
Federal Grants	N/A	99%

**3. Leases**

For the year ended June 30, 2017 the School occupied a building that was owned by Grambling State University and therefore did not have a monthly lease payment. The School does pay a portion of the custodial and utility expense that the University incurs.

The School entered an agreement with Ross Bus and Equipment Sales, Inc. to lease five buses for a period of three years beginning August 1, 2016 through July 1, 2019. The terms of payment are \$21,350 per bus per year, due quarterly upon receipt of invoice from the vendor.

Future minimum lease payments are as follows:

Fiscal Year 2018	\$ 106,750
Fiscal Year 2019	106,750
	<u>\$ 213,500</u>

**4. Property and Equipment**

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. The School capitalizes all expenditures of depreciable assets where cost exceeds \$1,000. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of the assets, which is generally three to seven years.

All property and equipment purchased with Louisiana Department of Education funds are owned by the School. However, these assets would revert back to the Louisiana Department of Education should the charter not be renewed.

**5. Compensated Absences**

Employees earn vacation and sick pay based on various factors such as length of service and job title. Any unused vacation is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2017.

**LINCOLN PREPARATORY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2017**

**6. Retirement Plan**

The School offers three different retirement options to its employees, which are detailed below.

The general rate for teachers' retirement (TRSL) is 25.5%. TRSL is similar to a 401(k) plan that is offered solely to teachers employed in Louisiana. Teachers are automatically enrolled in TRSL; however, participants may make an irrevocable choice to participate in The Optional Retirement Plan (ORP). The general rate for ORP is 27.4% and operates as a defined contribution plan.

The general rate for the Louisiana School Employees' Retirement System (LSERS) is 27.3%. LSERS is available to all non-instructional personnel of the Louisiana public school system. Members may choose between three major retirement plans: Regular Service Retirement Plan, Deferred Retirement Option Plan (DROP), and Initial Benefit Retirement Plan (IBRP).

For the year ended June 30, 2017 the amount paid related to the School's retirement plans was \$570,326.

**7. Commitments and Contingencies**

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grants will not result in any disallowed costs.

As a Type 2 charter, the School is subject to a case currently pending with the 1st Circuit Court of Appeals appealing the recent ruling that Type 2 charters do not meet the definition of public schools. If the original ruling is upheld the School would no longer be entitled to receive Minimum Foundation Program revenue. Management expects a decision on this case to be reached in early 2018.

**8. Pending Litigation**

The School is involved in a federal desegregation case in regards to the racial demographics of the student body. The original enrollment for the School did not reflect the parish demographic ratio and, due to this, was in danger of violating federal desegregation law. The school appealed to a federal judge who allowed the school to open while a decision as to what demographic ratio the school must meet is decided upon. While a final decision has yet to be made, the board and management of the School expect a favorable outcome.

**LINCOLN PREPARATORY SCHOOL  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE SCHOOL LEADER  
FOR THE YEAR ENDED JUNE 30, 2017**

School Leader	G. Ford
Salary	\$ 118,765
Benefits - retirement	26,971
Reimbursement	9,922
	<u>\$ 155,658</u>

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

Board of Directors  
Grambling High Foundation, Inc. dba  
Lincoln Preparatory School  
Grambling, LA

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 Grambling High Foundation, Inc. (a non-profit organization) dba Lincoln Preparatory School (hereafter Lincoln Preparatory School) which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, statements of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2017.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Preparatory 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 Lincoln Preparatory 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. See findings 2017-1 and 2017-2.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln Preparatory School's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-1 and 2017-2.

### **Lincoln Preparatory School's Response to Findings**

Lincoln Preparatory School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lincoln Preparatory School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 Legislative Auditor as a public document.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 21, 2017

**LINCOLN PREPARATORY SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2017**

We have audited the financial statements of Grambling High Foundation, Inc. (a non-profit organization) dba Lincoln Preparatory School (hereafter Lincoln Preparatory School), as of June 30, 2017 for the year ended, and have issued our report thereon dated December 21, 2017. 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.

**Summary of Auditors' Reports**

*Financial Statements*

Type of auditors' report issued:	Unmodified
Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Findings - Financial Statement Audit**

Finding 2017-1 - Internal control over supporting documentation

*Condition:* The School did not have supporting documentation for several expenditures included in the samples selected for our audit and statewide agreed upon procedures tests.

*Cause:* School management did not follow the organizations policies on document retention.

*Effect:* Due to not having supporting documentation for several expenditures we were unable to test for various attributes and criteria. This lack of control in support retention could lead to inaccurate reporting of expenditures or misappropriation of assets.

*Criteria:* Proper internal controls should include procedures for document retention to support all expenditures recorded.

*Recommendation:* We recommend management review its policies and procedures and assign these responsibilities to a someone at the School to be responsible for document retention. Management may also consider a system to scan and store records electronically.

*Response:* Management acknowledges the condition noted above and will take these recommendations under advisement.

Finding 2017-2 - Reconciling of athletic event paid admission

*Condition:* The School does not have a procedure in place to reconcile the gate revenue for athletic events with the paid attendance.

*Cause:* School management did not develop a procedure for reconciling total gate revenue with paid attendance at the School's athletic events.

*Effect* : The lack of procedures and controls over athletic event revenue could result in inaccurate reporting of gate revenue or misappropriation of assets.

*Criteria* : Procedures and controls should be developed to ensure accurate reporting of athletic event revenue.

*Recommendation* : Paid attendance should be recorded on site, at the gate and then reconciled with the total gate sales collected at the end of the night. A procedure should be developed and followed to facilitate this recommendation.

*Response* : Management acknowledges the condition noted above and will take these recommendations under advisement.

**Questioned Costs**

There are no questioned costs for the year ended June 30, 2017

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

Board of Directors  
Grambling High Foundation, Inc. dba  
Lincoln Preparatory School  
Grambling, LA

We have performed the procedures enumerated below, which were agreed to by the management of Grambling High Foundation, Inc. (a non-profit organization) dba Lincoln Preparatory School (hereafter Lincoln Preparatory School) and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Lincoln Preparatory 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 Lincoln Preparatory School is responsible for its performance and statistical data. 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 findings relate to the accompanying schedules of supplemental information and are as follows:

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

#### Procedure #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 on the Schedule:

- Total General Fund 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

#### Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

### Education Levels of Public School Staff (Schedule 2)

#### Procedure #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>.

#### Results of Procedure #2

No differences were noted between the number of full-time classroom teachers per Schedule 4 and Schedule 2.

Procedure #3

We reconciled the 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.

Results of Procedure #3

No differences were noted between the number of principals and assistant principals per Schedule 4 and Schedule 2.

Procedure #4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the Schedule. We traced a sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the Schedule.

Results of Procedure #4

No differences were noted between the education levels per the listing and the individual's personnel file.

Number and Type of Public Schools (Schedule 3)

Procedure #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 application.

Results of Procedure #5

We noted no discrepancies between the total number of schools as listed on the Title I Grants to Local Educational Agencies application and the list supporting the schools represented on the Schedule.

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

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the schedule and traced the same sample used in Procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the Schedule.

Results of Procedure #6

No differences were noted between the education levels per the listing and the individual's personnel file.

Public School Staff Data: Average Salaries (Schedule 5)

Procedure #7

We obtained a list of all full-time 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 the 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.

Results of Procedure #7

We noted consistency between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the list of all classroom teachers.

Procedure #8

We recalculated the average salaries and full-time equivalents reported on the Schedule.

Results of Procedure #8

No discrepancies existed between the average salaries reported on the Schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure #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 September 30th roll books for those classes and determined if the class was properly classified on the Schedule.

Results of Procedure #9

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

Procedure #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 of Lincoln Preparatory.

Results of Procedure #10

No discrepancies were noted between the scores reported by the testing authority and the scores reported in the schedule of Lincoln Preparatory.

Graduation Exit Examination (GEE) (Schedule 8)

Procedure #11

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

iLeap Tests (Schedule 9)

Procedure #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 of Lincoln Preparatory School.

Results of Procedure #12

No discrepancies were noted between the scores reported by the testing authority and the scores reported in the schedule of Lincoln Preparatory.

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.

This 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 Lincoln Preparatory 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 Legislative Auditor as a public document.

*Daigrepoint & Brian, APAC*

Daigrepoint & Brian  
Baton Rouge, LA

December 21, 2017

Grambling High Foundation, Inc. dba  
Lincoln Preparatory School  
Grambling, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)  
As of and for the Year Ended June 30, 2017

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

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

Schedule 2 – Education Levels of Public School Staff

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

Schedule 3 – Number and Type of Public Schools

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

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

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

Schedule 5 – Public School Staff Data: Average Salaries

This schedule includes average classroom 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 Financial and Statistical Report (AFSR).

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 – Graduation Exit Examination (GEE)

This GEE is no longer administered.

Schedule 9 – iLeap Tests

This schedule represents student performance testing data and includes a summary score for grades, 3, 5, 6, 7, and 9 for each category tested. The summary score reported is the percentile rank showing the 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.

**Lincoln Preparatory School  
Grambling, LA**

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

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,414,916	
Other Instructional Staff Activities	64,869	
Instructional Staff Employee Benefits	599,455	
Purchased Professional and Technical Services	53,638	
Instructional Materials and Supplies	195,419	
Instructional Equipment	82,865	
Total Teacher and Student Interaction Activities		<u>\$ 2,411,162</u>
Other Instructional Activities		
Pupil Support Activities	168,801	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		<u>168,801</u>
Instructional Staff Services		
Less: Equipment for Instructional Staff Services	78,028	
Net Instructional Staff Services	-	<u>78,028</u>
School Administration		
Less: Equipment for School Administration	826,766	
Net School Administration	-	<u>826,766</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 3,484,757</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 82,865</u>

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

**Lincoln Preparatory School  
Grambling, LA**

**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%	0	0%	0	0%
Bachelor's Degree	4	33%	11	85%	0	0%	1	0%
Master's Degree	8	67%	2	15%	0	0%	0	0%
Master's Degree + 30	0	0%	0	0%	0	0%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	12	100%	13	100%	0	0%	1	0%

Lincoln Preparatory School  
Grambling, LA

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

Type	Number
Elementary	1
Middle/Jr. High	1
Secondary	0
Combination	0
<b>Total</b>	<b>2</b>

Note: Schools opened or closed during the fiscal year are included in this schedule.

**Lincoln Preparatory School  
Grambling, LA**

**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.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	0	0	0	0
Principals	0	0	0	0	0	1	0	1
Classroom Teachers	2	4	11	3	3	2	0	25
<b>Total</b>	<b>2</b>	<b>4</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>26</b>

Lincoln Preparatory School  
Grambling, LA

Public School Staff Data: Average Salaries  
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	42,375	42,375
Average Classroom Teachers' Salary Excluding Extra Compensation	42,375	42,375
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	25	25

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

**Lincoln Preparatory School  
Grambling, LA**

**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								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	74%	111	23%	34	3%	4		
Combination Activity Classes	80%	16	10%	2	10%	2		

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

Lincoln Preparatory School  
Grambling, LA

Louisiana Educational Assessment Program (LEAP)  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	12%	N/A	N/A	8%	N/A	N/A
Basic	19%	N/A	N/A	31%	N/A	N/A
Approaching Basic	54%	N/A	N/A	49%	N/A	N/A
Unsatisfactory	15%	N/A	N/A	12%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	0%	N/A	N/A	N/A	N/A	N/A
Basic	15%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	58%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	27%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	N/A	N/A	0%	N/A	N/A
Mastery	21%	N/A	N/A	1%	N/A	N/A
Basic	45%	N/A	N/A	24%	N/A	N/A
Approaching Basic	27%	N/A	N/A	33%	N/A	N/A
Unsatisfactory	6%	N/A	N/A	42%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	0%	N/A	N/A	N/A	N/A	N/A
Basic	9%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	56%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	35%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

Lincoln Preparatory School  
Grambling, LA

iLEAP Tests  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	10%	N/A	N/A	0%	N/A	N/A
Basic	0%	N/A	N/A	20%	N/A	N/A
Approaching Basic	35%	N/A	N/A	30%	N/A	N/A
Unsatisfactory	55%	N/A	N/A	50%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	0%	N/A	N/A	N/A	N/A	N/A
Basic	15%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	50%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	35%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	9%	N/A	N/A	14%	N/A	N/A
Basic	45%	N/A	N/A	5%	N/A	N/A
Approaching Basic	23%	N/A	N/A	54%	N/A	N/A
Unsatisfactory	23%	N/A	N/A	27%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	9%	N/A	N/A	N/A	N/A	N/A
Basic	9%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	27%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	55%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

Lincoln Preparatory School  
Grambling, LA

iLEAP Tests (Continued)  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	N/A	N/A	1%	N/A	N/A
Mastery	4%	N/A	N/A	7%	N/A	N/A
Basic	36%	N/A	N/A	11%	N/A	N/A
Approaching Basic	42%	N/A	N/A	35%	N/A	N/A
Unsatisfactory	14%	N/A	N/A	46%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	N/A	N/A	N/A	N/A	N/A
Mastery	0%	N/A	N/A	N/A	N/A	N/A
Basic	14%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	46%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	36%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	N/A	N/A	0%	N/A	N/A
Mastery	11%	N/A	N/A	4%	N/A	N/A
Basic	32%	N/A	N/A	18%	N/A	N/A
Approaching Basic	42%	N/A	N/A	39%	N/A	N/A
Unsatisfactory	11%	N/A	N/A	39%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	7%	N/A	N/A	N/A	N/A	N/A
Basic	11%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	43%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	39%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

Board of Directors  
Grambling High Foundation, Inc. dba  
Lincoln Preparatory School  
Grambling, LA

We have performed the procedures enumerated below, which were agreed to by the management of Grambling High Foundation, Inc. dba Lincoln Preparatory School and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Organization'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).
  - 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 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 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:* No exceptions were noted as a result of applying these procedures.

### ***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.

*Results:* The board conducted 11 meetings, with quorum, in the fiscal year. This met the 10 meeting minimum per the charter by-law's.

- 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).

*Results:* We noted that the minutes contained multiple mentions of budget and year to date financials reviews and comparison throughout the year.

- 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.

*Results:* Lincoln Preparatory is a non-profit organization therefore this procedure is not applicable.

- 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:* Throughout the fiscal year it was noted that the board minutes referenced or included a variety of non-budgetary financial information.

### ***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:* No exceptions were noted as a result of applying these procedures.

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

5. 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;

*Results:* No exceptions were noted as a result of applying these procedures.

- 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

*Results:* No exceptions were noted as a result of applying these procedures.

- 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:* During the application of this procedure, it was noted that there were no checks outstanding for longer than 6 months as 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.

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* Lincoln Preparatory carries fiduciary and crime liability coverage for the School.

- (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)

*Results:* No exceptions were noted as a result of applying these procedures.

- (3) not required to share the same cash register or drawer with another employee.

*Results:* No exceptions were noted as a result of applying these procedures.

- 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.

*Results:* No exceptions were noted as a result of applying these procedures.

- 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.

*Exception:* During the application of this procedure, we obtained copies of the deposit slips and bank statement but the School had no documentation to support when the collection was received. Therefore we were not able to report on the number of days from receipt to deposit.

- 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:* As noted in the prior procedure, the School had no records to support when the collection was received at the school and therefore the documentation to support the collection is not complete.

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:* No exceptions were noted as a result of applying these procedures.

*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.

*Results:* No exceptions were noted as a result of applying these procedures.

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.

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

- 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.

*Exception:* During our review of the supporting documentation for the sample, we observed that the School had no support for several of the selections.

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:* No exceptions were noted as a result of applying these procedures.

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:* No exceptions were noted as a result of applying these procedures.

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:* No exceptions were noted as a result of applying these procedures.

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:* Neither a signature stamp or machine is used by the organization.

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

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

*Results:* No exceptions were noted as a result of applying these procedures.

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.]]

*Exception:* During our review of the supporting documentation for the sample, we observed that the School had no support for several of the selections.

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

*Results:* There were no late fees or finance charges assessed 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)

*Exception:* During our review of the supporting documentation for the sample, we observed that the School did not have supporting documentation for all credit card charges.

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

*Exception:* Due to the lack of supporting documentation noted in the prior procedures, we were unable to complete this procedure for several of the selections from the sample.

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

*Exception:* Due to the lack of supporting documentation noted in the prior procedures, we were unable to complete this procedure for several of the selections from the sample.

- 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.

*Results:* We obtained copies of the bank and credit card statements containing the sample selections and noted that all of the statements were approved in writing by a board member.

- 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.

*Results:* Lincoln Preparatory is a non-profit and this procedure is not applicable.

### ***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:* No exceptions were noted as a result of applying these procedures.

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:* Per policy, travel and expense reimbursements are paid based on GSA approved mileage rates and actual expenses incurred.

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.

*Results:* No exceptions were noted as a result of applying these procedures.

- 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.]

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* Based on policy, no other documents are required.

- 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.

*Results:* Lincoln Preparatory is a non-profit and this procedure is not applicable.

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

*Results:* No exceptions were noted as a result of applying these procedures.

### 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:* No exceptions were noted as a result of applying these procedures.

- 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.

*Exception:* The School occupies a building owned by the University where the School is located. There is a verbal agreement between the School and the University where the School pays a portion of the Universities utility and custodial cost. The amount due is based on a verbally agreed upon rate. As of fiscal year end an executed written agreement does not exist as the School is currently engaged in negotiations with the University on a fixed rate.

- 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)

*Results:* Lincoln Preparatory is a non-profit and this procedure is not applicable.

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

*Results:* We noted that Lincoln Preparatory's policy calls for a solicitation of bids for general materials, supply and general service vendor work over \$1,000. The five contracts that were selected were for specialized services which do not require a solicitation of bids but do require board approval.

- 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.

*Results:* None of the selected contracts were amended.

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

*Results:* No exceptions were noted as a result of applying these procedures.

- 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:* No exceptions were noted as a result of applying these procedures.

### ***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.

*Results:* No exceptions were noted as a result of applying these procedures.

- 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:* No exceptions were noted as a result of applying these procedures.

- 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.)

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

- 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:* No exceptions were noted as a result of applying these procedures.

- 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:* No exceptions were noted as a result of applying these procedures.

- 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:* No exceptions were noted as a result of applying these procedures.

***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:* Lincoln Preparatory is a non-profit and this procedure is not applicable.

- 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:* Lincoln Preparatory is a non-profit and this procedure is not applicable.

***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:* Lincoln Preparatory is a non-profit and this procedure 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.

*Results:* Lincoln Preparatory is a non-profit and this procedure 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.

*Results:* Lincoln Preparatory is a non-profit and this procedure 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.

*Results:* No exceptions were noted as a result of applying these procedures.

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.

*Results:* No exceptions were noted as a result of applying these procedures.

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 as a result of applying these procedures.

*Management's Response:* We have reviewed this independent accountant's report on applying agreed-upon procedures and agrees with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

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 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.

*Daigrepoint & Brian, APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 21, 2017