

MORRIS JEFF COMMUNITY SCHOOL

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Morris Jeff Community School (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Morris Jeff Community School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morris Jeff Community School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morris Jeff Community School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Morris Jeff Community School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morris Jeff Community School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of Morris Jeff Community School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morris Jeff Community School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morris Jeff Community School’s internal control over financial reporting and compliance.

December 27, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

MORRIS JEFF COMMUNITY SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 4,035,270	\$ 2,594,577
Grant receivables	2,542,287	2,754,308
Prepaid expenses	<u>50,074</u>	<u>40,232</u>
 Total current assets	 <u>6,627,631</u>	 <u>5,389,117</u>
<u>PROPERTY AND EQUIPMENT, NET</u>		
	-	-
<u>OTHER ASSETS:</u>		
Deposits	<u>72,351</u>	<u>56,641</u>
 Total other assets	 <u>72,351</u>	 <u>56,641</u>
 Total assets	 <u>\$ 6,699,982</u>	 <u>\$ 5,445,758</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 907,099	\$ 699,575
Accrued expenses	<u>550,216</u>	<u>752,633</u>
 Total current liabilities	 <u>1,457,315</u>	 <u>1,452,208</u>
 Total liabilities	 <u>1,457,315</u>	 <u>1,452,208</u>
<u>NET ASSETS:</u>		
Without donor restrictions	5,242,667	3,991,282
With donor restrictions	<u>-</u>	<u>2,268</u>
 Total net assets	 <u>5,242,667</u>	 <u>3,993,550</u>
 Total liabilities and net assets	 <u>\$ 6,699,982</u>	 <u>\$ 5,445,758</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MORRIS JEFF COMMUNITY SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 18,082,726	\$ -	\$ 18,082,726
Federal grants	4,386,154	-	4,386,154
Private grants and contributions	213,595	-	213,595
Other state funds	432,230	-	432,230
Other income	595,473	-	595,473
Forgiveness of debt	-	-	-
Net assets released from restrictions	<u>2,268</u>	<u>(2,268)</u>	<u>-</u>
 Total revenue	 <u>23,712,446</u>	 <u>(2,268)</u>	 <u>23,710,178</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	11,193,583	-	11,193,583
General non-instructional	5,430,111	-	5,430,111
Special education	3,734,804	-	3,734,804
Special programs	542,887	-	542,887
Administration	<u>1,559,676</u>	<u>-</u>	<u>1,559,676</u>
 Total expenses	 <u>22,461,061</u>	 <u>-</u>	 <u>22,461,061</u>
 Change in net assets	 1,251,385	 (2,268)	 1,249,117
 Net assets, beginning of year	 <u>3,991,282</u>	 <u>2,268</u>	 <u>3,993,550</u>
 Net assets, end of year	 <u>\$ 5,242,667</u>	 <u>\$ -</u>	 <u>\$ 5,242,667</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MORRIS JEFF COMMUNITY SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<u>REVENUE:</u>			
State/Local per pupil aid	\$ 15,495,875	\$ -	\$ 15,495,875
Federal grants	3,353,348	-	3,353,348
Private grants and contributions	202,950	-	202,950
Other state funds	353,274	-	353,274
Other income	333,894	-	333,894
Forgiveness of debt	1,719,700	-	1,719,700
Net assets released from restrictions	<u>25,470</u>	<u>(25,470)</u>	<u>-</u>
 Total revenue	 <u>21,484,511</u>	 <u>(25,470)</u>	 <u>21,459,041</u>
<u>EXPENSES:</u>			
Program services:			
General instructional	9,792,312	-	9,792,312
General non-instructional	4,696,914	-	4,696,914
Special education	3,535,906	-	3,535,906
Special programs	551,163	-	551,163
Administration	<u>1,629,517</u>	<u>-</u>	<u>1,629,517</u>
 Total expenses	 <u>20,205,812</u>	 <u>-</u>	 <u>20,205,812</u>
 Change in net assets	 1,278,699	 (25,470)	 1,253,229
 Net assets, beginning of year	 <u>2,712,583</u>	 <u>27,738</u>	 <u>2,740,321</u>
 Net assets, end of year	 <u>\$ 3,991,282</u>	 <u>\$ 2,268</u>	 <u>\$ 3,993,550</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MORRIS JEFF COMMUNITY SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Total
	General Instructional	General Non-Instructional	Special Education	Special Program	General Administration	
Salaries	\$ 6,911,084	\$ 674,648	\$ 2,226,357	\$ 405,152	\$ 433,245	\$ 10,650,486
Employee benefits	572,182	116,359	89,731	27,388	43,120	848,780
Retirement	1,648,362	173,780	624,458	103,900	89,315	2,639,815
Payroll taxes	117,273	9,599	40,852	5,841	5,756	179,321
Purchased education services	797,398	46,943	464,127	-	97,041	1,405,509
Other purchased professional services	10,338	3,642	-	-	82,884	96,864
Purchased technical services	215,176	2,627	-	-	33,833	251,636
Utilities	-	399,224	-	-	-	399,224
Repairs and maintenance	4,252	1,652,419	-	-	23,574	1,680,245
Rentals	67,627	14,600	-	-	5,500	87,727
Student transportation	44,961	1,111,280	175,443	-	-	1,331,684
Insurance	-	328,873	-	-	-	328,873
Communications	4,131	-	-	-	63,879	68,010
Advertising, printing, and binding	-	7,171	-	-	6,785	13,956
Food service	-	688,042	-	-	-	688,042
Travel	50,892	13,293	9,158	-	3,913	77,256
Miscellaneous purchased services	88,664	36,558	64,166	-	47,370	236,758
Materials and supplies	656,086	101,898	40,512	606	100,444	899,546
Dues and fees	5,157	168	-	-	246,484	251,809
Miscellaneous	-	48,987	-	-	276,533	325,520
Total expenses	\$ 11,193,583	\$ 5,430,111	\$ 3,734,804	\$ 542,887	\$ 1,559,676	\$ 22,461,061

See accompanying NOTES TO FINANCIAL STATEMENTS

MORRIS JEFF COMMUNITY SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Total
	General Instructional	General Non-Instructional	Special Education	Special Program	General Administration	
Salaries	\$ 5,846,480	\$ 631,359	\$ 1,939,631	\$ 416,303	\$ 522,542	\$ 9,356,315
Employee benefits	507,068	55,082	127,937	25,848	52,233	768,168
Retirement	1,397,682	146,908	599,971	102,423	111,786	2,358,770
Payroll taxes	96,013	7,139	28,268	5,072	7,265	143,757
Purchased education services	665,784	125,418	539,950	-	7,958	1,339,110
Other purchased professional services	-	-	-	-	42,046	42,046
Purchased technical services	175,392	-	-	-	8,070	183,462
Utilities	-	308,618	-	-	-	308,618
Repairs and maintenance	-	1,243,329	-	-	-	1,243,329
Rentals	-	67,600	-	-	-	67,600
Student transportation	5,678	836,502	216,818	-	-	1,058,998
Insurance	-	418,880	-	-	-	418,880
Communications	4,336	-	-	-	82,132	86,468
Advertising, printing, and binding	963	25	-	-	9,640	10,628
Food service	-	647,554	-	-	-	647,554
Travel	17,780	10,009	601	-	2,663	31,053
Miscellaneous purchased services	108,753	-	2,116	-	18,566	129,435
Materials and supplies	943,218	113,358	80,614	1,517	148,618	1,287,325
Dues and fees	23,165	1,520	-	-	579,707	604,392
Miscellaneous	-	83,613	-	-	36,291	119,904
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 9,792,312</u>	<u>\$ 4,696,914</u>	<u>\$ 3,535,906</u>	<u>\$ 551,163</u>	<u>\$ 1,629,517</u>	<u>\$ 20,205,812</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MORRIS JEFF COMMUNITY SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 1,249,117	\$ 1,253,229
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Forgiveness of PPP loan	-	(1,719,700)
(Increase) decrease in:		
Grant receivables	212,021	(2,372,638)
Prepaid expenses	(9,842)	18,554
Deposits	(15,710)	(22,054)
Increase (decrease) in:		
Accounts payable	207,524	112,677
Accrued expenses	<u>(202,417)</u>	<u>264,128</u>
Net cash from (used for) operating activities	<u>1,440,693</u>	<u>(2,465,804)</u>
Net increase (decrease) in cash and cash equivalents	1,440,693	(2,465,804)
Cash and cash equivalents, beginning of year	<u>2,594,577</u>	<u>5,060,381</u>
Cash and cash equivalents, end of year	<u>\$ 4,035,270</u>	<u>\$ 2,594,577</u>

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Nature of Activities

Morris Jeff Community School (the School) was created as a non-profit corporation under the laws of the State of Louisiana (the State) on February 13, 2009. The School serves eligible elementary through high school students. On June 8, 2010, the Louisiana Board of Elementary and Secondary Education (BESE) approved the charter of the School to operate a Type 5 charter school. The current charter was approved for a renewal term of an additional five years expiring on June 30, 2026 and converted the School to a Type 3B charter.

Basis of Accounting and Financial Reporting Framework

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Financial Accounting Standard Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Cash and Cash Equivalents

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

Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2023 and 2022, no allowance is recorded as management considers all receivables to be fully collectible.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. The School maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Machinery and equipment	5 years
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Assets acquired with Louisiana Department of Education (LDOE) funds are owned by the School while used in the purpose for which it was purchased. The LDOE however, has a reversionary interest in these assets. Should a charter not be renewed, title in any assets purchased with these funds will revert to the appropriate agency.

Compensated Absences

All ten-month employees accrue 11 days of accrued leave each year and can rollover up to five days into the next fiscal year. If these rolled over days are not used before the end of the next fiscal year, then the employees can be paid out on a maximum of five accrued leave days from the prior fiscal year. All twelve-month employees accrue 14 days of accrued leave and can roll over up to seven days that must be used before the end of the next fiscal year. There is no payment upon separation of employment of unused accrued leave for either class of employees. As of June 30, 2023 and 2022, the School had no obligations of accumulated unpaid leave.

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The School reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when otherwise earned under the terms of the grants.

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

Functional Expenses

The cost of program and supporting services has been summarized on a functional basis in the statements of activities. This requires the allocation of certain costs based on total program costs and estimates made by management. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries and employee benefits have been allocated based on time and effort. Rent and depreciation have been allocated based on square footage. All other allocated expenses have been allocated based on actual expenses incurred.

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

Income Tax Status

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2023 and 2022, the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2020 and later remain subject to examination by the taxing authorities.

Leases

The School applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The School determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

The School's lease contracts may include extension and termination options. The School applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the School reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The School is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The School generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the initial direct costs incurred by the lessor related to the leased assets is not available.

The School determines the incremental borrowing rate of each lease by estimating the credit rating of the School at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

New Accounting Pronouncement - Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The adoption of this update did not have a material impact on the School's financial statements.

Date of Management Review

Subsequent events have been evaluated through December 27, 2023, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2023 and 2022, the School has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures of \$6,577,557 and \$5,348,885, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

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

(3) GRANTS RECEIVABLES

Grants receivable at June 30, 2023 and 2022 consist of the following:

	2023	2022
Due from State of Louisiana	\$ 2,542,287	\$ 2,754,308

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(4) PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment consists of the following at June 30, 2023 and 2022:

	2023	2022
Machinery and equipment	\$ 40,869	\$ 40,869
Less accumulated depreciation	(40,869)	(40,869)
Total	\$ -	\$ -

There was no depreciation expense for the years ended June 30, 2023 and 2022.

(5) LINE OF CREDIT

The School has a line of credit in the amount of \$70,000. The interest rate on the line of credit was 5.5% at June 30, 2023. There was no outstanding balance due on the line of credit as of June 30, 2023 and 2022. The line of credit expired on March 31, 2022 and was renewed for an additional year to March 2023. As of October 13, 2022, the line of credit was officially closed.

(6) LONG-TERM DEBT

In April 2020, the School received a Paycheck Protection Program (PPP) loan of \$1,719,700 (PPP loan). The PPP loan was formally forgiven in October 2021. The School recognized \$1,719,700 of Paycheck Protection Program loan forgiveness included in forgiveness of debt in the statements of activities for the year ended June 30, 2022.

(7) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30th:

	2023	2022
Knorr Foundation	\$ -	\$ 2,268

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30th:

	2023	2022
Knorr Foundation	\$ 2,268	\$ 2,970
NSNO Learning Accelerator	-	22,500
Net assets released from restrictions	\$ 2,268	\$ 25,470

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(8) CONCENTRATIONS OF CREDIT RISK

The School maintains cash in bank accounts in excess of insured limits periodically. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of the School's cash is maintained in collateralized bank accounts.

(9) RETIREMENT PLAN

The School offers eligible employees the opportunity to participate in the Teachers' Retirement System of Louisiana (TRSL), a state retirement plan. The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. 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, LA 70804-9123. Pertinent information relative to the plan follows:

Plan Description

All eligible full-time employees of the School are covered by defined benefit contributory pension plans administered and controlled by a separate Board of Trustees. The Board of Trustees administers plans which are cost-sharing multiple-employer public employee retirement systems.

Teachers and administrative employees belong to the Teachers' Regular Plan. Benefits are established by State Statute. TRS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at age 60 with 10 years of service or 20 years of service regardless of age for the Teachers' Regular plan members. Retirement benefits are based upon the employee's age, their last three years of compensation and the number of years that the employee was contributing to TRS.

The percentage formula is applied to the average of the highest three successive annual salaries. The benefit is payable for life with eight available annuity payment plans. The plans also provide various death and disability benefits whereby the disabled employee or surviving spouse is entitled to receive amounts determined as defined by the plan.

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. The rate is 25.8% of annual eligible contributions for the TRSL and is established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions for the years ended June 30, 2023 and 2022 were \$2,639,815 and \$2,358,770, respectively.

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(10) LEASE COMMITMENTS

As of July 1, 2021, the School entered into an agreement with the Orleans Parish School Board (OPSB) which allows the School to use the facilities and its contents located at 211 S. Lopez Street, New Orleans, Louisiana. The lease is designated for their elementary school and is scheduled to expire on June 30, 2026.

As of July 1, 2021, the School entered into an agreement with the OPSB which allows the School to use the facilities and its contents located at 1301 N. Derbigny, New Orleans, Louisiana. The lease is designated for their high school and is scheduled to expire on June 30, 2026. The lease was canceled at year end as the School entered into a lease at 3811 N. Galvez Street New Orleans, Louisiana.

As of July 1, 2023, the School entered into an agreement with the OPSB which allows the School to use the facilities and its contents located at 3811 N. Galvez Street, New Orleans, Louisiana. This lease is designated for their high school and is scheduled to expire on June 30, 2026.

As of July 1, 2021, the School entered into an agreement with the OPSB which allows the School to use the facilities and its contents located at 2733 Esplanade Ave, New Orleans, Louisiana. The lease is designated for their middle school and is scheduled to expire on June 30, 2023. The lease was canceled at year end as the School entered into a lease at 3819 St. Claude Ave. New Orleans, Louisiana.

As of July 1, 2022, the School entered into an agreement with the OPSB which allows the School to use the facilities and its contents located at 3819 St. Claude Ave, New Orleans, Louisiana. The lease is designated for their middle school and is scheduled to expire on June 30, 2023. In June 2023, the School entered into an agreement with OPSB to use the same space effective July 1, 2023 through June 30, 2026.

All of the aforementioned leases call for payments based on the Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(10) LEASE COMMITMENTS (CONTINUED)

The School entered into five lease agreements for 15 copiers starting on April 1, 2019 and expiring on July 26, 2025. During the year ended June 30, 2023 two of those leases expired and were not renewed, leaving 13 copiers. Monthly lease payments range from \$191 to \$838. Rent expense was \$31,643 and \$22,140 for the years ended June 30, 2023 and 2022, respectively.

The School entered into three lease agreements for 215 Chromebooks starting on June 12, 2019 and expiring on May 12, 2024. During the year ended June 30, 2023 one of those leases expired and was not renewed, leaving 135 Chromebooks. Monthly lease payments range from \$699 to \$815. Rent expense was \$9,918 and \$18,852 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease payments under the operating leases are as follows:

2024	\$	40,190
2025		21,794
2026		<u>1,343</u>
	\$	<u>63,327</u>

(11) GRANT PROGRAM CONTINGENCIES

The School participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2023 and 2022 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the School.

(12) ECONOMIC DEPENDENCY

The School receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2023 and 2022 totaled \$18,082,726 and \$15,495,875, respectively. Funding from various federal grants are passed through the State of Louisiana and totaled \$4,386,154 and \$3,353,348 for the years ended June 30, 2023 and 2022, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the School receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds the School will receive in fiscal year 2024 relating to its grant awards.

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

(13) AGENCY TRANSACTION

During the year ended June 30, 2023, the School entered into an agreement with New Schools for New Orleans to serve as project coordinator and oversee the distribution of an Innovation Cluster of federal funds to expand TSL initiatives to benefit 12 single-site schools.

The School will create and implement a work plan and will serve as the point of contact for information and coordination. Specifically, the School will be responsible for (1) ensuring that all school partners, technical partners, and external evaluator meet monthly; (2) holding partners accountable to deadlines and program implementation, (3) gathering and disseminating information to relevant parties, (4) liaising with the LDOE, as required, (4) verifying that partners are complying with financial requirements of the grant, and (5) ensuring that grant reporting is complete, accurate, and on time.

Funds will be allocated to each school partner in block grants for an equal amount for the specific strategies they implement. Each school partner will ultimately decide how those funds will be allocated given their specific approach. Each school partner will be required to design their plan to implement each strategy and share the design, along with the associated budget, to the School. Each school partner will also provide financial records to the School indicating that funds were allocated according to their customized plan.

During the year ended June 30, 2023, the School collected and disbursed \$202,939 in federal funds to the partner schools in the program. There are no amounts due to the partner schools as of June 30, 2023 and the School is not holding any monies owed to the partner schools as of June 30, 2023.

SUPPLEMENTARY INFORMATION

MORRIS JEFF COMMUNITY SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

	Patricia Perkins
Time served	07/01/22 through 06/30/23
Salary	\$ 156,745
Benefits - insurance	5,469
Benefits - retirement	38,873
Total compensation, benefits, and other payments	\$ 201,087

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



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

To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Morris Jeff Community School (a non-profit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Morris Jeff Community School's internal control over financial reporting (internal control) as a basis for designing 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 Morris Jeff Community School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morris Jeff Community 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 internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we considered to be a material weakness.



To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morris Jeff Community 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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

Morris Jeff Community School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Morris Jeff Community School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Morris Jeff Community School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Morris Jeff Community 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 Morris Jeff Community 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 Legislative Auditor as a public document.

December 27, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morris Jeff Community School's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Morris Jeff Community School's major federal programs for the year ended June 30, 2023. Morris Jeff Community School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Morris Jeff Community School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Morris Jeff Community School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Morris Jeff Community School's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Morris Jeff Community School's federal programs.



To the Board of Directors
Morris Jeff Community School, Inc.
New Orleans, Louisiana

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Morris Jeff Community School’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Morris Jeff Community School’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Morris Jeff Community School’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Morris Jeff Community School’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Morris Jeff Community School’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



To the Board of Directors
Morris Jeff Community School, Inc.
New Orleans, Louisiana

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 27, 2023
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

MORRIS JEFF COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Education</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 562,562
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	67,215
Special Education - Grants to States	84.027A	318,217
Special Education - Preschool Grants	84.173A	5,957
COVID-19 Special Education - Preschool Grants	84.173X	<u>5,776</u>
Total Special Education Cluster		397,165
Career and Technical Education - Basic Grants to States	84.048	22,579
English Language Acquisition State Grants	84.365	26,085
Improving Teacher Quality State Grants	84.367	66,742
Student Support and Academic Enrichment Program	84.424	46,716
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	780,210
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	<u>1,046,525</u>
 Total U.S. Department of Education		 <u>2,948,584</u>
<u>U.S. Department of Agriculture</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	155,309
National School Lunch Program	10.555	<u>464,847</u>
Total Child Nutrition Cluster		620,156
Child and Adult Care Food Program	10.558	<u>55,757</u>
 Total U.S. Department of Agriculture		 <u>675,913</u>
<u>U.S. Department of Health and Human Services</u>		
<i>Pass-through program from Louisiana Department of Education</i>		
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	<u>43,500</u>
 Total U.S. Department of Health and Human Services		 <u>43,500</u>
 Total expenditures of federal awards		 <u>\$ 3,667,997</u>

(See Independent Auditors' Report)

MORRIS JEFF COMMUNITY SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Morris Jeff Community School under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Morris Jeff Community School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morris Jeff Community School.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended June 30, 2023.

(3) INDIRECT COST RATE

Morris Jeff Community School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MORRIS JEFF COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Morris Jeff Community School.
2. No significant deficiencies but one material weakness in internal control relating to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Morris Jeff Community School expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were the Education Stabilization Fund (AL No. 84.425D and 84.425U).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Morris Jeff Community School was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2023.

MORRIS JEFF COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

Finding 2023-001 Improper Revenue Recognition

Criteria: Grant awards should be recorded in accordance with the underlying substance of the transaction.

Condition: Morris Jeff Community School failed to recognize prior year deferred revenue, recorded two sources of revenue in duplicate, and failed to recognize to receipt of funds from one grant.

Effect: Grant receivables and revenues were understated and deferred revenue was overstated.

Cause: Morris Jeff Community School experienced turnover within its accounting department during the year.

Recommendation: Morris Jeff Community School should carefully review grant agreements to determine the appropriate recording procedures. Morris Jeff Community School should perform timely reconciliations of grants receivable and deferred revenue.

Views of Responsible Officials: Management agrees with the finding and has implemented the recommendation. See Management’s Corrective Action plan for further information.

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

There were no findings related to major federal awards programs for the year ended June 30, 2023.

MORRIS JEFF COMMUNITY SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2022-001 Noncompliance with Louisiana Code of Ethics

This finding has been resolved as of June 30, 2023.

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2022.

III. MANAGEMENT LETTER

There was no management letter for the year ended June 30, 2022.



MORRIS JEFF COMMUNITY SCHOOL

established 2010



MORRIS JEFF COMMUNITY SCHOOL MANAGEMENT’S CORRECTIVE ACTION PLAN - FINDINGS JUNE 30, 2023

December 27, 2023

Louisiana Legislative Auditor

Morris Jeff Community School (the School) respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: July 1, 2022 – June 30, 2023

The findings from the June 30, 2023 schedule of findings are discussed below. The findings are numbered consistently with the number assigned in the schedule.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2022-001 Improper Revenues Recognition

ELEMENTARY SCHOOL

211 South Lopez Street
New Orleans, LA 70119
(504) 373-6258

MIDDLE SCHOOL

3819 Saint Claude Avenue
New Orleans, LA 70117
(504) 503-0730

HIGH SCHOOL

3811 North Galvez Street
New Orleans, LA 70117
(504) 355-0210



MORRIS JEFF COMMUNITY SCHOOL

established 2010



Recommendation: Morris Jeff Community School should carefully review grant agreements to determine the appropriate recording procedures. Morris Jeff Community School should perform timely reconciliations of grants receivable and deferred revenue.

Response: The School agrees with the finding and is actively working on rectifying the finding.

If there are any questions regarding this plan, please contact Jared Frank, Executive Director of Finance and Operations, at (504) 373-6258.

Sincerely,

Jared K. Frank

Jared Frank
Executive Director of Finance and Operations

ELEMENTARY SCHOOL

211 South Lopez Street
New Orleans, LA 70119
(504) 373-6258

MIDDLE SCHOOL

3819 Saint Claude Avenue
New Orleans, LA 70117
(504) 503-0730

HIGH SCHOOL

3811 North Galvez Street
New Orleans, LA 70117
(504) 355-0210

INFO@MORRISJEFFSCHOOL.ORG | WWW.MORRISJEFFSCHOOL.ORG

**SCHEDULES REQUIRED BY STATE LAW
(PERFORMANCE STATISTICAL DATA)**



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Morris Jeff Community School
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Morris Jeff Community School for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of Morris Jeff Community School is responsible for its performance and statistical data.

Morris Jeff Community School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

Exceptions: No exceptions were found as a result of applying the procedure.



To the Board of Directors
Morris Jeff Community School

Class Size Characteristics (Schedule 2)

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

Exceptions: No exceptions were found as a result of applying the procedure.

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

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

Exceptions: No exceptions were found as a result of applying the procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Exceptions: No exceptions were found as a result of applying the procedure.

We were engaged by Morris Jeff Community School to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
Morris Jeff Community School

We are required to be independent of Morris Jeff Community School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of the Morris Jeff Community School, as required by Louisiana Revised Statute 24:514.I, and for the information and use of Morris Jeff Community School, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 27, 2023
New Orleans, Louisiana

Certified Public Accountants

MORRIS JEFF COMMUNITY SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2023

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES

	Column A	Column B
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 5,237,100	
Other instructional staff salaries	1,471,096	
Instructional staff employee benefits	3,031,710	
Purchased professional and technical services	140,558	
Instructional materials and supplies	435,105	
Total teacher and students interaction activities		\$ 10,315,569
Other instructional activities		217,807
Pupil support services	329,001	
Less: Equipment for pupil support services	-	
Net pupil support services		329,001
Instructional staff services	1,311,426	
Less: Equipment for instructional staff services	-	
Net instructional staff services		1,311,426
School administration	1,637,023	
Less: equipment for school administration	-	
Net school administration		1,637,023
Total general fund instructional expenditures (total of column B)		\$ 13,810,826
Total General fund equipment expenditures		\$ -
<u>CERTAIN LOCAL REVENUE SOURCES</u>		
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		\$ -

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

MORRIS JEFF COMMUNITY SCHOOL
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2023
AS OF OCTOBER 1, 2022

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	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	28%	178	56%	358	14%	91	3%	18
Combination Activity Classes		-		-		-		-

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

MORRIS JEFF COMMUNITY SCHOOL
NEW ORLEANS, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
JUNE 30, 2023



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Governance of
Morris Jeff Community School

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Morris Jeff Community School's management is responsible for those C/C areas identified in the SAUPs.

Morris Jeff Community School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by Morris Jeff Community School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Morris Jeff Community School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

December 27, 2023
New Orleans, Louisiana


Certified Public Accountants

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES
JULY 1, 2022 – JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of applying this procedure.

BOARD OR FINANCE COMMITTEE

- 2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of applying the procedure.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

BANK RECONCILIATIONS

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

Results: No exceptions were found as a result of applying the procedure.

COLLECTIONS

4. **Procedures:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

COLLECTIONS (CONTINUED)

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedures:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedure.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

8. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5):

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES; CONTINUED)

9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES; CONTINUED)**

- a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were found as a result of applying this procedure.

CREDIT CARDS/DEBIT CARDS/P-CARDS

12. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by:
 - a) an original itemized receipt that identifies precisely what was purchased,
 - b) written documentation of the business/public purpose, and
 - c) documentation of the individuals participating in meals (for meal charges only).

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

CREDIT CARDS/DEBIT CARDS/P-CARDS (CONTINUED)

15. **Procedure:** For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedure.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

16. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

CONTRACTS

17. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

CONTRACTS (CONTINUED)

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with contract terms (e.g., if approval is required for any amendment, was approval documented)
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

PAYROLL AND PERSONNEL

- 18. **Procedures:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 19. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 20. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to entity policy.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

PAYROLL AND PERSONNEL (CONTINUED)

21. **Procedures:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the procedure.

ETHICS

22. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of applying the procedure.

DEBT SERVICE

23. **Procedures:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

24. **Procedures:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable. The School did not issue or have any outstanding bonds/notes and other debt instruments during the year ended June 30, 2023.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

FRAUD

25. **Procedures:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
26. **Procedures:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the procedure.

INFORMATION TECHNOLOGY/DISASTER RECOVERY/ BUSINESS CONTINUTY

27. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
 - d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 18. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

MORRIS JEFF COMMUNITY SCHOOL
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2022 – JUNE 30, 2023

SEXUAL HARASSMENT

28. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
29. **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
30. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: The Organization, as a charter school, is not subject to the sexual harassment law or training requirements.