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**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/2/08

ALGIERS CHARTER SCHOOL ASSOCIATION

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**FINANCIAL SECTION**

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
**Algiers Charter Schools Association**  
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Algiers Charter Schools Association (ACSA) (A Nonprofit Organization and a component unit of Orleans Parish School Board), for the year ended June 30, 2007, which collectively comprise ACSA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ACSA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ACSA as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2008 on our consideration of ACSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparisons on pages 3 through 6 and 23 and 24, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACSA's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 30 and other supplementary information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of ACSA. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rebowe & Company*

March 6, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2007**

Algiers Charter School Association (ACSA) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the financial activity of the six schools which it operates, identify ACSA's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual school issues or concerns. This is a requirement of the Governmental Accounting Standards Board in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the year ended June 30, 2007. The following is an illustration on how these financial reports are presented.

As indicated in the illustration above, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a perspective of ACSA as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various school services.

**Fund Financial Statements**

The fund statements are similar to financial presentations of typical governmental agencies focusing on ACSA's Major Funds. The fund statements are reported using the modified accrual accounting method. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as assets. Fund types include the General Fund, Special Revenue funds and a Fiduciary Fund. The General Fund is used primarily to account for the general education requirements of the Association. Its revenues are derived from state and federal grants. The Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. The Fiduciary Fund accounts for assets held by the Association in a trustee capacity as an agent for various student groups and parents.

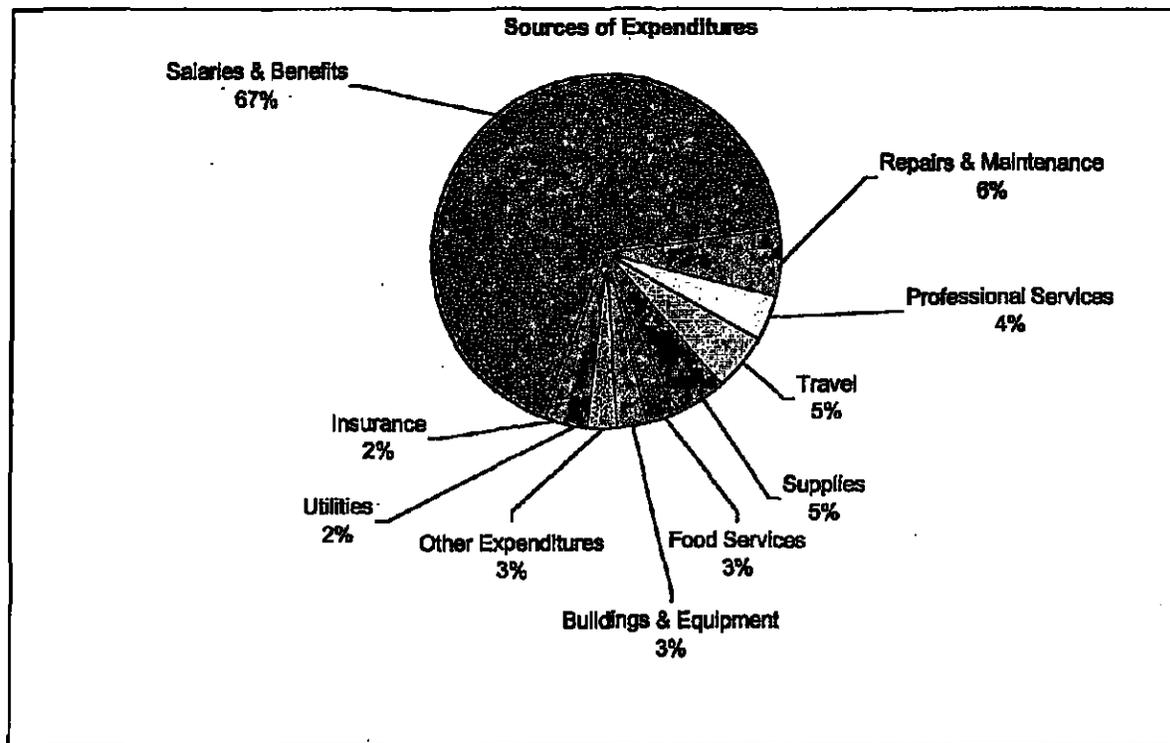
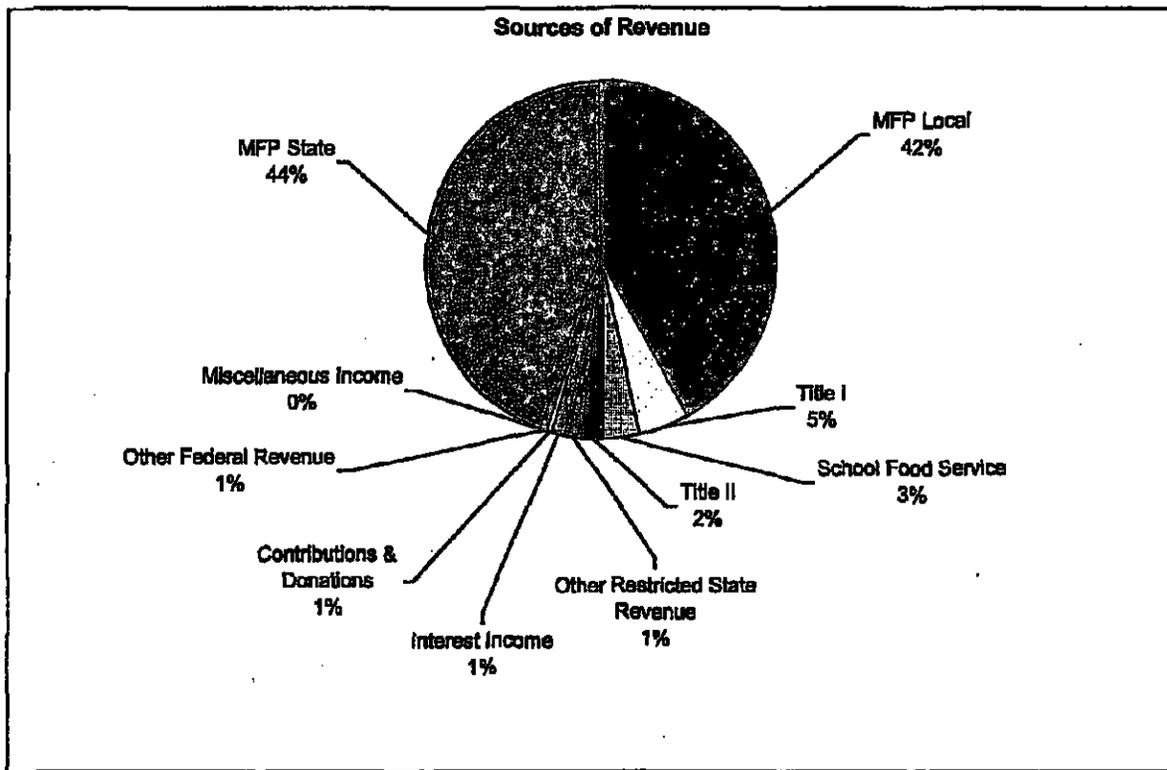
**TABLE 1  
NET ASSETS**

<b>ASSETS</b>		
Current and other assets	\$	5,616,089
Capital assets, net		<u>299,984</u>
<b>Total Assets</b>		<u>5,916,073</u>
<b>LIABILITIES</b>		
Current liabilities		<u>1,336,971</u>
<b>Total Liabilities</b>		<u>1,336,971</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		299,984
Unrestricted		<u>4,279,118</u>
<b>Total Net Assets</b>	\$	<u>4,579,102</u>

**TABLE 2  
CHANGES IN NET ASSETS**

<b>REVENUE</b>		
Program Revenues:		
Charges for Services	\$	-
Operating grants and contributions		1,509,705
General Revenues:		
Minimum Foundation Program		10,302,137
Interest and investment earnings		<u>142,813</u>
<b>Total Revenues</b>		<u>11,954,655</u>
<b>EXPENSE</b>		
Instruction:		
Regular		6,163,146
Special		1,076,457
Other		138,456
Support Services:		
Student services		654,501
Instructional staff support		460,909
General administration		426,639
School administration		559,315
Business Services		310,566
Operation and maintenance of plant		1,422,352
Student transportation services		122,235
Central Services		510,810
Food service		<u>394,580</u>
<b>Total Expenses</b>		<u>12,239,966</u>
Decrease in Net Assets		<u>(285,311)</u>
Net Assets, Beginning of Year		<u>4,864,413</u>
Net Assets, End of Year	\$	<u>4,579,102</u>

The following charts detail revenues and expenditures as a percentage of current period totals.



As noted above, ACSA's major revenue source is MFP funding. In addition, the major expense category is salaries & benefits followed by repairs & maintenance and professional services.

#### Minimum Foundation Program

A significant portion of state funding to ACSA is the minimum foundation Program (MFP). The MFP is funding from the state and local government for each student and is established annually. ACSA's MFP funding was \$10,302,137 for the 2006-2007 school year.

#### Title I Grant

This grant is a federally funded grant that is passed through the State Board of Education to help local schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging state academic standards. As of June 30, 2007, \$556,163 was expended and received.

#### **Economic Factors and Next Year's Budget**

In the 2007/2008 school year, ACSA expects a projected combined enrollment of 1,316 students for Alice M. Harte Elementary and Edna Karr Senior High.

The majority of revenues are from the MFP. The projected MFP funding for the 2007/2008 school year, which is based on student count, should total approximately \$9.2 million. Based on information received from the state, we anticipate receiving federal grants for the 2007/2008 school year totaling \$2.2 million. ACSA will budget expenses according to the projected revenues however ACSA expects to make adjustments as the actual revenues change. ACSA plans to have little or no surplus at June 30, 2008. We anticipate that we while we will have to expend these funds throughout the year we will be seeking reimbursement at the end of the year which will result in a significant decline in our working capital.

#### **Contacting ACSA's Financial Management**

While this financial report is designed to provide full and complete disclosure of the financial condition and operations of ACSA, citizens groups, taxpayers, parents, students, other parish officials, investors or creditors may need further details. To obtain such details, please contact Algiers Charter School Association, 4480 General DeGaulle Dr., Suite 202, New Orleans, LA 70131, or by calling (504) 393-0926 during regular office hours, Monday through Friday, 9:00 a.m. to 5:00 p.m., Central Standard Time, or e-mail at [rfulton@algierscharterschools.org](mailto:rfulton@algierscharterschools.org).

**BASIC FINANCIAL STATEMENTS**

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

<u><b>ASSETS</b></u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 2,864,242
Receivables:	
Manual checks receivable	2,787
Intergovernmental	1,881,994
Other	26,687
Due from pooled cash, net	777,159
Prepaid expenses	61,120
Deposits	2,100
Invested in capital assets, net of related debt	<u>299,984</u>
Total assets	<u>5,916,073</u>
<u><b>LIABILITIES</b></u>	
Accounts payable	428,205
Accrued expenses	731,729
Due to other governments	51,026
Deferred revenue	<u>126,011</u>
Total liabilities	<u>1,336,971</u>
<u><b>NET ASSETS</b></u>	
Invested in capital assets, net of related debt	299,984
Unrestricted	<u>4,279,118</u>
Total net assets	<u>\$ 4,579,102</u>

The notes to the financial statements are an integral part of this statement.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 6,163,146	\$ -	\$ 541,797	\$ (5,621,349)
Special	1,076,457	-	94,630	(981,827)
Other	138,456	-	12,172	(126,284)
<b>Support Services</b>				
Student Services	654,501	-	57,537	(596,964)
Instructional staff support	460,909	-	40,518	(420,391)
General administration	426,639	-	37,505	(389,134)
School administration	559,315	-	49,169	(510,146)
Business Services	310,566	-	27,302	(283,264)
Operation and maintenance of plant	1,422,352	-	125,037	(1,297,315)
Student Transportation Services	122,235	-	10,746	(111,489)
Central Services	510,810	-	44,905	(465,905)
Food service	394,580	-	400,924	6,344
<b>Total governmental activities</b>	<b>\$ 12,239,966</b>	<b>\$ -</b>	<b>\$ 1,442,242</b>	<b>\$ (10,797,724)</b>
<b>General Revenues:</b>				
Grants and contributions not restricted to specific purposes:				
				10,302,137
				67,463
				142,813
				<u>10,512,413</u>
				Change in net assets (285,311)
				Net assets, beginning of year <u>4,864,413</u>
				Net assets, ending of year <u>\$ 4,579,102</u>

The notes to the financial statements are an integral part of this statement.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2007

	School Funds			Special Revenue Funds			Total Governmental Funds
	General Fund	Harte	Karr	General Fund	Harte	Karr	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,864,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,864,242
Receivables:							
Manual checks receivable	2,787	-	-	-	-	-	2,787
Grants	-	460,723	479,264	-	354,682	587,325	1,881,994
Other	-	15,237	11,450	-	-	-	26,687
Due from - pooled cash	-	2,720,112	2,751,820	-	-	-	5,471,932
Prepaid expenses	-	28,068	33,052	-	-	-	61,120
Deposits	-	1,050	1,050	-	-	-	2,100
<b>Total Assets</b>	<b>\$ 2,867,029</b>	<b>\$ 3,225,190</b>	<b>\$ 3,276,636</b>	<b>\$ -</b>	<b>\$ 354,682</b>	<b>\$ 587,325</b>	<b>\$ 10,310,862</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 196,770	\$ 43,435	\$ 145,656	\$ -	\$ 26,916	\$ 15,428	\$ 428,205
Accrued expenditures	48,172	318,327	365,230	-	-	-	731,729
Due to - pooled cash	3,839,810	-	-	2,253	766,565	86,145	4,694,773
Due to other governments	-	25,513	25,513	-	-	-	51,026
Deferred revenue	-	59,798	66,213	-	-	-	126,011
<b>Total Liabilities</b>	<b>4,084,752</b>	<b>447,073</b>	<b>602,612</b>	<b>2,253</b>	<b>793,481</b>	<b>101,573</b>	<b>6,031,744</b>
Fund balances							
Unreserved, undesignated	(1,217,723)	2,778,117	2,674,024	(2,253)	(438,799)	485,752	4,279,118
<b>Total Fund Balances</b>	<b>(1,217,723)</b>	<b>2,778,117</b>	<b>2,674,024</b>	<b>(2,253)</b>	<b>(438,799)</b>	<b>485,752</b>	<b>4,279,118</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,867,029</b>	<b>\$ 3,225,190</b>	<b>\$ 3,276,636</b>	<b>\$ -</b>	<b>\$ 354,682</b>	<b>\$ 587,325</b>	<b>\$ 10,310,862</b>

The notes to the financial statements are an integral part of this statement.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Fund Balances, Total Governmental Funds at June 30, 2007		\$ 4,279,118
Cost of capital assets at June 30, 2007	363,223	
Less accumulated depreciation as of June 30, 2007	<u>(63,239)</u>	<u>299,984</u>
Net Assets at June 30, 2007		<u>\$ 4,579,102</u>

The notes to the financial statements are an integral part of this statement.

**ALGERS CHARTER SCHOOLS ASSOCIATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2007**

	School Funds				Special Revenue Funds				Total Governmental Funds
	Central Office	Harte	Karr	Central Office	Hart	Karr	Karr		
<b>REVENUES</b>									
State public school funding	\$ 4	\$ 4,658,192	\$ 5,694,261	\$ -	\$ -	\$ -	\$ 126,626	\$ 10,479,083	
Other state funding	-	-	-	-	-	-	-	-	
Federal grants	38	466,205	206,978	-	129,199	461,894	-	1,264,314	
School food reimbursement	-	-	-	-	-	-	-	-	
Donations and contributions	34,988	16,967	512	-	14,996	-	-	67,463	
Interest income	142,813	-	-	-	-	-	-	142,813	
Other revenue	982	-	-	-	-	-	-	982	
<b>Total Revenues</b>	<b>178,825</b>	<b>5,141,364</b>	<b>5,901,751</b>	<b>-</b>	<b>144,195</b>	<b>588,520</b>	<b>-</b>	<b>11,954,655</b>	
<b>EXPENDITURES</b>									
Salaries and benefits	700,623	3,512,078	3,975,366	-	230,744	-	-	8,418,811	
Professional and technical services	365,428	46,670	47,596	279	30,560	6,343	-	496,876	
Other services	20	-	143,138	-	235,076	14,827	-	393,061	
Supplies	71,372	115,655	309,789	1,821	53,772	39,820	-	592,229	
Travel	19,763	350,112	276,621	68	38	19,042	-	665,644	
Rent	31,191	8,198	12,711	-	-	-	-	52,100	
Insurance	10,699	80,640	126,915	-	-	-	-	218,254	
Repairs and maintenance	92,442	242,617	430,014	-	5,699	245	-	771,017	
Other	37,872	106,813	152,825	85	13,373	7,006	-	317,974	
Property	43,457	93,713	166,323	-	13,732	15,485	-	332,710	
Utilities	23,681	93,651	140,385	-	-	-	-	257,717	
<b>Total Expenditures</b>	<b>1,396,548</b>	<b>4,650,147</b>	<b>5,781,683</b>	<b>2,253</b>	<b>582,994</b>	<b>102,768</b>	<b>-</b>	<b>12,516,393</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,217,723)</b>	<b>491,217</b>	<b>120,068</b>	<b>(2,253)</b>	<b>(438,799)</b>	<b>485,752</b>	<b>(561,738)</b>	<b>(561,738)</b>	
<b>Net Changes in Fund Balances</b>	<b>(1,217,723)</b>	<b>491,217</b>	<b>120,068</b>	<b>(2,253)</b>	<b>(438,799)</b>	<b>485,752</b>	<b>(561,738)</b>	<b>(561,738)</b>	
<b>Fund Balances, Beginning of Year</b>		<b>2,286,900</b>	<b>2,553,956</b>					<b>4,840,856</b>	
<b>Fund Balances (Deficit), End of Year</b>	<b>\$ (1,217,723)</b>	<b>\$ 2,778,117</b>	<b>\$ 2,674,024</b>	<b>\$ (2,253)</b>	<b>\$ (438,799)</b>	<b>\$ 485,752</b>	<b>\$ (561,738)</b>	<b>\$ 4,279,118</b>	

The notes to the financial statements are an integral part of this statement.

**ALGIERS CHARTER SCHOOLS ASSOCIATION  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2007**

Amounts reported for governmental activities in the Statement of Activities are different because:

Total net change in fund balances - Governmental Funds	\$ (561,738)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	338,631	
Depreciation Expense	(62,204)	<u>276,427</u>

Change in Net Assets of Governmental Activities	<u>\$ (285,311)</u>
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The notes to the financial statements are an integral part of this statement.

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**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Algiers Charter Schools Association (ACSA) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

**1. REPORTING ENTITY**

The Orleans Parish School Board ("OPSB") authorized by the Charter School Demonstration Programs Law and approved by the State Board of Elementary and Secondary Education ("BESE"), granted to ACSA, a nonprofit organization organized under the laws of the State of Louisiana and exempt from taxation under Section 501(c)(3) of the Internal Revenue Code charters to operate one high school and one elementary school. The charters are valid for an initial period of five (5) years commencing on November 1, 2005 and ending on August 1, 2010.

As authorized by the operating agreement between OPSB and ACSA, ACSA operates the following schools:

Alice M. Harte Elementary  
Edna Karr Senior High

Although the schools listed above are the responsibility of ACSA, it is recognized as a component unit of OPSB, as defined by Government Accounting Standards Board Statement No. 14, as amended by Statement No. 39. The accompanying financial statements present information only on the funds maintained by ACSA and do not present information on the OPSB.

In addition to the two (2) schools operated under the charter agreement with OPSB, ACSA operates seven (7) schools under a charter agreement with BESE. These seven (7) schools, Algiers Technology Academy, Martin Behrman Elementary, Dwight D. Eisenhower Elementary, William J. Fischer Elementary, McDonogh #32 Elementary, Harriet R. Tubman Elementary, and O. Perry Walker Senior high, are reported separately. Because the Central Office provides services to all nine (9) charter schools, these funds are allocated between the two entities based on the attendance of the various schools.

**2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) display information about the reporting entity as a whole, except for the fiduciary activities of ACSA. For the most part, the effect of interfund activity has been removed from these statements.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. OPSB funding and other items not meeting the definition of program revenues are reported as *general revenues*.

The fund financial statements are used by ACSA to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain ACSA functions and activities. ACSA reports the following fund types:

**Governmental funds:**

The General Fund is ACSA's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. ACSA reports a special revenue fund for each school under its operation.

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements (except agency funds which do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

of the current period. For this purpose, ACSA considers revenues to be available if they are collected within 60 days after the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At June 30, 2007, the general fund and all special revenue funds were major funds.

When both restricted and unrestricted resources are available for use, it is ACSA's policy to use restricted resources first, then unrestricted resources as they are needed.

**4. BUDGETARY ACCOUNTING**

*Budget Policies* - Prior to the beginning of each year, an annual operating budget is prepared on the modified accrual basis for the General and Special Revenue Funds, the only fund types having legally adopted annual budgets.

The Director, in consultation with the staff, prepares ACSA's annual operating budget. The budget is based on the expected OPSB allocated revenues and other projected revenues for pupil expenditures. The Director presents the budget to ACSA's Board of Directors for review and revision. Finally, at an open meeting of the Board, the proposed budget is presented. The Board adopts the operating budget.

If, during the course of the fiscal year, it becomes evident that the estimated revenues, expenditures or beginning fund balance may vary, then the Director shall inform ACSA's Board of such variances. Based on the information submitted, the Board of Directors of ACSA will adopt an amended budget and will seek ways to generate additional revenues, if necessary.

All appropriations lapse at fiscal year end.

The budget data is reflected in the Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, (see pages 23 to 24).

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. CASH AND CASH EQUIVALENTS**

Cash includes the amounts in demand deposits and interest – bearing demand deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

**6. INTERFUND TRANSACTIONS**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. Short-term interfund loans are reported as “interfund receivables and payables”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

**7. CAPITAL ASSETS**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by ACSA as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation on all capital assets is calculated on the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Asset Life</u>
Building and Improvements	20 to 50
Office Equipment	4 to 10

In the fund financial statements, capital assets used in governmental fund operations are accounted for as property expenditures of the governmental fund upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

If the charter agreement of ACSA is revoked or ACSA otherwise ceases to operate, all assets purchased with any public funds become the property of the OPSB.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. COMPENSATED ABSENCES**

ACSA compensates employees entitled to paid leave using their base hourly rate, excluding shift premiums and overtime compensation, if any.

*Paid time off* – All employees will earn two days of paid time off per month, up to ten (10) paid days off accrued in the year for 11-month, 10-month, 9.75-month and 9.5-month employees and up to 24 days off accrued in the year for 12-month employees. ACSA employees have the right to carry over no more than fifteen (15) paid days off into the 2007/2008 school year.

**9. FUNDING SOURCES**

ACSA receives its support primarily from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. ACSA uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial 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.

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 temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10. DEFERRED REVENUE**

Grant funds are considered to be earned when qualifying expenditures are made and all other grant requirements have been met and, accordingly, when such funds are received, they are recorded as deferred revenue until earned.

**11. EQUITY CLASSIFICATIONS**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**12. ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

**NOTE B - CASH AND CASH EQUIVALENTS**

Deposits

ACSA had the following cash as of June 30, 2007:

	<u>Total</u>
Governmental funds:	
Unrestricted	
Demand deposits	\$ 630,132
Time deposits	<u>2,234,110</u>
Total Deposits	<u>\$ 2,864,242</u>

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE B - CASH AND CASH EQUIVALENTS (CONTINUED)**

Custodial credit risk is the risk that, in the event of a bank failure, ACSA's deposits might not be recovered. ACSA does not have a deposit policy for custodial credit risk. At June 30, 2007, ACSA's deposit bank balances of \$2,864,242 were entirely secured by federal deposit insurance and pledged securities held by ACSA's agent in ACSA's name.

**NOTE C - RETIREMENT PLANS**

ACSA offers participants in the Teachers' Retirement System (TRS), a state retirement plan, for those employees who are eligible to participate. TRS issues a separate financial report that includes financial statements and required supplementary information. This report may be obtained by writing or calling the plan.

Teachers' Retirement System of Louisiana  
Post Office Box 94123  
Baton Rouge, LA 70804-9123  
(225) 925-6446

1. *Plan Description*—All teachers and administrative employees of ACSA 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 TRSL.

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.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE C - RETIREMENT PLANS (CONTINUED)**

2. *Contributions Required and Made*—Covered employees and ACSA are required by State statute to contribute fixed percentages of employees' gross earnings to the pension plans. Current contribution rates for the plans are as follows:

	<u>Employee</u>	<u>Employer</u>
Teachers' Regular	8.00%	15.80%

Employees contribute 8% of their salaries. ACSA contributes 15.8% of the employees' salaries as a contribution. ACSA's contributions were \$811,356 for the year ended June 30, 2007.

**NOTE D - INTERFUND RECEIVABLES AND PAYABLES**

ACSA uses a pooled cash account to track interfund receivables and payables. Due to/from pooled cash balances at June 30, 2007 are as follows:

<u>Due To Pooled Cash</u>	<u>Amount</u>	<u>Due From Pooled Cash</u>	<u>Amount</u>
General Fund	\$ 3,839,810	Harte	\$ 2,720,112
General Fund SR	2,253	Karr	<u>2,751,820</u>
Harte SR	766,565		
Karr SR	<u>86,145</u>		<u>\$ 5,471,932</u>
<b>Total</b>	<b><u>\$ 4,694,773</u></b>		

The above due to/from other funds were short-term receivables or payables resulting from the normal course of ACSA's operations.

The total due to and due from pooled cash do not reconcile because of the general fund allocation described in Note A.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE E - CAPITAL ASSETS**

A summary of changes in governmental fund type capital assets for the year ended June 30, 2007.

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>
<b>Governmental Activities</b>				
Capital assets being depreciated:				
Building and improvements	\$ 4,975	\$ 137,646	\$ -	\$ 142,621
Office equipment	<u>19,617</u>	<u>200,985</u>	<u>-</u>	<u>220,602</u>
 Total capital assets being depreciated	 <u>24,592</u>	 <u>338,631</u>	 <u>-</u>	 <u>363,223</u>
Less accumulated depreciation for:				
Building and improvements	61	27,529	-	27,590
Office equipment	<u>974</u>	<u>34,675</u>	<u>-</u>	<u>35,649</u>
 Total accumulated depreciation	 <u>1,035</u>	 <u>62,204</u>	 <u>-</u>	 <u>63,239</u>
 Total capital assets being depreciated, net	 <u>23,557</u>	 <u>276,427</u>	 <u>-</u>	 <u>299,984</u>
Governmental Activities				
Capital assets, net	<u>\$ 23,557</u>	<u>\$ 276,427</u>	<u>\$ -</u>	<u>\$ 299,984</u>

Depreciation expense was charged to functions/programs of ACSA as follows:

Support services:	
Operation and maintenance of plant	\$ 3,688
General administration	17,283
School administration	<u>41,233</u>
 Total depreciation expense - governmental activities	 <u>\$ 62,204</u>

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2007**

**NOTE F - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

**NOTE G - RISK MANAGEMENT**

ACSA is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, employee health and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**HARTE SCHOOL FUND**  
**For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State public school funding	\$ 4,297,005	\$ 4,297,005	\$ 4,658,192	\$ 361,187
Other state funding	-	-	-	-
Federal grants	1,138,895	1,138,895	595,404	(543,491)
School food reimbursement	-	-	-	-
Donations and contributions	-	-	31,963	31,963
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>5,435,900</u>	<u>5,435,900</u>	<u>5,285,559</u>	<u>(150,341)</u>
<b>Expenditures</b>				
Salaries and benefits	3,697,295	3,697,295	3,742,822	45,527
Professional and technical services	307,685	307,685	312,306	4,621
Property services	252,949	252,949	248,316	(4,633)
Other services	756,750	756,750	438,988	(317,762)
Supplies and utilities	288,281	288,281	169,427	(118,854)
Property	46,223	46,223	107,445	61,222
Other	-	-	213,837	213,837
<b>Total Expenditures</b>	<u>5,349,183</u>	<u>5,349,183</u>	<u>5,233,141</u>	<u>(116,042)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>86,717</u>	<u>86,717</u>	<u>52,418</u>	<u>(34,299)</u>
<b>Fund Balances, Beginning of Year</b>	<u>1,806,217</u>	<u>1,806,217</u>	<u>2,286,900</u>	<u>480,683</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,892,934</u>	<u>\$ 1,892,934</u>	<u>\$ 2,339,318</u>	<u>\$ 446,384</u>

The notes to the financial statements are an integral part of this schedule.

**ALGIERS CHARTER SCHOOLS ASSOCIATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**KARR SCHOOL FUND**  
**For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State public school funding	\$ 4,890,900	\$ 4,890,900	\$ 5,820,887	\$ 929,987
Other state funding	-	-	-	-
Federal grants	1,056,147	1,056,147	668,872	(387,275)
School food reimbursement	-	-	-	-
Donations and contributions	-	-	512	512
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>5,947,047</u>	<u>5,947,047</u>	<u>6,490,271</u>	<u>543,224</u>
<b>Expenditures</b>				
Salaries and benefits	3,723,774	3,723,774	3,975,366	251,592
Professional and technical services	378,960	378,960	211,904	(167,056)
Property services	503,847	503,847	430,259	(73,588)
Other services	666,703	666,703	435,289	(231,414)
Supplies and utilities	313,389	313,389	349,609	36,220
Property	38,230	38,230	181,808	143,578
Other	-	-	300,216	300,216
<b>Total Expenditures</b>	<u>5,624,903</u>	<u>5,624,903</u>	<u>5,884,451</u>	<u>259,548</u>
<b>Excess of Revenues Over Expenditures</b>	<u>322,144</u>	<u>322,144</u>	<u>605,820</u>	<u>283,676</u>
<b>Fund Balances, Beginning of Year</b>	<u>2,151,933</u>	<u>2,151,933</u>	<u>2,553,956</u>	<u>402,023</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,474,077</u>	<u>\$ 2,474,077</u>	<u>\$ 3,159,776</u>	<u>\$ 685,699</u>

The notes to the financial statements are an integral part of this schedule.

**SINGLE AUDIT SECTION**

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS  
A PROFESSIONAL CORPORATION

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Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

Board of Directors of  
Algiers Charter School Association

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Algiers Charter School Association ("ACSA") as of and for the year ended June 30, 2007, which collectively comprise ACSA's basic financial statements and have issued our report thereon dated March 6, 2008. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered ACSA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ACSA's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects ACSA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of ACSA's financial statements that is more than inconsequential will not be prevented or detected by ACSA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by ACSA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of ACSA's Finance Committee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

March 6, 2008

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors of  
Algiers Charter School Association

### Compliance

We have audited the compliance of Algiers Charter School Association ("ACSA") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. ACSA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ACSA's management. Our responsibility is to express an opinion on ACSA's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ACSA's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ACSA's compliance with those requirements.

In our opinion, ACSA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The management of ACSA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered ACSA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for expressing an opinion on the effectiveness of ACSA's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ACSA's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ACSA as of and for the year ended June 30, 2007 and have issued our report thereon dated March 6, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise ACSA's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of ACSA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

ACSA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit ACSA's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of Algiers Charter School Association's Finance Committee, management, the State of Louisiana Legislative Auditor, federal awarding agencies, state funding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

March 6, 2008

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Receipts or Revenue Recognized	Disbursements/ Expenditures
<u>U.S. Department of Education</u>			
Passed-Through State Department of Education:			
ESEA of 1965, Title I, Part A	84.010	\$ 556,163	\$ 556,163
IDEA, Part B	84.027	1,195	1,195
ESEA, Title IV, Part A	84.186	13,314	13,314
ESEA of 1965, Title V, Part A	84.298	20,635	20,635
ESEA of 1965, Title II, Part A	84.367	225,270	225,270
HERA, Restart	84.938	-	126,626
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 816,577</u>	<u>\$ 943,203</u>
<u>U.S. Department of Agriculture</u>			
Passed-Through State Department of Agriculture:			
National School Lunch Program			
Free and Reduced Price Meals	10.555	\$ 400,924	\$ 394,580
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>\$ 400,924</u>	<u>\$ 394,580</u>
<u>Other Programs</u>			
Passed-Through Alvin Callender Air Force Base:			
Reserve Officer Training Corp. (ROTC)	99.999	46,813	46,813
TOTAL OTHER PROGRAMS		<u>\$ 46,813</u>	<u>\$ 46,813</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 1,264,314</u>	<u>\$ 1,384,596</u>

The accompanying footnotes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**ALGIERS CHARTER SCHOOL ASSOCIATION  
FOOTNOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
Year Ended June 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIC OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of ACSA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

**2. ACCRUED AND DEFERRED REIMBURSEMENT**

Various reimbursement procedures are used for federal awards received by ACSA. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year.

**3. PAYMENTS TO SUBRECIPIANTS**

There were no payments to subrecipients for the year ended June 30, 2007.

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2007**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unqualified opinion on the financial statements of the Algiers Charter School Association.
2. No reportable conditions in internal control relating to the audit of the financial statements of Algiers Charter School Association are 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 Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Algiers Charter School Association 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 Performed in Accordance with Government Auditing Standards*.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance with requirements applicable to major federal award programs for Algiers Charter School Association expresses an unqualified opinion.
6. The auditors' report disclosed no findings that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:

	<u>CFDA No.</u>
National School Lunch Program	10.555
ESEA of 1965, Title I, Part A	84.010
8. The threshold for distinguishing between type A and type B programs was \$300,000.
9. Algiers Charter School Association was determined to be a low-risk auditee.

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2007**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings required to be reported in this section.

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL  
AWARD PROGRAMS**

There were no findings required to be reported in this section.

**ALGIERS CHARTER SCHOOL ASSOCIATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS  
Year Ended June 30, 2007**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL  
AWARD PROGRAMS**

US Department of Education, Public Charter School Grant, CFDA 84.282

**Finding 06-01**

Claims submitted for reimbursement were \$79,000 in excess of actual expenditures.

**Recommendation**

ACSA should contact the grantor agency to determine how to resolve this over claimed amount.

**Current Year Status**

Resolved

US Department of Education, Emergency Impact Aid Grant, CFDA 84.938C

**Finding 06-02**

Claims submitted for reimbursement were \$127,565 in excess of actual expenditures.

**Recommendation**

ACSA should contact the grantor agency to determine how to resolve this over claimed amount.

**Current Year Status**

Resolved

**SECTION III - MANAGEMENT LETTER**

Special Revenue Fund Budgets	Resolved
Physical Inventory of Capital Assets	Resolved
Deficit Fund Balance	Resolved

**ALGIERS CHARTER SCHOOL ASSOCIATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2007**

**SECTION III - MANAGEMENT LETTER (CONTINUED)**

Financial and Grant Recordkeeping	Resolved
Accounting Manual	Resolved
Budget Procedures	Resolved
Disaster Recovery Plan	Resolved
Approved Vendor Listing	Resolved

**Contact:**

Robert Fulton, Chief Financial Officer, (504) 393-0926

**PERFORMANCE STATISTICAL DATA**

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS  
A PROFESSIONAL CORPORATION

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

Board of Directors of  
**Algiers Charter School Association**  
New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Algiers Charter School Association (ACSA) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of ACSA and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. ACSA is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

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

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

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2006.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2006 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

### Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application).

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

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2006 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

### Public Staff Data (Schedule 5)

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

### Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2006 roll

books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21<sup>st</sup> Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by ACSA.

The Graduation Exit Exam for the 21<sup>st</sup> Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by ACSA.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule 9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by ACSA.

No exceptions were found as a result of applying the above procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Algiers Charter School Association, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Reboue & Company*

March 6, 2008

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2007**  
**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures:**

**Teacher and Student Interaction Activities:**

Classroom Teacher Salaries	\$ 2,411,131	
Other Instructional Staff Activities	125,952	
Employee Benefits	674,103	
Purchased Professional and Technical Services	10,961	
Instructional Materials and Supplies	133,186	
Instructional Equipment	35,879	
<b>Total Teacher and Student Interaction Activities</b>		<u>3,391,212</u>

Other Instructional Activities		<u>686,323</u>
--------------------------------	--	----------------

Pupil Support Activities	438,374	
Less: Equipment for Pupil Support Activities	-	
<b>Net Pupil Support Activities</b>		<u>438,374</u>

Instructional Staff Services	10,189	
Less: Equipment for Instructional Staff Services	-	
<b>Net Instructional Staff Services</b>		<u>10,189</u>

School Administration	265,251	
Less: Equipment for School Administration	-	
<b>Net School Administration</b>		<u>265,251</u>

<b>Total General Fund Instructional Expenditures</b>		<u>\$ 4,791,349</u>
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<b>Total General Fund Equipment Expenditures</b>		<u>\$ 35,879</u>
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**Certain Local Revenue Sources**

**Local Taxation Revenue:**

Local Revenue - MFP	\$ 3,392,976	
Other Local Revenue - Donations & Interest	7,494	
<b>Total Local Taxation Revenue</b>		<u>3,400,470</u>

**State Revenue:**

State Revenue - MFP	\$ 3,771,062	
Other State Revenue	13,972	
<b>Total State Revenue in Lieu of Taxes</b>		<u>3,785,034</u>

<b>Total Revenues</b>		<u>\$ 7,185,504</u>
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**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**Education Levels of Public School Staff**  
**As of October 1, 2006**  
**Schedule 2**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0.00%	1	14.29%	-	0.00%	-	NA
Bachelor's Degree	67	69.79%	5	71.43%	-	0.00%	-	NA
Master's Degree	25	26.04%	1	14.29%	1	50.00%	-	NA
Master's Degree + 30	3	3.13%	-	0.00%	1	50.00%	-	NA
Specialist in Education	-	0.00%	-	0.00%	-	0.00%	-	NA
Ph. D. or Ed. D.	1	1.04%	-	0.00%	-	0.00%	-	NA
<b>Total</b>	<b>96</b>	<b>100.00%</b>	<b>7</b>	<b>100.00%</b>	<b>2</b>	<b>100.00%</b>	<b>-</b>	<b>0.00%</b>

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**Number and Type of Public Schools**  
**For the Year Ended June 30, 2007**  
**Schedule 3**

Type	Number
Elementary	1
Middle/Jr. High	n/a
Secondary	1
Combination	n/a
Total	2

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

Disclosure: We only tested schools which offered a curriculum higher than Kindergarten and did not exceed the twelfth grade level.

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**Experience of Public Principals and Full-time Classroom Teachers**  
**As of October 1, 2006**  
**Schedule 4**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	3	1	2	0	0	6
Principals	0	0	2	2	1	1	0	6
Classroom Teachers	13	9	27	10	10	13	21	103
<b>Total</b>	<b>13</b>	<b>9</b>	<b>32</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>21</b>	<b>115</b>

**ALGIERS CHARTER SCHOOL ASSOCIATION**

**Public School Staff Data**

**For the Year Ended June 30, 2007**

**Schedule 5**

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC and Rehired Retirees</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	41,081	40,889
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	*	*
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	105	102

\* Not available

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have b

**Disclosure:** Information was obtained from the Data Verification Report for the 2006-2007 school year.

**ALGIERS CHARTER SCHOOL ASSOCIATION**

**Class Size Characteristics**

As of October 2, 2006

**Schedule 6**

School Type	Class Size Range											
	1 - 20			21 - 26			27 - 33			34+		
	Percent	Number		Percent	Number		Percent	Number		Percent	Number	
Elementary	56%	121		28%	61		1%	3		15%	33	
Elementary Activity Classes	0%	0		0%	0		0%	0		0%	0	
Middle/Jr. High	0%	0		0%	0		0%	0		0%	0	
Middle/Jr. High Activity Classes	0%	0		0%	0		0%	0		0%	0	
High	64%	233		25%	92		10%	36		1%	4	
High Activity Classes	0%	0		0%	0		0%	0		0%	0	
Combination	0%	0		0%	0		0%	0		0%	0	
Combination Activity Classes	0%	0		0%	0		0%	0		0%	0	

\* LEADS data was not available for the 06-07 Academic Year.

**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.

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**Louisiana Educational Assessment Program (LEAP) for the 21st Century**  
**For the Year Ended June 30, 2007**  
**Schedule 7**

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
<b>Grade 4</b>				
Advanced	2	3%	1	1%
Mastery	7	10%	3	4%
Basic	37	51%	36	49%
Approaching Basic	14	19%	17	23%
Unsatisfactory	13	18%	16	22%
<b>Total</b>	<b>73</b>	<b>100%</b>	<b>73</b>	<b>100%</b>

Association Results	Science		Social Studies	
	2007		2007	
Students	Number	Percent	Number	Percent
<b>Grade 4</b>				
Advanced	0	0%	0	0%
Mastery	2	3%	3	4%
Basic	25	34%	38	52%
Approaching Basic	30	41%	17	23%
Unsatisfactory	16	22%	15	21%
<b>Total</b>	<b>73</b>	<b>100%</b>	<b>73</b>	<b>100%</b>

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
<b>Grade 8</b>				
Advanced	0	0%	2	3%
Mastery	9	16%	1	2%
Basic	24	41%	21	36%
Approaching Basic	23	40%	22	38%
Unsatisfactory	2	3%	12	21%
<b>Total</b>	<b>58</b>	<b>100%</b>	<b>58</b>	<b>100%</b>

Association Results	Science		Social Studies	
	2007		2007	
Students	Number	Percent	Number	Percent
<b>Grade 8</b>				
Advanced	0	0%	0	0%
Mastery	5	9%	2	3%
Basic	15	26%	22	38%
Approaching Basic	28	48%	20	34%
Unsatisfactory	10	17%	14	24%
<b>Total</b>	<b>58</b>	<b>100%</b>	<b>58</b>	<b>100%</b>

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**The Graduation Exit Exam for the 21st Century**  
**For the Year Ended June 30, 2007**  
**Schedule 8**

<b>Association Results</b>	<b>English Language Arts</b>		<b>Mathematics</b>	
<b>Students</b>	<b>2007</b>		<b>2007</b>	
<b>Grade 10</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Advanced	1	0%	6	3%
Mastery	12	5%	33	15%
Basic	129	59%	116	53%
Approaching Basic	58	26%	34	15%
Unsatisfactory	19	9%	31	14%
Total	219	100%	220	100%

<b>Association Results</b>	<b>Science</b>		<b>Social Studies</b>	
<b>Students</b>	<b>2007</b>		<b>2007</b>	
<b>Grade 11</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Advanced	1	1%	1	1%
Proficient	14	7%	15	8%
Basic	84	44%	112	59%
Approaching Basic	55	29%	38	20%
Unsatisfactory	35	19%	23	12%
Total	189	100%	189	100%

**ALGIERS CHARTER SCHOOL ASSOCIATION**  
**The LEAP Tests**  
**For the Year Ended June 30, 2007**  
**Schedule 9**

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 3				
Advanced	0	0%	3	4%
Mastery	8	11%	4	5%
Basic	35	48%	28	38%
Approaching Basic	13	18%	17	23%
Unsatisfactory	17	23%	21	29%
Total	73	100%	73	100%

Association Results	Science		Social Studies	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 3				
Advanced	0	0%	0	0%
Mastery	8	11%	8	11%
Basic	32	44%	36	49%
Approaching Basic	19	26%	17	23%
Unsatisfactory	14	19%	12	16%
Total	73	100%	73	100%

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 5				
Advanced	1	2%	0	0%
Mastery	4	7%	1	2%
Basic	13	22%	15	25%
Approaching Basic	15	25%	10	17%
Unsatisfactory	27	45%	34	57%
Total	60	100%	60	100%

Association Results	Science		Social Studies	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 5				
Advanced	0	0%	0	0%
Mastery	1	2%	1	2%
Basic	18	30%	21	35%
Approaching Basic	19	32%	17	28%
Unsatisfactory	22	37%	21	35%
Total	60	100%	60	100%

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 6				
Advanced	1	1%	1	1%
Mastery	2	3%	1	1%
Basic	36	52%	44	64%
Approaching Basic	23	33%	11	16%
Unsatisfactory	7	10%	12	17%
Total	69	100%	69	100%

**ALGIERS CHARTER SCHOOL ASSOCIATION**

**The LEAP Tests**

**For the Year Ended June 30, 2007**

**Schedule 9**

Association Results	Science		Social Studies	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 6				
Advanced	1	1%	2	3%
Mastery	3	4%	4	6%
Basic	29	42%	30	43%
Approaching Basic	29	42%	19	28%
Unsatisfactory	7	10%	14	20%
Total	69	100%	69	100%

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 7				
Advanced	2	3%	0	0%
Mastery	6	8%	7	9%
Basic	36	46%	35	44%
Approaching Basic	29	37%	19	24%
Unsatisfactory	6	8%	18	23%
Total	79	100%	79	100%

Association Results	Science		Social Studies	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 7				
Advanced	1	1%	1	1%
Mastery	10	13%	2	3%
Basic	36	46%	42	53%
Approaching Basic	24	30%	23	29%
Unsatisfactory	8	10%	11	14%
Total	79	100%	79	100%

Association Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0%	5	3%
Mastery	9	5%	6	3%
Basic	103	52%	92	47%
Approaching Basic	57	29%	35	18%
Unsatisfactory	28	14%	57	29%
Total	197	100%	195	100%