

## FY2013-14 Fiscal Risk Assessment Highlights

Pursuant to LR.S. 17:10.1.D, the Board of Elementary and Secondary Education is required to define “financially at risk” as a status of any city, parish, or other local school board the unresolved finding of which subjects the school system and its board to provisions of the law regarding the judicial appointment of a fiscal administrator. The Fiscal Risk Assessment process was developed to address this requirement. This process allows for an awareness of financial issues and assistance in resolving these problems promptly and in the best interest of the school children in each school system.

In April 2014, each city/parish/other local school, Type 2 Charter School and Type 5 Charter School received a preliminary fiscal risk assessment and was given an opportunity to provide comments/clarification for each factor. Department staff reviewed all responses and updated each fiscal risk assessment as appropriate. After review, the districts/charter schools were grouped into the following three categories:

- **Dialogue** – districts in this category have situations that require a detailed review by the Department; follow-up may include, but not be limited to, a conference call, site visit, or SBESE dialogue
- **Monitor** – this category represents districts the Department will monitor regarding specific items either through an already established procedure such as the Audit Resolution Process, or via written inquiries as either a precautionary measure, or to assure continued progress in areas that have been problematic in the past. New charter schools (first year of operation is FY2013-14) are provided a Financial Practices Self-Assessment for completion.
- **No Action** – this category represents districts for which no action is required.

### SUMMARY STATISTICS:

- 152 LEA’s were reviewed in the FY2013-14 Fiscal Risk Assessment
  - 110 LEA’s (54 districts and 56 charters) are in the No Action Necessary category.
  - Of the 42 LEA’s in Dialogue or Monitor, 14 LEA’s (1 district and 13 charters) reported a fund balance of less than 6.5% of General Fund Revenues

#### General Fund Balance Condition

*Excellent = 7.5% or more*

*Good = Between 6.5% and 7.4%*

*Needs Improvement = Between 5.0% and 6.4%*

*Unacceptable = Less than 5%*

- 16 LEA’s (14 districts and 2 charters) were cited for material weaknesses in internal controls and compliance over the general purpose financial statements through the Single Audit submitted to the Louisiana Legislative Auditor.
    - Adequate internal controls is a primary factor in determining the fiscal health of an entity.
- 2 Districts that were in Dialogue in FY2012-13 are in No Action for FY13-14.
  - East Feliciana Parish School Board
  - Recovery School District
- 4 Charter Schools that were in Dialogue in FY2012-13 are in No Action for FY13-14.
  - E.P. Harney Spirit of Excellence Academy
  - Fannie C. Williams Charter School
  - John Dibert Community School (FirstLine)
  - New Orleans Military Maritime Academy