

**DOWNSVILLE COMMUNITY CHARTER, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2023**

# DOWNSVILLE COMMUNITY CHARTER, INC.

## FINANCIAL STATEMENTS

JUNE 30, 2023

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(A Professional Accounting Corporation)

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors of the  
Downsville Community Charter, Inc.  
4787 Hwy 151  
Downsville, Louisiana 71234

**Report on the Audit of the Financial Statements**

***Opinions***

I have audited the accompanying financial statements of Downsville Community Charter, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Downsville Community Charter, Inc. as of June 30, 2023 and 2022, and the changes in 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***

I conducted my audits 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Downsville Community Charter, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Downsville Community Charter's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my 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 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*, I:

- 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 Downsville Community Charter'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Downsville Community Charter's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### ***Supplementary Information***

My audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments and 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*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 my opinion, the schedule of compensation, benefits, and other payments and the schedule of expenditures of federal awards are 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*, I have also issued my report dated December 31, 2023, on my consideration of Downsville Community Charter's internal control over financial reporting and my 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 my 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 Downsville Community Charter'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 the Downsville Community Charter's internal control over financial reporting and compliance.

*Don M. McGehee*

Don M. McGehee  
Certified Public Accountant  
December 31, 2023

**DOWNSVILLE COMMUNITY CHARTER, INC.**STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 592,386	\$ 575,238
Grant Receivables--Net	1,186,671	1,223,736
Due from Others	262,618	501,370
Prepaid Expense	4,766	0
TOTAL CURRENT ASSETS	<u>2,046,441</u>	<u>2,300,344</u>
RESTRICTED ASSETS		
Cash	125,160	98,706
Investments - Money Market	9,004,123	0
Interest Receivable	33,716	0
TOTAL RESTRICTED ASSETS	<u>9,162,999</u>	<u>98,706</u>
PROPERTY, PLANT AND EQUIPMENT - NET	<u>5,090,437</u>	<u>710,994</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,299,877</u>	<u>\$ 3,110,044</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 36,059	\$ 32,608
Accrued Payroll and Related Amounts	538,088	438,831
Deferred Revenue	0	2,500
Current Portion of Compensated Absences	5,427	4,957
Current Liabilities payable from Restricted Assets		
Contracts Payable	181,281	0
Contract Retainage Payable	35,382	0
Interest Payable on Bonds	33,450	0
Revenue Bonds Payable - Current	75,000	0
TOTAL CURRENT LIABILITIES	<u>904,687</u>	<u>478,896</u>
NONCURRENT LIABILITIES		
Long-Term Debt		
Principal Amount	12,425,000	0
Less unamortized discount and debt issuance costs	<u>(686,283)</u>	<u>0</u>
Long-Term Debt less unamortized discount and debt issuance costs	11,738,717	0
Compensated Absences Liability	<u>86,348</u>	<u>68,839</u>
TOTAL NONCURRENT LIABILITIES	<u>11,825,065</u>	<u>68,839</u>
TOTAL LIABILITIES	<u>12,729,752</u>	<u>547,735</u>
NET ASSETS		
Without Donor Restrictions	3,444,965	2,463,603
With Donor Restrictions	<u>125,160</u>	<u>98,706</u>
TOTAL NET ASSETS	<u>3,570,125</u>	<u>2,562,309</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 16,299,877</u>	<u>\$ 3,110,044</u>

See accompanying notes to financial statements.

**DOWNSVILLE COMMUNITY CHARTER, INC.**

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>SUPPORT AND REVENUES</b>		
Contributions	\$ 9,799	\$ 0
Grants		
Federal Grants	1,094,796	1,144,200
State Minimum Foundation Program	3,070,701	2,630,811
Local Minimum Foundation Program	2,039,920	1,640,908
Other State Funding	133,593	94,190
Interest Income	688	275
Student Activity Revenue	24,330	19,437
Fee Revenue	2,520	2,605
Other	2,019	0
<b>TOTAL REVENUES WITHOUT DONOR RESTRICTIONS</b>	<u><b>6,378,366</b></u>	<u><b>5,532,426</b></u>
<b>EXPENSES</b>		
<b>Program Services</b>		
Instruction		
Regular Programs	2,352,481	2,128,757
Special Education Programs	315,481	232,924
Career and Technical Education Programs	190,211	164,198
Other Instructional Programs	377,534	328,820
Pupil Support Services	202,608	148,131
Instructional Staff Services	7,013	2,900
Operation and Maintenance of Plant Services	472,115	369,118
Student Transportation Services	470,399	438,349
Food Service Operations	3,175	760
<b>Management and General</b>		
School Administration	563,563	565,639
Business Services	243,961	221,221
General Administration	191,076	88,682
Central Services	7,387	17,948
<b>TOTAL EXPENSES</b>	<u><b>5,397,004</b></u>	<u><b>4,707,447</b></u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	981,362	824,979
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
School Activity Funds	26,454	(374)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u><b>26,454</b></u>	<u><b>(374)</b></u>
<b>CHANGE IN NET ASSETS</b>	1,007,816	824,605
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u><b>2,562,309</b></u>	<u><b>1,737,704</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 3,570,125</b></u>	<u><b>\$ 2,562,309</b></u>

See accompanying notes to financial statements.

# DOWNSVILLE COMMUNITY CHARTER, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Government and Others	\$ 6,667,651	\$ 4,677,562
Cash Payments for Goods and Services	(2,384,020)	(2,248,914)
Cash Payments to Employees	(2,829,066)	(2,495,607)
Interest Received	688	275
Interest Paid	(3,294)	0
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,451,959</b>	<b>(66,684)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Buildings and Land	(3,301,000)	(78,416)
Purchase of Equipment	(7,614)	(42,653)
Construction Costs	(904,205)	(18,145)
<b>Net Cash Used by Investing Activities</b>	<b>(4,212,819)</b>	<b>(139,214)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Revenue Bonds after Discount	12,430,086	0
Bond Issuance Costs	(621,501)	0
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>11,808,585</b>	<b>\$ 0</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,047,725	(205,898)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	673,944	879,842
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 9,721,669</b>	<b>\$ 673,944</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,007,816	\$ 824,605
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	64,704	36,429
Less Non-Cash Contribution of Equipment	(9,799)	0
(Increase) Decrease in Grant Receivables	37,065	(730,030)
(Increase) Decrease in Due from Others	238,752	(126,686)
(Increase) Decrease in Prepaid Expenses	(4,766)	4,573
Increase (Decrease) in Accounts Payable	3,451	14,085
Increase (Decrease) in Deferred Revenue	(2,500)	2,500
Increase (Decrease) in Accrued Liabilities	127,665	(79,837)
Increase (Decrease) in Salaries Payable	(28,408)	(23,920)
Increase (Decrease) in Compensated Absences	17,979	11,597
Total Adjustments	444,143	(891,289)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,451,959</b>	<b>\$ (66,684)</b>
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF FINANCIAL POSITION:</b>		
Current Cash	\$ 592,386	\$ 575,238
Restricted Cash	125,160	98,706
Restricted Investments - Money Market	9,004,123	0
<b>Total Cash and Cash Equivalents at End of Year</b>	<b>\$ 9,721,669</b>	<b>\$ 673,944</b>

See accompanying notes to financial statements.

# DOWNSVILLE COMMUNITY CHARTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Downsville Community Charter, Inc. (the "School") was incorporated on October 23, 2015, under the provisions of Title 12, Section 101, of the Louisiana Revised Statutes. The School is exclusively for educational purposes with respect to operating Downsville Community Charter, Inc. in Downsville, Union Parish, Louisiana. The School is supported primarily through the Minimum Foundation Program (MFP) funded by the State of Louisiana and the Union Parish School Board. The support is based on the number of eligible students in attendance on the School's official pupil count days each year. The MFP revenue for the year ended June 30, 2023, accounts for 80% of the School's total support.

The Union Parish School Board (UPSB) approved the granting of a charter to the School effective November 13, 2015, initially granting a charter period to terminate on June 30, 2020, contingent upon the results of the reporting requirements at the end of the third year as provided in Louisiana R.S. 17:3998(A)(2) and the extension process as provided in Chapter 13 of BESE Bulletin 126. The UPSB subsequently granted the School an extension of the charter for a period expiring June 30, 2029. The School is a Type 3 Charter School, as defined in Louisiana R.S. 17:3973(3)(b).

The School files an information return for organizations exempt from Federal Income tax under the provisions of section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. If the School loses the exempt status, any income in future years could be taxed at normal corporate rates.

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

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **BASIS OF ACCOUNTING**

The financial statements of the School are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Income is recognized when earned and expenses are recognized when incurred.

#### **FINANCIAL STATEMENT PRESENTATION**

The School follows the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, 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 not subject to donor-imposed restrictions. Some unrestricted net assets may be designated by the board of directors of the School for specific purposes.

*Net Assets With Donor Restrictions* - Net assets subject to a donor-imposed restriction that is a donor stipulation for the use of a contributed asset that is more specific than the broad limits resulting from the School's nature, environment, and purpose.

# DOWNSVILLE COMMUNITY CHARTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

Cash, which is held in interest bearing and non-interest bearing demand deposit accounts, consisted of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution.

For purposes of the statements of cash flows, the School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### RECEIVABLES

Receivables are stated at the amount management expects to collect from outstanding balances. The School uses the allowance method to determine uncollectible revenue receivable. The allowance is based on prior years' experience and management's analysis of specific revenue sources. The school received government grants to fund programs and operations. The grants are reimbursement based and grants receivable at the year end are stated at unpaid balances for expenditures incurred during the year.

#### DUE FROM OTHERS

Due from others are primarily amounts due from the Union Parish School Board for minimum foundation funds less any reimbursements due from the School as part of the shared services agreement.

#### CONTRIBUTION AND REVENUE RECOGNITION

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of donor restrictions. All donor-restricted support in which the restriction is not satisfied within the year received is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 grant, generally corresponding to the incurring of grant related costs of the School, or when earned under the terms of the grants. An accrual is made when grant terms are satisfied.

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State of Louisiana Public School Fund (the State) and the Union Parish School Board (UPSB). The funding the School receives is determined annually based on the number of pupils enrolled as of October 1st. The State funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. The UPSB's funded per pupil allocation from sales tax revenues, ad valorem taxes, and other sources is determined by the relationship of the number of pupils in the School versus total pupils in the UPSB's system. The MFP revenue for the year ended June 30, 2023 and 2022 was 80% and 77%, respectively, of the School's total revenue.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**PROPERTY, PLANT, AND EQUIPMENT**

Acquisitions of property, plant, and equipment with a cost in excess of \$5,000 are capitalized. Property, plant, and equipment are stated at cost or carried at the fair market value on the date of the donation, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Interest incurred during the construction period is reflected in the capitalized value of the asset constructed.

**INCOME TAXES**

The School's Form 990, Return of Organization Exempt from Income Tax, for the year ending June 30, 2020, for the year ending June 30, 2021, and for the year ending June 30, 2022 were filed with the Internal Revenue Service. As of December 31, 2023, the School had not filed its Form 990 for the year ending June 30, 2023. The School's tax filings are subject to examination by the IRS, generally for three years after filing.

**COMPENSATED ABSENCES**

All twelve month employees earn from ten to fifteen days of vacation leave each year, based on years of service. Unused vacation can be accumulated each year limited to an overall maximum of fifteen days carried over to the next year.

All twelve month employees earn from twelve to eighteen days of sick leave each year, depending on their length of service. Nine month employees earn ten days of sick leave each year. Sick leave can be accumulated. Upon retirement or death, unused accumulated sick leave or up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

Compensated absences are accrued as a liability when the employees' right to receive compensation is attributable to service already rendered, the compensation rights vest or accumulate, the compensation payment is probable, and the amount can be reasonably estimated. Based on this criteria, the School accrues earned vacation and sick leave for those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the next five years to receive such payments.

**NOTE 2 - CASH**

At June 30, 2023 and 2022, the carrying amount of cash was \$717,547 and \$673,944, respectively, which approximates market value. The School's bank balances per the banks totaled \$753,969 and \$722,457, respectively. The bank provides Federal Depository Insurance coverage of \$250,000. At June 30, 2023, the deposits are secured from risk by federal deposit insurance coverage and \$503,969 of pledged securities held by a custodial bank in the name of the fiscal agent bank.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The School holds investments for the purpose of investing unspent bond proceeds according to the debt covenant. These funds are invested in a money market portfolio that comprises U.S. Government and U.S. Treasury securities. There are three levels of fair value measurements. Quoted prices in active markets (Level 1 inputs) generally are available for equity securities with readily determinable fair values. Valuation techniques based on significant other observable inputs, such as quoted market prices for similar investments, are considered Level 2 inputs. Level 3 inputs are based on unobservable inputs used to estimate fair value. The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2023 are as follows:

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 - INVESTMENTS AND FAIR VALE MEASUREMENTS (CONTINUED)**

	June 30, 2023	
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	
Investments		
Cash Equivalents	\$ 9,004,123	\$ 9,004,123
Mutual Funds-Fixed Income	0	0
Mutual Funds-Equity	0	0
Total Investments	\$ 9,004,123	\$ 9,004,123

The School recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2023.

The following schedule summarizes the investment return on the School's investments for the years ended June 30:

	2023	2022
Interest Earnings	\$ 132,218	\$ 0
Net Realized and Unrealized Gains/(Losses)	0	0
Net Investment Return	\$ 132,218	\$ 0

All of these money market investments are set aside according to the debt covenant and their use is limited by the debt covenant.

**NOTE 4 - GRANT RECEIVABLES**

At June 30, 2023 and 2022, grant receivables totaled \$1,186,671 and \$1,223,736, respectively, which were for state and federal grants passed through the Union Parish School Board. The balance reported is net of an allowance for uncollectible revenue of \$144,135 at June 30, 2023.

**NOTE 5 - DUE FROM OTHERS**

At June 30, 2023 and 2022, amounts due from others were primarily amounts due from the Union Parish School Board of \$262,172 and \$501,370, respectively, which were for minimum foundation funds for June 30, 2023 and 2022, respectively. The stated balance is considered fully collectible.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the net assets with donor restrictions are time-restricted by donors. Net assets with donor restrictions at June 30, 2023 and 2022, were for student activities funds.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 - PROPERTY, PLANT, AND EQUIPMENT**

Effective November 13, 2015, the School entered into an agreement with the Union Parish School Board (UPSB), allowing the School to use the UPSB's facilities and contents located at 4787 Highway 151, Downsville, Louisiana 71234. The lease was extended effective July 1, 2017 through June 30, 2067, but requires the School to have an approved charter. The School pays an annual lease of \$1,200, according to the agreement, in monthly installments of \$100. The School is responsible for insurance and all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

Any value from the use of the UPSB property that would be considered donated is not recorded as an in-kind contribution from the UPSB. The value of the property 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.

Any assets acquired by the School are the property of the School for the duration of their charter agreement with the Union Parish School Board. If the charter is revoked or surrendered or the school otherwise ceases to operate, all assets purchased with public funds shall automatically revert to full ownership by the Union Parish School Board. The School must maintain records of any assets acquired with private funds that will remain the property of the School. There were some asset acquisitions by the School which have met or exceeded the School's \$5,000 capitalization policy, and leasehold improvements which were amortized over the shorter of the useful life or the lease term.

In March, 2023 the School purchased the school property from Union Parish School Board and the lease was terminated.

Property, plant, and equipment consisted of the following:

<u>CLASS</u>	<u>DEPRECIATION/ AMORTIZATION LIFE RANGE</u>	<u>2023</u>	<u>2022</u>
Land		\$ 269,916	\$ 81,916
Land Improvements	15 - 20 Yrs.	57,460	57,460
Buildings and Building Improvements	15 - 40 Yrs.	3,677,228	564,228
Furniture, Fixtures, and Equipment	5 - 10 Yrs.	<u>129,513</u>	<u>112,100</u>
Total		4,134,117	815,704
Less: Accumulated Depreciation		<u>(187,559)</u>	<u>(122,855)</u>
Construction In Progress		<u>1,143,879</u>	<u>18,145</u>
Net Fixed Assets		<u>\$ 5,090,437</u>	<u>\$ 710,994</u>

Construction in progress includes capitalized interest expense of \$271,461 less interest earnings on restricted tax-exempt bonds of \$132,218 for a net amount of \$139,243.

According to the debt covenant entered into March 1, 2023, the debt is secured by a mortgage of all school facilities.

# DOWNSVILLE COMMUNITY CHARTER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### NOTE 8 - LONG TERM DEBT

The Louisiana Local Government Environmental Facilities and Community Development Authority (Downsville Community Charter School Project) issued \$12,500,000 in revenue bonds Series 2023 on March 1, 2023. The proceeds were loaned to the Downsville Community Charter School for the purpose of financing the acquisition, design, construction, renovation and/or improvement of existing facilities for the purpose of the school, fund a debt service fund for the bonds, and pay the costs of issuance of the bonds.

The bonds were issued at a discount of \$69,914, which is amortized over the life of the bonds using the straight-line method and reported as interest expense. There were bond issue costs of \$621,501 paid, which are being amortized over the life of the bonds and reported as interest expense.

Long term debt at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Loan Agreement to repay \$12,500,000 Revenue Bonds, due in annual principal installments of \$75,000 to \$835,000 and annual interest payments of \$55,319 to \$813,944 with the final payment due June 15, 2062 according to the debt service schedule. Interest is 6.375% to 6.625% until maturity, with an effective rate of 6.5%. The loan agreement is secured by a mortgage on the school facilities.	\$ 12,500,000	\$ 0
Less: Current Maturities	(75,000)	0
Long Term Debt Principal, Net of Current Maturities	12,425,000	0
Less Unamortized Discount and Debt Issuance Costs	(686,283)	0
Long Term Debt less Unamortized Discount and Debt Issuance Costs	<u>11,738,717</u>	<u>0</u>

The annual debt service requirements to maturity for debt outstanding as of June 30, 2023, is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 75,000	\$ 813,944	\$ 888,944
2025	80,000	809,069	9,765,438
2026	85,000	803,869	5,318,144
2027	95,000	798,344	4,458,738
2028	100,000	792,169	4,457,563
2029-2033	605,000	3,854,569	4,459,569
2034-2038	825,000	3,630,969	4,455,969
2039-2043	1,130,000	3,328,444	4,458,444
2044-2048	1,530,000	2,920,444	4,450,444
2049-2053	2,080,000	2,367,094	4,447,094
2054-2058	2,850,000	1,579,275	4,429,275
2059-2062	3,045,000	520,394	3,565,394
Totals	<u>\$ 12,500,000</u>	<u>\$ 22,218,584</u>	<u>\$ 42,713,253</u>

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9 - RETIREMENT PLANS**

Substantially all full-time employees of the School participate in either the Teachers' Retirement System of Louisiana ("TRSL") or the Louisiana School Employees' Retirement System ("LSERS"). Both of these systems are cost sharing, multiple-employer governmental defined benefit plans qualified under Section 401(a) of the Internal Revenue Code. Both plans provide retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL and LSERS issue publicly available financial reports that include financial statements and required supplementary information of the TRSL and the LSERS. The reports may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123, and the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, LA 70804-4516.

In general, professional employees (such as teachers and principals) are members of the TRSL. Other employees, such as custodial personnel, are members of the LSERS. Generally, all full-time employees are eligible to participate in the systems.

The risks of participating in a multi-employer plan is different from single employer plans. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the School chooses to stop participating it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

TRSL is a component unit of the State of Louisiana and presents its financial information based on Governmental Accounting Standards. According to the financial report for the year ending June 30, 2022 (the most recent available), the actuarial funded ratio for funding purposes was 73.7% compared to 71.8% for 2021. TRSL had 198 employers participating in the plan with the School's employer allocation percentage at 0.04456%.

LSERS is also a component unit of the State of Louisiana and presents its financial information based on Governmental Accounting Standards. According to the financial report for the year ending June 30, 2022 (the most recent available), the actuarial funded ratio for funding purposes was 75.52% compared to 75.70% for 2021. LSERS had 97 employers participating in the plan with the School's employer allocation percentage at 0.042415%, according to the June 30, 2022 employer allocation schedule.

Participants in TRSL vest immediately in employee contributions to the plans. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. For the years ended June 30, 2023 and 2022, participants were required to contribute 8% of their annual covered payroll to the plan and the School was required to contribute 24.8% and 25.2%, respectively, of the annual covered payroll for each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the the years ended June 30, 2023 and 2022, the School contributions to this plan were \$621,029 and \$582,789, respectively, equal to the required contributions for each year.

Participants in LSERS vest immediately in employee contributions to the plans. Retirement benefits vest after ten years of service for members prior to July 1, 2010, or five years of service for members on or after that date, but the employee cannot begin receiving a benefit until age sixty. Members before July 1, 2010 may begin receiving their benefits at age 55, if they have at least twenty-five years of service. Benefits are established and amended by state statute. For the years ended June 30, 2023 and 2022, participants were required to contribute 7.5% or 8% of their annual covered payroll to the plan, depending on the date they became members, and the School was required to contribute 27.6% and 28.7%, respectively, of the annual covered payroll for each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the the years ended June 30, 2023 and 2022, the School contributions to this plan were \$43,656 and \$39,191, respectively, equal to the required contributions for each year.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

**NOTE 10 - CONTRACTS PAYABLE**

As of June 30, 2023, the school had a construction project for new sports facilities and agriculture building project that was in progress. All contract requests for payment associated with this project had been paid, except a contract payable of \$181,281 and a 5% retainage payable of \$35,382.

**NOTE 11 - COMMITMENTS**

In 2023, the School committed to a contract with Taylor-Wallace Designs, Inc. and Don M. Barron Contractor, Inc. for a new sports facilities and agriculture building project of \$269,940 and \$3,272,000, respectively. As of June 30, 2023, the remaining commitment on these contracts is as follows:

	Charges Incurred	Remaining Commitment
Don M. Barron Contractor, Inc.	\$ 672,249	\$ 2,599,751
Taylor-Wallace Designs, Inc.	220,860	49,080
Totals	\$ 893,109	\$ 2,648,831

The School has also contracted with Taylor-Wallace, Inc. for other upcoming construction projects and paid an initial retainer fee of \$8,000, but the amount of the contract will not be determined until the construction contracts are obtained.

In March, 2023, the School received \$12,500,000 of loan proceeds from the sale of revenue bonds with the Louisiana Community Development Authority to fund these projects.

**NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the School's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date as of June 30:

	2023	2022
Cash at Year End	\$ 717,546	\$ 673,944
Investments	9,004,123	0
Grants Receivable	1,186,671	1,223,736
Due from Others	262,618	501,370
Interest Receivable	33,716	0
Total	11,204,674	2,399,050
Less: Amounts Unavailable for General Expenditures within One Year, Due to:		
Restricted by debt covenant	(9,037,839)	0
Donor-restricted to specific school activities	(125,160)	(98,706)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 2,041,675	\$ 2,300,344

The School prepares an annual budget that is approved by the Board Members for the upcoming year. Budget versus actual comparisons are presented at each monthly board meeting and reviewed by the Board. Cash flow is monitored by management on a daily basis.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 - FUNCTIONAL EXPENSES**

The cost of providing various services have been summarized on a functional basis between program services and supporting services. Certain costs have been allocated among program services and supporting services. Salaries and benefits are allocated based on the time and effort expended between program and supporting services. A schedule of functional expenses for the year ended June 30, 2023, with comparative totals for the year ended June 30, 2022, is shown below:

	Program Services	Supporting Services	2022 Total	2021 Total
	Charter School	Management and General		
Salaries	\$ 2,462,626	\$ 338,032	\$ 2,800,658	\$ 2,471,686
Employee Benefits and Payroll Taxes	945,966	167,988	1,113,954	1,069,294
Professional Services	258,598	115,494	374,092	300,695
Materials and Supplies	228,585	29,418	258,003	225,549
Rent Expense	148,249	76	148,325	145,625
Repairs and Maintenance	56,632	0	56,632	91,436
Insurance	134,098	18,014	152,112	82,706
Administrative Services	0	170,389	170,389	146,082
Utilities	89,541	0	89,541	75,927
Depreciation	38,763	0	38,763	36,429
Equipment	0	0	0	1,246
Travel	4,887	8,497	13,384	16,902
Other Services	13,162	0	13,162	5,150
Interest Expense	0	3,294	3,294	0
Miscellaneous	1,950	136,803	138,753	38,720
Total Expenses	<u>\$ 4,383,057</u>	<u>\$ 988,005</u>	<u>\$ 5,371,062</u>	<u>\$ 4,707,447</u>

**NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS**

The School has evaluated subsequent events through December 31, 2023, the date which the financial statements were available to be issued.

**OTHER REPORTS AND SCHEDULES**

**DON M. McGEHEE**  
(A Professional Accounting Corporation)

P.O. Box 1344  
205 E. Reynolds Drive, Suite A  
Ruston, Louisiana 71273-1344

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

Board of Directors of the  
Downsville Community Charter, Inc.  
4787 Hwy 151  
Downsville, Louisiana 71234

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Downsville Community Charter, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 31, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Downsville Community Charter's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Downsville Community Charter's internal control. Accordingly, I do not express an opinion on the effectiveness of the Downsville Community Charter'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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Downsville Community Charter's financial statements are free of material misstatement, I 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 statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Downsville Community Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Don M. McGehee*

Don M. McGehee  
Certified Public Accountant  
December 31, 2023

**DON M. McGEHEE**  
(A Professional Accounting Corporation)

P.O. Box 1344  
205 E. Reynolds Drive, Suite A  
Ruston, Louisiana 71273-1344

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

Board of Directors of the  
Downsville Community Charter, Inc.  
4787 Hwy 151  
Downsville, Louisiana 71234

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

I have audited Downsville Community Charter'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 Downsville Community Charter's major federal programs for the year ended June 30, 2023. Downsville Community Charter's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Downsville Community Charter 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***

I conducted my 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 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Downsville Community Charter and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Downsville Community Charter'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 Downsville Community Charter's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

My 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 Downsville Community Charter's compliance based on my 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, *Governmental 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 threat 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 Downsville Community Charter'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, I:

- 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 Downsville Community Charter's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Downsville Community Charter'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 Downsville Community Charter's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I have identified during the audit.

### **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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 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.

*Don M. McGehee*

Don M. McGehee  
Certified Public Accountant  
December 31, 2023

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

**Section 1 - Summary of Auditor Results**

1. Financial Statements

The auditor's report expresses an unmodified opinion on whether the financial statements of Downsville Community Charter, Inc. were prepared in accordance with GAAP.

2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

3. Federal Awards

Internal Controls Over Major Programs

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

The auditor's report issued on compliance for major federal award programs for Downsville Community Charter, Inc. expresses an unmodified opinion on all major federal programs.

Are their audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule?

Yes  No

4. Identification of Programs Tested as Major Programs

CFDA No. 84.425 - United States Department of Education, Education Stabilization Fund, under the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee qualified as a "low-risk" auditee?       Yes  No

**Section 2 - Findings - Internal Control Over Financial Reporting and on Compliance and Other Matters Material to the Financial Statements**

No current year findings.

**Section 3 - Findings and Questioned Costs - Major Federal Award Programs**

Department of Education - Education Stabilization Fund

No current year findings or questioned costs related to internal control and compliance material to federal awards.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

**Section 1 - Findings - Financial Statements Audit**

No prior year findings.

**Section 2 - Findings and Questioned Costs - Major Federal Award Programs Audit**

Department of Education - Education Stabilization Funds

No prior year findings.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2023**

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2023, are discussed below with management's response for a corrective action plan.

**Section 1 - Findings - Financial Statements Audit**

Reportable Conditions

*No current year findings.*

**Section 2 - Findings and Questioned Costs - Major Federal Award Programs Audit**

Department of Education - Education Stabilization Funds

*No current year findings.*

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>U.S. Department of Education:</b>				
<i>Pass-through Programs from</i>				
<i>Louisiana Department of Education--</i>				
<i>Union Parish:</i>				
Title I Grants to Local Educational Agencies	84.010A	None	\$ 0	\$ 203,320
Education Stabilization Fund				
COVID-19--Elementary and Secondary School Emergency Relief Fund	84.425D	None	0	257,282
COVID-19--American Rescue Plan- Elementary and Secondary School Emergency Relief Fund	84.425U	None	<u>0</u>	<u>634,194</u>
Total Education Stabilization Fund			<u>0</u>	<u>891,476</u>
<b>Total U.S. Department of Education</b>			<u>0</u>	<u>1,094,796</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 0</u>	<u>\$1,094,796</u>

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Downsville Community Charter under programs of the federal government for the year ended June 30, 2023. The information in this 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 Downsville Community Charter, it is not intended and does not present the financial position, changes in net assets, or cash flows of Downsville Community Charter.

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

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 allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

Downsville Community Charter has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO THE DOWNSVILLE COMMUNITY CHARTER  
EXECUTIVE DIRECTOR  
FOR THE YEAR ENDED JUNE 30, 2023

**Downsville Community Charter Executive Director, Anthony Cain:**

	<u>Purpose</u>	<u>Amount</u>
Salary		\$ 94,992
Employee Benefits		31,987
Travel		5,651

**PERFORMANCE AND STATISTICAL DATA  
SCHEDULES REQUIRED BY STATE LAW**

**DON M. McGEHEE**  
*(A Professional Accounting Corporation)*

P.O. Box 1344  
205 E. Reynolds Drive, Suite A  
Ruston, Louisiana 71273-1344

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

Board of Directors of the  
Downsville Community Charter, Inc.  
4787 Hwy 151  
Downsville, Louisiana 71234

I have performed the procedures enumerated below, which were agreed to by the Downsville Community Charter, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor on the performance and statistical data accompanying the annual financial statements of the Downsville Community Charter, Inc. for the fiscal year ended June 30, 2023; 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 126, in compliance with Louisiana Revised Statute 24:514 I. Management of the Downsville Community Charter, Inc., is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

My procedures and associated findings are as follows:

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

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

*No exceptions found.*

**Class Size Characteristics (Schedule 2)**

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

*No exceptions found.*

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

3. I 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. I then selected a sample of 25 individuals and traced to each individual's personnel file to observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

*In the sample of 25 individuals selected, the education level was properly classified in the PEP data for all 25 individuals. The years of experience for each individual selected was properly classified in the PEP data for 22 individuals with 3 individuals' years of experience incorrectly classified in the PEP data.*

*Management's Response: The three exceptions were related to data entry errors in the computer file. The bookkeeper will be more diligent when preparing the next PEP report.*

**Public School Staff Data: Average Salaries (NO SCHEDULE)**

4. I 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. I then selected a sample of 25 individuals, traced to each individual's personnel files to observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

*In the sample of 25 individuals selected, the full-time equivalents were properly classified in the PEP data for all 25 individuals. The salary and extra compensation for each individual selected was properly classified in the PEP data for 24 individuals with 1 individual's salary and extra compensation were not properly included in the PEP data.*

*Management's Response: The exception was a data entry error, where \$148 of total compensation was not reported correctly as salary and extra compensation. The bookkeeper will be more diligent in reporting these PEP amounts in the next PEP report.*

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Downsville Community Charter, Inc., as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Don M. McGehee*

Don M. McGehee  
Certified Public Accountant  
December 31, 2023

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**Downsville, Louisiana**  
**Schedules Required by State Law**  
**(R.S. 24:514 - Performance and Statistical Data)**  
**As of and For the Year Ended June 30, 2023**

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

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

**Schedule 2 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**Downsville, Louisiana**  
**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2023**

**Schedule 1**

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures:</u></b>		
<b>General Fund Instructional Expenditures:</b>		
<b>Teacher and Student Interaction Activities:</b>		
Classroom Teacher Salaries	\$ 1,532,851	
Other Instructional Staff Activities	103,236	
Instructional Staff Employee Benefits	668,065	
Purchased Professional and Technical Services	85,476	
Instructional Materials and Supplies	48,380	
Instructional Equipment	<u>0</u>	
Total Teacher and Student Interaction Activities		\$ 2,438,008
Other Instructional Activities		20,302
Pupil Support Services	(21,413)	
Less: Equipment for Pupil Support Services	<u>0</u>	
Net Pupil Support Services		(21,413)
Instructional Staff Services	7,013	
Less: Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		7,013
School Administration	433,443	
Less: Equipment for School Administration	<u>0</u>	
Net School Administration		<u>433,443</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 2,877,353</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 0</u>
<b><u>Certain Local Revenue Sources</u></b>		
<b>Local Taxation Revenue:</b>		
Constitutional Ad Valorem Taxes		0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		<u>0</u>
Total Local Taxation Revenue		<u>\$ 0</u>
<b>Local Earnings on Investment in Real Property:</b>		
Earnings from 16th Section Property		0
Earnings from Other Real Property		<u>0</u>
Total Local Earnings on Investment in Real Property		<u>\$ 0</u>
<b>State Revenue in Lieu of Taxes:</b>		
Revenue Sharing-Constitutional Tax		0
Revenue Sharing-Other Taxes		0
Revenue Sharing-Excess Portion		0
Other Revenue in Lieu of Taxes		<u>0</u>
Total State Revenue in Lieu of Taxes		<u>\$ 0</u>
Nonpublic Textbook Revenue		<u>\$ 0</u>
Nonpublic Transportation Revenue		<u>\$ 0</u>

**DOWNSVILLE COMMUNITY CHARTER, INC.**  
**Downsville, Louisiana**  
**Class Size Characteristics**  
**As of October 1, 2022**

**Schedule 2**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	89%	186	10.5%	22	0.5%	1	0%	0
Combination Activity Classes	85.7%	18	14.3%	3	0%	0	0%	0

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.

**DOWNSVILLE COMMUNITY CHARTER, INC.**

**STATEWIDE AGREED-UPON PROCEDURES**

JUNE 30, 2023

**DON M. McGEHEE**  
(A Professional Accounting Corporation)

P.O. Box 1344  
205 E. Reynolds Drive, Suite A  
Ruston, Louisiana 71273-1344

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

Board of Directors of the Downsville Community Charter, Inc.  
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Downsville Community Charter, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

Downsville Community Charter, Inc. 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 the 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 as follows:

**1) Written Policies and Procedures**

A. 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:

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*Management provided us with the written policy and procedures and all functions are addressed.*

- ii. **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.

*Management provided us with the written policy and procedures and all functions are addressed.*

- iii. **Disbursements**, including processing, reviewing, and approving.

*Management provided us with the written policy and procedures and all functions are addressed.*

- iv. **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).

*Management provided us with the written policy and procedures and all functions are addressed.*

- v. **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 rates of pay or approval and maintenance of pay rate schedules.

*Management provided us with the written policy and procedures and all functions are addressed.*

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*Management provided us with the written policy and procedures and all functions, except standard terms and conditions for contracts, are addressed.*

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Management provided us with the written policy and procedures and all functions are addressed.*

- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).

*Management provided us with the written policy and procedures and all functions are addressed.*

- ix. **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.

*Management provided us with the written policy and procedures and all functions are addressed.*

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Management provided us with the written policy and procedures but all functions are not addressed.*

*Management's Response: This is the first year the school had a debt issuance. The business manager will prepare a new written policy with the required functions addressed.*

- xi. **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.

*Management provided us with the written policy and procedures and all functions are addressed.*

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Management provided us with the written policy and procedures, but charter schools are not required to follow R.S. 42:342-344.*

**2) Board (or Finance Committee, if applicable)**

- A. 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:
- i. 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.  
*No exceptions were found as a result of this procedure.*
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.  
*No exceptions were found as a result of this procedure.*
  - iii. 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.  
*No exceptions were found as a result of this procedure.*
  - iv. 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.  
*No exceptions were found as a result of this procedure.*

**3) Bank Reconciliations**

- A. 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:
- i. 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);  
*No exceptions were found as a result of this procedure.*
  - ii. Bank reconciliations include written evidence that a member of management or a 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  
*No exceptions were found as a result of this procedure.*
  - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.  
*No exceptions were found as a result of this procedure.*

**4) Collections (excluding electronic funds transfers)**

- A. 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).

*Management provided us with the required list and representation that it is complete.*

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are 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:

- i. Employees responsible for cash collections do not share cash drawers/registers;

*No exceptions were found as a result of this procedure.*

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

*No exceptions were found as a result of this procedure.*

- iii. Each employee responsible for collecting cash is not also 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; and

*No exceptions were found as a result of this procedure.*

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

*No exceptions were found as a result of this procedure.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*Management does not use pre-numbered receipts for general fund collections.*

*Management's Response: The accountant and clerk for the general fund will be more diligent in using pre-numbered receipts.*

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- iv. Observe that 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).

*Observed deposits were made within one business day of receipt, except one deposit that did not have a pre-numbered receipt or date received stamped on it to use for testing whether it was deposited within one business day of receipt.*

*Management's Response: The accountant and clerk for the general fund will be more diligent in using pre-numbered receipts to allow testing that receipts are deposited daily.*

- v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

- A. 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).

*Management provided us with the required list and representation that it is complete.*

- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

*No exceptions were found as a result of this procedure.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*No exceptions were found as a result of this procedure.*

- iii. 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;

*No exceptions were found as a result of this procedure.*

- iv. 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; and

*No exceptions were found as a result of this procedure.*

- v. 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.

*No exceptions were found as a result of this procedure.*

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transactions 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:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*No exceptions were found as a result of this procedure.*

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) 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.

*No exceptions were found as a result of this procedure.*

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

*Management provided us with the required list and representation that it is complete.*

B. 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:

- i. 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; and

*No exceptions were found as a result of this procedure.*

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions were found as a result of this procedure.*

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as "missing receipt statement" that is subject to increased scrutiny.

*No exceptions were found as a result of this procedure.*

### **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. 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 and 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:

- i. If reimbursed using a per diem, observe that 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](http://www.gsa.gov));

*No exceptions were found as a result of this procedure.*

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

*No exceptions were found as a result of this procedure.*

- iii. 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 Policies and Procedures procedure #1A(vii); and

*All transactions selected had written documentation for the business/public purpose, except one.*

*Management's Response: The accountant will be more diligent in obtaining appropriate documentation.*

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of this procedure.*

### **8) Contracts**

- A. 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. *Alternatively, 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:

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

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

*No exceptions were found as a result of this procedure.*

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

*No exceptions were found as a result of this procedure.*

- iv. 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.

*No exceptions were found as a result of this procedure.*

### **9) Payroll and Personnel**

- A. 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.

*No exceptions were found as a result of this procedure.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

*No exceptions were found as a result of this procedure.*

- ii. Observe whether supervisors approved the attendance and leave of the selected employee or officials;

*No exceptions were found as a result of this procedure.*

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

*No exceptions were found as a result of this procedure.*

- iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions were found as a result of this procedure.*

- C. Obtain a listing of those employees/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 policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*No exceptions were found as a result of this procedure.*

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions were found as a result of this procedure.*

### **10) Ethics**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*No exceptions were found as a result of this procedure.*

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*No exceptions were found as a result of this procedure.*

### **11) Debt Service**

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

*No exceptions were found as a result of this procedure.*

- B. 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).

*No exceptions were found as a result of this procedure.*

### **12) Fraud Notice**

- A. 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 as required by R.S. 24:523.

*Not applicable.*

- B. 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.

*No exceptions were found as a result of this procedure.*

**13) Information Technology Disaster Recovery/Business Continuity**

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. 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 evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedures and discussed the results with management.*

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedures and discussed the results with management.*

- iii. 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.

*We performed the procedures and discussed the results with management.*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*We performed the procedures and discussed the results with management.*

**14) Prevention of Sexual Harassment**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Charter schools are not required to comply with this requirement.*

- B. 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.)

*Charter schools are not required to comply with this requirement.*

- C. 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 the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

*Charter schools are not required to comply with this requirement.*

- ii. Number of sexual harassment complaints received by the agency;

*Charter schools are not required to comply with this requirement.*

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

*Charter schools are not required to comply with this requirement.*

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Charter schools are not required to comply with this requirement.*

- v. Amount of time it took to resolve each complaint.

*Charter schools are not required to comply with this requirement.*

I was engaged by Downsville Community Charter, Inc. to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of Downsville Community Charter, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my 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.

*Don M. McGehee*

Don M. McGehee  
Certified Public Accountant  
December 31, 2023