

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

**AS OF JUNE 30, 2025 AND 2024
AND FOR THE YEARS THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA**

Annual Financial Statements
As of and for the Years Ended June 30, 2025 and 2024
With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Delta Charter Group
Ferriday, Louisiana

Opinion

We have audited the accompanying financial statements of the Delta Charter Group (the School), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the School Leader, as required by Louisiana Revised Statute 24:513(A)(3), is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows for the School, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Schedule 1 and 2 as noted in the Table of Contents but does not include the financial statements, accompanying notes, and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
January 15, 2026

SECTION I
FINANCIAL STATEMENTS

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		<u>AS RESTATED</u>
Current Assets		
Cash and cash equivalents	\$ 2,922,441	\$ 2,609,434
Cash and cash equivalents - school activity funds	215,669	184,231
Accounts receivable	98,142	241,754
Total current assets	\$ 3,236,252	\$ 3,035,419
Fixed Assets		
Property and equipment, net	\$ 3,284,136	\$ 3,153,635
Total fixed assets, net	\$ 3,284,136	\$ 3,153,635
Total assets	\$ 6,520,388	\$ 6,189,054
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 17,033	\$ 59,234
Due school activity funds	215,669	184,231
Payroll liabilities	355,167	322,249
Accrued expenses	127,513	127,513
Total current liabilities	\$ 715,382	\$ 693,227
Total liabilities	\$ 715,382	\$ 693,227
Net Assets		
Without donor restriction	\$ 5,805,006	\$ 5,495,827
Total net assets	\$ 5,805,006	\$ 5,495,827
Total liabilities and net assets	\$ 6,520,388	\$ 6,189,054

The accompanying notes are an integral part of these financial statements.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	Without Donor Restrictions	
	2025	2024
		<u>AS RESTATED</u>
REVENUE AND SUPPORT		
State public school funding	\$ 6,055,103	\$ 5,586,380
Federal grant revenue	552,450	873,623
Donations	250	12,990
Interest	99,832	37,130
Other miscellaneous income	12,484	45,826
	<u>6,720,119</u>	<u>6,555,949</u>
Total revenue and support	<u>\$ 6,720,119</u>	<u>\$ 6,555,949</u>
EXPENSES		
Program services	\$ 6,026,285	\$ 6,076,085
Management and general	384,655	412,177
Total expenses	<u>\$ 6,410,940</u>	<u>\$ 6,488,262</u>
	<u>\$ 309,179</u>	<u>\$ 67,687</u>
Change in net assets	<u>\$ 309,179</u>	<u>\$ 67,687</u>
Net assets, beginning of year	<u>\$ 5,495,827</u>	<u>\$ 5,428,140</u>
Net assets, end of year	<u><u>\$ 5,805,006</u></u>	<u><u>\$ 5,495,827</u></u>

The accompanying notes are an integral part of these financial statements.

THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	June 30, 2025		
	Program Services	Management and General	Total
Salaries	\$ 3,393,847	\$ 148,102	\$ 3,541,949
Payroll taxes and benefits	792,658	35,914	828,572
Food services	265,851	-	265,851
Depreciation	192,031	-	192,031
Supplies, materials, and textbooks	113,074	1,610	114,684
Student transportation	84,239	-	84,239
Purchased services	230,718	149,440	380,158
Utilities	96,635	-	96,635
Repairs	63,372	-	63,372
Insurance	616,390	46,681	663,071
Phone, internet, and postage	13,975	-	13,975
Dues and miscellaneous	87,348	499	87,847
Travel	17,978	400	18,378
Indirect costs	15,813	-	15,813
Equipment	42,356	-	42,356
Advertising	-	2,009	2,009
	<u>\$ 6,026,285</u>	<u>\$ 384,655</u>	<u>\$ 6,410,940</u>

	June 30, 2024		
	Program Services	Management and General	Total
		AS RESTATED	
Salaries	\$ 3,311,794	\$ 135,776	\$ 3,447,570
Payroll taxes and benefits	843,980	36,516	880,496
Food services	238,056	-	238,056
Depreciation	184,463	-	184,463
Supplies, materials, and textbooks	91,589	4,297	95,886
Student transportation	83,315	-	83,315
Purchased services	366,565	186,742	553,307
Utilities	79,225	-	79,225
Repairs	124,093	-	124,093
Insurance	568,262	42,859	611,121
Phone, internet, and postage	10,714	-	10,714
Dues and miscellaneous	70,448	855	71,303
Travel	27,639	2,523	30,162
Indirect costs	39,372	-	39,372
Equipment	36,570	-	36,570
Advertising	-	2,476	2,476
Interest	-	133	133
	<u>\$ 6,076,085</u>	<u>\$ 412,177</u>	<u>\$ 6,488,262</u>

The accompanying notes are an integral part of these financial statements.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024 <u>AS RESTATED</u>
Cash flows from operating activities		
Change in net assets	\$ 309,178	\$ 52,891
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	192,031	184,463
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	143,612	107,689
Increase (decrease) in liabilities:		
Accounts payable	(42,201)	20,397
Due school activity funds	31,438	8,001
Payroll liabilities	32,918	(12,785)
Accrued expenses	-	766
Net cash provided by operating activities	\$ 666,976	\$ 361,422
Cash flows from investing activities		
Purchase of land, building, and equipment	\$ (322,532)	\$ (460,930)
Net cash used for investing activities	\$ (322,532)	\$ (460,930)
Net (decrease) increase in cash	\$ 344,444	\$ (99,508)
Cash at beginning of year	2,778,869	2,878,377
Cash at end of year	\$ 3,123,313	\$ 2,778,869
Supplementary disclosure of cash flow information:		
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Delta Charter Group (the School) was granted a Type 2 charter by the Louisiana Board of Elementary and Secondary Education to provide educational services in Louisiana to students beginning with the 2014-2015 school year. The School served eligible students in kindergarten through twelfth grade in the 2024-2025 school year and was authorized for 500 students. The School is governed by an eight-member board of directors.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Revenues

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded through the State Public School Fund. The School receives funding per eligible student in attendance on October 1, payable in monthly installments. Adjustments are normally made in the following year.

State and Federal grants are generally on a cost-reimbursement basis, whereby revenues are recognized when related eligible expenses are incurred.

Property and Equipment

The School has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$1,000 and the useful life exceeds one year. Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the capital assets of the School:

<u>Asset</u>	<u>Useful Life (in years)</u>
Buildings	40 years
Equipment	5 years

Compensated Absences

The School grants all 12-month employees of the School a total of 30 days of paid sick leave per year. Sick leave may be accumulated from year to year, not to exceed 90 days. Upon retirement or death prior to retirement, the School will pay to the employee or his/her estate any unused sick leave, not to exceed 25 days. In addition, all full-time personnel employed on a 12-month fiscal year basis are entitled to annual leave of 18 days per year, based upon years of consecutive service. Compensated absences accrued as of June 30, 2025 and 2024, were \$128,210 and \$128,210, respectively, and are included in accrued expenses on the statement of financial position.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations

The School received 85% of its revenues in the year ended June 30, 2025, from the State of Louisiana's Minimum Foundation Program, in accordance with its charter school contract with the State.

Net Assets

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 948, 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, and net assets with donor restrictions). Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be used on a particular use. Restrictions may be met by the passage of time or by actions of the School. Certain restrictions may need to be maintained in perpetuity.

Liquidity and Availability of Resources

The School's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2025
Cash and cash equivalents	\$ 2,922,441
Accounts receivable	98,142
	<hr/>
Total	\$ 3,020,583

None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the School in the next 12 months.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The School is a nonprofit organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School is required to annually file Form 990 with the Internal Revenue Service. The School does not have uncertain tax positions that are deemed material and did not recognize any adjustments for unrecognized tax benefits nor did the School incur any unrelated business income.

Reclassifications

Certain reclassifications have been made to the June 30, 2024, financial statements presentation to correspond to the current year's format. Total net assets and total change in net assets are unchanged due to these reclassifications.

Evaluation of Subsequent Events

The School has evaluated subsequent events and transactions through January 15, 2026, the date which the consolidated financial statements were available to be issued, based on FASB ASC 855 *Subsequent Events*, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

NOTE 2 - CASH AND CASH EQUIVALENTS

The School's cash (bank balance) was \$3,099,849 as of June 30, 2025. Of this amount, \$500,000 was covered by the Federal Deposit Insurance Corporation and \$2,599,849 by pledged securities.

NOTE 3 - GRANTS AND OTHER RECEIVABLES

Accounts receivable are as follows:

	<u>2025</u>	<u>2024</u>
Title I - Minimum Foundation	\$ 73,269	\$ 170,663
Title II	7,138	17,700
IDEA	13,728	13,300
ESSER	<u>4,007</u>	<u>40,090</u>
Total	<u>\$ 98,142</u>	<u>\$ 241,753</u>

NOTE 4 - SCHOOL ACTIVITY FUNDS

School Activity Funds are monies collected through dues, fundraisers, admissions, or other money-generating activity by an organizational unit within the School. It also includes donations from outside sources when such donation is made for a specific or restricted purpose. These monies are kept separate from governmental monies provided for regular instructional programs or facilities.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

NOTE 5 - FIXED ASSETS

A summary of fixed assets as of June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 105,440	\$ 105,440
Buildings and improvements	3,224,821	2,851,801
Equipment	1,338,877	928,064
Accumulated depreciation	<u>(1,385,002)</u>	<u>(1,008,136)</u>
Total	<u>\$ 3,284,136</u>	<u>\$ 2,877,169</u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$192,031 and \$184,136, respectively.

NOTE 6 - RETIREMENT PLAN

Teachers' Retirement System of Louisiana (TRSL)

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer, defined-benefit pension plan administered by a separate board of trustees. Pertinent information relative to the Plan follows.

Plan Description - The TRSL provides retirement benefits as well as disability and survivor benefits. 10 years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123.

Funding Policy - Plan members are required to contribute 8% of their annual covered salary in 2025 and 2024. The School is required to contribute at an actuarially determined rate. The current rate is 25.2% of annual eligible covered payroll. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the Plan were \$714,195 for the year ended June 30, 2025, and \$770,686 for the year ended June 30, 2024, which is equal to the required contribution.

Louisiana School Employees' Retirement System (LSERS)

General Information about the Pension Plan

Plan Description - Employees of the school are provided with pensions through a cost-sharing, multiple-employer, defined-benefit plan administered by the State of Louisiana School Employees' Retirement System (LSERS). Section 11:1001 of the Louisiana Revised Statutes grants to LSERS's Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the Plan. LSERS issues a publicly available financial report that is available for download at www.lsers.net.

Benefits Provided - The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

NOTE 6 - RETIREMENT PLAN (continued)

Louisiana School Employees' Retirement System (LSERS) (continued)

1. Retirement

A member who joined the System on or before June 30, 2010, is eligible for normal retirement if he/she has at least 30 years creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the System on or after July 1, 2010, is eligible for normal retirement if he/she has at least five years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3.33% of the average compensation for the three highest consecutive years of membership service, subject to the 10.0% salary limitation, multiplied by the number of years of service, limited to 100% of final average compensation, plus a supplemental allowance of \$2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3.33% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10.0% salary limitation. For members who joined the System on or after July 1, 2010, 2.5% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15.0% salary limitation. The supplementary allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

2. Deferred Retirement Benefits

Members of the System may elect to participate in the Deferred Retirement Option Plan (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP, active membership in the regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the System. The monthly retirement benefits that would have been payable had the person elected to cease employment and receive a service retirement allowance are paid into the Deferred Retirement Option Plan Fund Account.

The System maintains sub-accounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with LA-R.S. 11:1152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may receive his/her DROP monies either in a lump sum payment from the account or systematic disbursements.

The System also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

NOTE 6 - RETIREMENT PLAN (continued)

Louisiana School Employees' Retirement System (LSERS) (continued)

3. Disability Retirement Benefits

A member is eligible to retire and receive disability benefits if they have at least five years of creditable service, are not eligible for normal retirement, and have become totally and permanently disabled and are certified as disabled by the State Medical Disability Board. A vested person with 20 or more years of creditable service is eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the System provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

4. Initial Benefit Retirement Plan

Effective January 1, 1996, the state legislature authorized the System to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit, or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time, single-sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with LA-R.S. 11:1152(F)(3).

Contributions - Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution.

The employer's contribution rate for the year ended June 30, 2025, was 27.60% of annual payroll, with the employee contributing 8% of annual payroll. Contributions to the pension plan from the School were \$33,410 and \$34,366 for the years ended June 30, 2025 and 2004, respectively.

NOTE 7 - LITIGATION

The Delta Charter School is a defendant, along with the Concordia Parish School Board, in a lawsuit involving a 50-year-old desegregation suit. A ruling was rendered in June 2017 concerning the case; however, a stay was granted to the School for the 2017-2018 school year. The School is currently working with a court-appointed special master on ways to help meet the requirements set forth in the ruling.

NOTE 8 - FUNCTIONAL EXPENSES ALLOCATION

The School has one program providing education for students in grades K-12. Expenses have been allocated between programs services and management and general related expenses. Management has determined that management and general expenses consist of legal and accounting fees and office expenses. All other expenses are directly related to providing for students in grades K-12.

**THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

NOTE 9 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2025, a prior period adjustment was booked to the financial statements for the year ended June 30, 2024. The prior period adjustment resulted in an increase of \$18,520 to Net Assets - Without Donor Restrictions as of June 30, 2024.

SECTION II
SUPPLEMENTARY INFORMATION

THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE SCHOOL LEADER
FOR THE YEAR ENDED JUNE 30, 2025

Agency Head Name: Craig Jackson, Board President

Purpose	Amount
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
	\$ -

See Independent Auditor's Report.

SECTION III
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

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

Board of Directors
The Delta Charter Group
Ferriday, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Delta Charter Group (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Reports on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Delta Charter Group's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Delta Charter Group'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 Delta Charter Group's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
January 15, 2026

**THE DELTA CHARTER GROUP
 FERRIDAY, LOUISIANA
 STATUS OF CURRENT YEAR FINDINGS, RECOMMENDATIONS,
 AND CORRECTIVE ACTION PLAN
 FOR THE YEAR ENDED JUNE 30, 2025**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding
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Section I - Internal Control and Compliance Material to the Financial Statements:

2025-1 Late Filing of Audit Report (Compliance)

Condition: The School’s audited financial statements were not submitted to the Louisiana Legislative Auditor by the statutory due date of December 31, 2025.

Criteria: To be in good standing with the State of Louisiana, the audited financial statements must be submitted to the Louisiana Legislative Auditor by December 31, 2025.

Cause: Necessary information was not requested and certain issues were not resolved in a timely enough manner to complete and submit the audit by the statutory due date.

Effect: The School is on the noncompliance list with the State of Louisiana.

Recommendation: We recommend that the independent auditor and School work to establish and adhere to a mutually agreed-upon timeline for information request and document submission well in advance of the statutory due date.

Corrective Action Plan: The School will work with the independent auditor to establish and adhere to a timeline that will ensure completion of the audit by the statutory due date.

Section II - Internal Control and Compliance Material to Federal Awards:

N/A.

Section III - Management Letter:

None issued.

SECTION IV
OTHER INFORMATION REQUIRED BY LOUISIANA STATE LAW



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
The Delta Charter Group
Ferriday, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Delta Charter Group (the School) for the fiscal year ended June 30, 2025, to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statutes 24:514 I. Management of the School is responsible for its performance and statistical data.

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

Our procedures and findings relate to the accompanying schedules of supplementary information and are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total general fund instructional expenditures
 - Total general fund equipment expenditures

Findings - We noted no exceptions.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then compared this information to the October 1 class size report obtained from LA DOE and determined if the class was properly classified on the schedule.

Findings - We noted no exceptions.

Education Levels/Experience of Public School Staff (No Schedule)

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

Findings - We noted no exceptions.

Public School Staff Data (No Schedule)

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

Findings - We noted no exceptions.

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

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 Delta Charter Group, 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 Louisiana Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
January 15, 2026

THE DELTA CHARTER GROUP
FERRIDAY, LOUISIANA
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2025

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$	2,226,510	
Other instructional staff activities		204,798	
Instructional staff employee benefits		1,028,554	
Purchased professional and technical services		101,285	
Instructional materials and supplies		63,107	
Instructional equipment		-	
Total teacher and student interaction activities		-	\$ 3,624,254
Other instructional activities			60,047
Total general fund instructional expenditures			\$ 3,684,301

Pupil support services	\$	399,531	
Less: Equipment for pupil support services		-	
Net pupil support services		-	399,531

Instructional staff services			
Less: Equipment for instructional staff services	\$	33,246	
Net instructional staff services		-	33,246

School administration	\$	755,333	
Less: Equipment for school administration		-	
Net school administration		-	755,333

Total general fund instructional and support expenditures			\$ 4,872,411
-----------------------------------------------------------	--	--	--------------

Total general fund equipment expenditures			\$ -
-------------------------------------------	--	--	------

Certain Local Revenue Sources

Local taxation revenue:	\$		-
Constitutional ad valorem tax			-
Renewable ad valorem tax			-
Debt service ad valorem tax			-
Up to 1% of collections by the Sheriff on taxes other than School taxes			-
Sales and use taxes			-
Total local taxation revenue			\$ -

Local earnings on investment in real property:	\$		-
Earnings from 16th Section property			-
Earnings from other real property			-
Total local earnings on investment in real property			\$ -

State revenue in lieu of taxes:	\$		-
Revenue sharing - constitutional tax			-
Revenue sharing - other taxes			-
Revenue sharing - excess portion			-
Other revenue in lieu of taxes			-
Total state revenue in lieu of taxes			\$ -

Nonpublic textbook revenue	\$		-
Nonpublic transportation revenue	\$		-

See Independent Auditor's Report.

THE DELTA CHARTER GROUP
 FERRIDAY, LOUISIANA
 CLASS SIZE CHARACTERISTICS
 FOR THE YEAR ENDED JUNE 30, 2025

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	79.00%	158	18.50%	37	0.50%	1	2.00%	4
Combination activity classes	72.70%	16	27.30%	6	0.00%	-	0.00%	-

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.

SECTION V
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING STATE WIDE AGREED-UPON PROCEDURES



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATE WIDE AGREED-UPON PROCEDURES

To the Delta Charter Group
and the Louisiana Legislative Auditor

We have performed the procedures in the attached supplement, on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2024, through June 30, 2025. The Delta Charter Group's (the School) management is responsible for those control and compliance areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the control and compliance areas identified in the LLA's SAUPs for the fiscal period July 01, 2024, through June 30, 2025. 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.

Our procedures and findings are included in the attached supplement to this report.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those control and compliance 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.

Silas Simms, LP

Natchez, Mississippi
January 15, 2026

**THE DELTA CHARTER GROUP
SCHEDULE OF PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) *Budgeting*; including preparing, adopting, monitoring, and amending the budget.
 - b) *Purchasing*; including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*; including processing, reviewing, and approving.
 - d) *Receipts/Collections*; including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation, etc.).
 - e) *Payroll/Personnel*; including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) *Contracting*; including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*; including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases, etc.).
 - h) *Travel and Expense Reimbursement*; including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*; including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) *Debt Service*; including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) *Information Technology Disaster Recovery/Business Continuity*; including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
 - l) *Sexual Harassment*; including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings - No exceptions were noted in the above procedures.

Board or Finance Committee

2. Obtain and inspect the Board/Finance Committee minutes for the fiscal period, as well as the Board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the Board/Finance Committee met with a quorum at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) 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. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public fund, if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings - No exceptions were noted in the above procedures.

Bank Reconciliations

3. 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged, etc.);
 - b) Bank reconciliations include evidence that a member of management/Board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged, etc.); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings - No exceptions were noted in the above procedures.

Collections (excluding electronic funds transfers)

4. 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 five deposit sites (or all deposit sites if less than five).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.

Collections (excluding electronic funds transfers) (continued)

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

Findings - No exceptions were noted in the above procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
9. For each location selected under Procedure 8, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, petty cash purchases)
(continued)

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under Procedure 8, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice, and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Procedure 9, as applicable.

Findings - No exceptions were noted in the above procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under Procedure 12, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings - No exceptions were noted in the above procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Travel and Travel-Related Expense Reimbursements (excluding card transactions) (continued)

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

Findings - No exceptions were noted in the above procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
 - a) 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.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe 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, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Findings - No exceptions were noted in the above procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the five employees or officials selected under Procedure 16, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Payroll and Personnel (continued)

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. 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, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings - No exceptions were noted in the above procedures.

Ethics

20. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel" obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings - No exceptions were noted in the above procedures.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.
22. 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).

Findings - No exceptions were noted in the above procedures. .

Fraud Notice

23. 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.

Fraud Notice (continued)

24. Observe 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.

Findings - No exceptions were noted in the above procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five 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.

Findings - No exceptions were noted in the above procedures.

Sexual Harassment

26. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel", obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe 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).
28. 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 it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings - No exceptions were noted in the above procedures.