

**AVOUELLES PUBLIC  
CHARTER SCHOOL, INC.**

**Mansura, Louisiana**

**Financial Report  
Year Ended June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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The Board of Directors  
Avoyelles Public Charter School, Inc.  
Mansura, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Avoyelles Public Charter School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility 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; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avoyelles Public Charter School, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 18 to the financial statements, Avoyelles Public Charter School, Inc. implemented the provisions of the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 19 through 20 are presented for purposes of additional analysis and are not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance, with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of Avoyelles Public Charter School, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Avoyelles Public Charter School, Inc.'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 Avoyelles Public Charter School, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 27, 2019

**FINANCIAL STATEMENTS**

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana  
Statement of Financial Position  
June 30, 2019

ASSETS

Current assets:	
Cash and cash equivalents	\$ 4,050,556
Interest-bearing deposits	2,102,787
Accrued interest receivable	11,249
Accounts receivable	1,709
Grants receivable	<u>438,570</u>
Total current assets	<u>6,604,871</u>
Restricted assets:	
Cash and cash equivalents	<u>32,383</u>
Fixed assets:	
Fixed assets	16,286,423
Less: accumulated depreciation	<u>(5,839,701)</u>
Total fixed assets, net	<u>10,446,722</u>
Total assets	<u>\$ 17,083,976</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 164,746
Accrued expenses	411,532
Due to others	32,383
Notes payable - current portion	<u>452,058</u>
Total current liabilities	1,060,719
Long term liabilities:	
Notes payable	<u>4,794,610</u>
Total liabilities	5,855,329
Net assets:	
Without donor restrictions	<u>11,228,647</u>
Total liabilities and net assets	<u>\$ 17,083,976</u>

The accompanying notes are an integral part of the basic financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana

Statement of Activities  
For the Year Ended June 30, 2019

Changes in net assets without donor restrictions	
Revenues, gains and other support:	
State MFP revenue	\$ 5,424,245
Federal and state grants	549,501
Student fees	126,984
Donations	2,075
Miscellaneous revenue	338,634
Interest income	<u>25,966</u>
Total	<u>6,467,405</u>
Expenses and losses:	
Program services	5,306,415
Supporting services -	
Administrative expenses	725,933
Fundraising expenses	<u>104,334</u>
Total	<u>6,136,682</u>
Change in net assets without donor restrictions	330,723
Net assets, beginning of year	<u>10,897,924</u>
Net assets, end of year	<u>\$ 11,228,647</u>

The accompanying notes are an integral part of the basic financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana

Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services	Support Services		Total
		Administrative Expenses	Fundraising Expenses	
Expenses:				
Salaries	\$ 2,469,554	\$ 345,984	\$ -	\$ 2,815,538
Payroll taxes	33,915	3,473	-	37,388
Employee group insurance	447,317	57,680	-	504,997
Retirement fund contribution	639,942	91,576	-	731,518
Other employee benefits	16,769	-	-	16,769
Retirees' group benefits	34,856	-	-	34,856
Transportation	279,497	-	-	279,497
Advertising	-	1,942	-	1,942
Depreciation expense	401,053	-	-	401,053
Dues and fees	4,809	18,119	-	22,928
Insurance	94,488	7,198	-	101,686
Repairs and maintenance	103,126	-	-	103,126
Audit / accounting services	-	90,900	-	90,900
Other professional services	43,943	22,798	-	66,741
Miscellaneous expense	31,735	4,016	104,334	140,085
Bank charges and fees	-	439	-	439
Purchased educational services	10,435	-	-	10,435
Materials and supplies	99,462	69,566	-	169,028
Books and periodicals	45,629	-	-	45,629
Telephone and postage	33,939	12,242	-	46,181
Utilities	149,899	-	-	149,899
Food service management	139,847	-	-	139,847
Interest expense	226,200	-	-	226,200
Totals	<u>\$ 5,306,415</u>	<u>\$ 725,933</u>	<u>\$ 104,334</u>	<u>\$ 6,136,682</u>

The accompanying notes are an integral part of the basic financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Change in net assets without donor restrictions	\$ 330,723
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities -	
Depreciation	401,053
Decrease (increase) in operating assets	
Accrued interest receivable	(4,271)
Grants receivable	(135,316)
(Decrease) increase in operating liabilities	
Accounts payable	(23,337)
Accrued expenses	(7,113)
Due to others	4,040
Net cash provided by operating activities	<u>565,779</u>
Cash flows from investing activities:	
Purchases of buildings and equipment	(89,676)
Purchases of interest-bearing deposits	<u>(13,225)</u>
Net cash used by investing activities	<u>(102,901)</u>
Cash flows from financing activities:	
Payments on notes payable	<u>(433,801)</u>
Net change in cash	<u>29,077</u>
Cash and cash equivalents, beginning of year	
Unrestricted	4,025,519
Restricted	<u>28,343</u>
	<u>4,053,862</u>
Cash and cash equivalents, end of year:	
Unrestricted	4,050,556
Restricted	<u>32,383</u>
	<u>\$ 4,082,939</u>
Supplemental disclosure:	
Interest paid	<u>\$ 226,200</u>

The accompanying notes are an integral part of the basic financial statements.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

(1) Nature of Activities and Significant Accounting Policies

A. Nature of Organization and Operations

The Avoyelles Public Charter School, Inc. (the School) was granted a charter by the State Board of Elementary and Secondary Education in 1999 to provide a stimulating environment to academically challenged elementary school children. The School incorporates firm policies of discipline with parental and community involvement so that students will master essential academic and life skills. The School is a Type 2 Charter School governed by a board of directors.

B. Income Taxes

The School is a non-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and is an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the School and recognize a tax liability (or asset) if the School has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the School and has concluded that as of June 30, 2019 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The School is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

C. Financial Statement Presentation

The School reports 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.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D. Public Support and Revenue

The School receives its grant support primarily from the Louisiana State Department of Education Minimum Foundation program. Approximately 84% of the School's funding is from this program. Other public support is received from the U.S. Department of Education.

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

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

valued at the minimum wage rate in effect at the time of the donated services. Donated professional time is valued at the current market rate of the specific project. Donated materials are valued at current market value at the time of donation. There were no donated services that met the criteria for recognition.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restriction. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

E. Net Assets

The net assets of the School and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of the School or by the passage of time.

Net Assets without Donor Restrictions – Net Assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. These net assets may be used at the discretion of the School's management and board of directors.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

G. Fixed Assets

Fixed assets are recorded at historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. It is the School's policy to capitalize fixed assets valued at \$1,000 or more. Fixed assets are being depreciated over their estimated useful lives using the straight-line method. The range of estimated useful lives is as follows:

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

Buildings and improvements	40 years
Furniture and fixtures	5-7 years
Machinery and equipment	5-10 years

H. Cash and Cash Equivalents

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

I. Compensated Absences

Teachers and staff are allowed a maximum of ten cumulative sick and/or personal days per year. These days will not carry over to the next year, but may, at the discretion of the board, be used for extended sick leave if an employee has a medical event that necessitates longer than ten days of recovery, and permission is granted by the board of directors of the School. At the time of retirement, death or termination, no monies will be owed or paid to an employee for accumulated sick days. If an employee leaves the school to continue in another public-school system, the accumulated days on record will not be transferred to that system upon resignation from the School. Therefore, no liability existed at June 30, 2019.

J. Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K. Revenue Recognition

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

(2) Cash and Interest-Bearing Deposits

At June 30, 2019, the School had cash and interest-bearing deposits (book balances) totaling \$6,185,726. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2019 totaled \$6,237,461. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Total uninsured cash balances at June 30, 2019 were \$5,737,461 and therefore were exposed to custodial credit risk; however these deposits were collateralized with securities held by the pledging bank and not in the School's name.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

(3) Grants Receivable

Grants receivable were considered to be fully collectible by management. Accordingly, no allowance for doubtful accounts was required. Grants receivable consisted of the following at June 30, 2019:

United States Department of Education:	
IDEA Part B	\$ 116,569
Title I	265,941
Title II	17,424
Title IV	13,636
Other	<u>25,000</u>
	<u>\$ 438,570</u>

(4) Fixed Assets

A summary of fixed assets is as follows:

Land	\$ 1,571,789
Buildings and improvements	13,115,076
Furniture and fixtures	289,958
Machinery and equipment	1,309,600
Accumulated depreciation	<u>(5,839,701)</u>
Fixed assets, net	<u>\$ 10,446,722</u>

Depreciation expense for the year ended June 30, 2019 was \$401,053.

(5) Notes Payable

Notes payable consisted of the following:

\$7,502,000 promissory note payable to USDA-Rural Development dated August 30, 2005, due in monthly installments of \$32,334, including interest at 4.125%. The term of the note is 40 years, and is secured by operating revenues, real estate and personal property of the School.	\$ 5,246,668
Less: Current maturities	<u>(452,058)</u>
Note Payable	<u>\$ 4,794,610</u>

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

The annual debt service requirements are as follows:

Year Ending June 30,	Principal payments
2020	\$ 452,058
2021	471,062
2022	490,865
2023	511,501
2024	533,003
2025 and thereafter	2,788,179
	\$ 5,246,668

(6) Operating Leases

The School had several short term non-cancelable operating leases, primarily for copy machines, that expire at various dates through 2019. Those leases generally contain automatic renewal options for twelve-month periods. The School leases a school bus. The operating lease was entered into on July 2016 for five years terminating on July 1, 2021. Payments of \$17,300 during June 30, 2019 were recognized as lease expense. The minimum future rental payments under this operating lease having a remaining term in excess of one year as of June 30, 2019 for the remainder of the lease is as follows:

Year Ended	Amount
2020	\$ 17,300
2021	17,300
Total	\$ 34,600

(7) Board Designated Net Assets

It is the policy of the Board of Directors to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets to assure adequate financing of such improvements and acquisitions. Net assets have also been designated to fund the future liability associated with retiree health insurance benefits as well as debt service reserve requirements. At June 30, 2019, net assets designated by the Board of Directors amounted to \$5,327,046.

(8) School Activity Deposits Due to Others

The School acted as custodian for several student activity bank accounts. Funds held on behalf of these groups amounted to \$32,383 at June 30, 2019, and were reported as both an asset and a liability. Consequently, there was no effect on the School's net assets.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

(9) Postemployment Benefits

Substantially all employees of the Avoyelles Public Charter School, Inc. are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel, are members of the Louisiana School Employees' Retirement System. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Organization chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from its multiemployer pension plans. As of the most recent period available, neither plan was in a funding improvement or rehabilitation program and the School was not required to pay any amounts to the plan beyond its annual required contributions. Plan contribution amounts are computed annually by the plan's actuary and approved by the plan's board of directors. Accruals have not been made for postemployment benefits solely because the amounts due are not reasonably estimated as of June 30, 2019. Pertinent information relative to each plan is as follow:

A. Teachers' Retirement System of Louisiana (TRSL)

**Plan Description.** The TRSL consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is 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. Due to the nature of the Plan, the employer identification number and plan number is not available. Information about the plans funded status as of June 30, 2019 is not available and cannot be obtained without undue cost and effort. As a public retirement system in the State of Louisiana the plan produces a report containing funding information for a period 365 days prior to the Schools balance sheet date. That report indicated that the plan's liabilities were \$30,871,936,837 which exceeded the plan's net position of \$21,043,916,901 resulting in the plan being 68.2% funded. The TRSL issues a publicly available financial report and 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, or by calling (225) 925-6446.

**Funding Policy.** Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The School is required to contribute an actuarially determined rate. The current rate is 26.7 percent, 26.7 percent, and 26.7 percent of annual covered payroll for Regular Plan, Plan A, and Plan B, respectively. Member contributions and employer's contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Avoyelles Public Charter School Inc.'s employer contribution for the TRSL, as provided by state law, is funded by the State of Louisiana through annual appropriations and by remittances from the School.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

The Avoyelles Public Charter School, Inc.'s contributions to the TRSL for the year ending June 30, 2019 was \$687,283 equal to the required contributions for the year. This contribution did not exceed 5% of the total plan contributions as of the plans most recent report dated June 30, 2018. No significant changes have occurred related to the Schools contributions other than the annual adjustment of the contribution rate.

B. Louisiana School Employees' Retirement System (LSERS)

**Plan Description.** The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is 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 statutes. Due to the nature of the Plan, the employer identification number and plan number is not available. Information about the plans funded status as of June 30, 2019 is not available and cannot be obtained without undue cost and effort. As a public retirement system in the State of Louisiana the plan produces a report containing funding information for a period 365 days prior to the Schools balance sheet date. That report indicated that the plan's liabilities were \$2,614,250,388 which exceeded the plan's net position of \$1,946,113,040 resulting in the plan being 74.40% funded. LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

**Funding Policy.** Plan members are required to contribute 7.5 percent of their annual covered salary for members hired before July 1, 2010 and 8.0 percent for new hires enrolled on or after July 1, 2010, and the employer is required to contribute at an actuarially determined rate. The current rate is 28.00 percent of annual covered payroll. Member contributions and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement Systems' Actuarial Committee. The Avoyelles Public Charter School, Inc.'s employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

The Avoyelles Public Charter School Inc.'s contributions to the LSERS for the year ending June 30, 2019 was \$44,235, equal to the required contributions for the year. This contribution did not exceed 5% of the total plan contributions as of the plans most recent report dated June 30, 2018. No significant changes have occurred related to the Schools contributions other than the annual adjustment of the contribution rate.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

(10) Schedule of Compensation, Benefits and Other Payments to Director

A detail of compensation, benefits, and other payments made to the Director, Julie Roy for the year ended June 30, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 102,521
Benefits - medicare	1,444
Benefits - insurance	6,971
Benefits - retirement	27,365
Reimbursements	390
	<u>\$ 138,691</u>

(11) Related Party Transactions

Avoyelles Public Charter School, Inc. had deposits in the Cottonport Bank in the amount of \$5,841,529 (bank balance) at June 30, 2019. A board member of the Avoyelles Public Charter School, Inc. is the President and C.E.O. of the Cottonport Bank. During the year \$103,927 was paid for insurance coverage to the Cottonport Insurance Agency, which is a subsidiary of the Cottonport Bank.

(12) Advertising

Advertising costs were expensed as incurred. Total advertising expense for the year ended June 30, 2019 was \$1,942.

(13) Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit and review by the entities providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. Management is not aware of any disallowances related to grants as of June 30, 2019. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

The Avoyelles Public Charter School, Inc. provides medical benefits to its current and retired employee's through the Louisiana Office of Group Benefits (OGB). The plan provisions are contained in the official plan documents of the OGB, which is available at [www.groupbenefits.org](http://www.groupbenefits.org). The OGB plan is fully insured and is considered a multiple-employer plan for financial reporting purposes. The School has no plans to withdraw from the OGB plan. As of the most recent period available, the plan was not in a funding improvement or rehabilitation program and the School was not required to pay any amounts to the plan beyond its normal payments related to its employee's premiums. The School has made all contributions required by the plan.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

(14) Liquidity and Availability of Resources

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

Cash and cash equivalents	\$ 4,050,556
Interest-bearing deposits	2,102,787
Accrued interest receivable	11,249
Accounts receivable	1,709
Grant receivable	<u>438,570</u>
Total current assets	<u>\$ 6,604,871</u>

As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the School does not intend to spend from its Board Designated net assets (Note 7) other than amounts appropriated for general expenditures as part of its annual appropriation process, amounts from its Board Designated net assets could be made available if necessary.

(15) Subsequent Event Review

The School has evaluated subsequent events through the date of the independent auditor's report, and it was found that the School was forced to cancel their student transportation contract with the Avoyelles Parish School Board due to scheduling conflicts so the School entered into an operating lease agreement for four buses. The agreement with Ross Bus & Equipment Sales, Inc was entered into on July 15, 2019 for one year starting July 1, 2019 and terminating June 30, 2020. The payment of \$67,200 was made on July 22, 2019 and will be recognized as lease expense at June 30, 2020.

(16) Litigation

There was no litigation pending against the Avoyelles Public Charter School, Inc. as of the date of the Independent Auditor's Report.

(17) Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-9, Revenue from Contracts with Customers (Topic 606). This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be more entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year.

AVOYELLES PUBLIC CHARTERS SCHOOL, INC.

Notes to Financial Statements

Therefore, the new standard will be effective for annual periods beginning after June 30, 2019 and is not expected to have a significant impact on the Avoyelles Public Charter School, Inc.’s financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Management is evaluating the potential impact of the amendment on the Avoyelles Public Charter School, Inc.’s financial statements.

(18) New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The School has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the beginning net asset balances. The new standards change the following aspects of the School’s financial statements: the temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called the net assets with donor restrictions; and the financial statements include a new disclosure about liquidity and availability of resources (Note 14).

The changes have the following effect on the net assets at July 1, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 5,711,107	\$ -
Unrestricted net assets - designated	5,186,817	-
Net assets without donor restrictions	-	10,897,924
Total net assets	\$ 10,897,924	\$ 10,897,924

**SUPPLEMENTAL SCHEDULES**

AVOYELLES PUBLIC CHARTER SCHOOL, INC.

Schedule of Board Members  
For the Year Ended June 30, 2019

	<u>Term Expiration</u>
Jeanette H. Dugas President 201 Longfellow Road Mansura, LA 71350 (318) 240-8285	6/30/2020
Elizabeth Reed Vice-President 201 Longfellow Road Mansura, LA 71350 (318) 240-8285	6/30/2021
Becky Descant Treasurer 201 Longfellow Road Mansura, LA 71350 (318) 240-8285	6/30/2021
A.J. Roy III 201 Longfellow Road Mansura, LA 71350 (318) 240-8285	6/30/2020
Glenn Goudeau 201 Longfellow Road Mansura, LA 71350 (318) 240-8285	6/30/2020
Charles B. Jones 201 Longfellow Road Mansura, LA 71350 (318) 240-8285	6/30/2021

AVOYELLES PUBLIC CHARTER SCHOOL, INC.

Schedule of Insurance In Force  
For the Year Ended June 30, 2019

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Coverage Amount</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Student Accident Insurance	Student Accident Insurance	\$1,000,000 Catastrophic Accident \$25,000 Voluntary Accident \$25,000 Base Student Accident	Regions Insurance Inc.	CHK0051154	8/1/19
General Liability Policy	\$5M Commercial Umbrella	\$2,000,000 aggregate \$1,000,000 each occurrence	Cottonport Ins. Agency Western Heritage Ins. Co.	SCP0895859-R	8/20/19
Excess Liability Policy	Liability and Auto Liability Coverage's	\$5,000,000	Cottonport Ins. Agency American Alternative Ins. Co.	60A2UB0003858-03R	8/20/19
Auto Policy	Business Automobiles	\$1,000,000 liability \$100,000 uninsured	Cottonport Ins. Agency Houston Specialty Ins. Co.	HSLR18-04353-02	12/4/19
Property Policy	Buildings and Contents	\$15,716,789	Cottonport Ins. Agency EMC Insurance	#2P9-46-94-17	8/18/19
Worker's Compensation	Employees	\$1,000,000	Cottonport Ins. Agency Stonetrust Insurance Co.	WCV007335413	10/16/19
Employee Dishonesty Bond	Employees	\$100,000 per claim	Cottonport Ins. Agency CNA Surety Company	68995280	4/18/20

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors  
Avoyelles Public Charter School, Inc.  
Mansura, 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 Avoyelles Public Charter School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avoyelles Public Charter School, Inc.'s internal control over financial reporting (internal control) to determine the 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 Avoyelles Public Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Avoyelles Public Charter School, Inc.'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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Avoyelles Public Charter School, Inc.'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 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 27, 2019

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

There are no internal control findings to be reported.

B. Compliance

There are no compliance findings to be reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

There were no internal control findings reported.

B. Compliance

There were no compliance findings reported.

**SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)**

# KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Directors of the Avoyelles Public Charter School, Inc.  
Louisiana Department of Education  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Avoyelles Public Charter School, Inc.; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Avoyelles Public Charter School, Inc. for the fiscal year ended June 30, 2019; 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, in compliance with the Louisiana Revised Statute 24:514. Management of the Avoyelles Public Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we 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.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions and reviewed supporting documentation and observed 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, and
  - Nonpublic Transportation Revenue.

There were no exceptions noted.

### **Class Size Characteristics (Schedule 2)**

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

There were no exceptions noted.

### **Education Levels of Public School Staff (NO SCHEDULE)**

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

There were no exceptions noted.

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

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

There were no exceptions noted.

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 Avoyelles Public Charter School, Inc., as required by Louisiana Revised Statute 24:514.1, 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 27, 2019

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)  
As of and for the Year Ended June 30, 2019

**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 (Formerly Schedule 6) - 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.

AVOYELLES PUBLIC CHARTER SCHOOL  
Mansura, Louisiana  
Schedule I

General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2019

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities -

Classroom Teacher Salaries	\$ 1,999,223	
Other Instructional Staff Activities	54,594	
Instructional Staff Employee Benefits	1,075,029	
Purchased Professional and Technical Services	225	
Instructional Materials and Supplies	103,533	
Instructional Equipment	<u>-</u>	
Total Teacher and Student Interaction Activities		\$3,232,604

Other Instructional Activities:

Pupil Support Services	43,718	
Less: Equipment for Pupil Support Services	<u>-</u>	
Net Pupil Support Services		43,718
Instructional Staff Services	-	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		-
School Administration	310,349	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>310,349</u>

Total General Fund Instructional Expenditures (Total of Column B) \$3,859,596

Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) \$ -

**Certain Local Revenue Sources**

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
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	<u>-</u>
Total Local Taxation Revenue	<u>\$ -</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	<u>\$ -</u>
-------------------------------------	-------------

State revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

AVOYELLES PUBLIC CHARTER SCHOOL

Mansura, Louisiana

Schedule 2

Class Size Characteristics

As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	45%	105	28%	68	27%	66	0%	-
Combination Activity Classes	57%	28	14%	7	29%	14	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.

**AVOUELLES PUBLIC  
CHARTER SCHOOL, INC.**  
Mansura, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2018 through June 30, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of Directors of the  
Avoyelles Public Charter School, Inc.  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Avoyelles Public Charter School, Inc. ("Entity") 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, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

---

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read 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) **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.

#### ***Board or Finance Committee***

---

- 2. We obtained and inspected 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) We observed 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, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

---

- 3. Obtain a listing of client 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 selected each account, and observe that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

---

- 4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - 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 verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
- a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observed 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).
  - e) Traced the actual deposit per the bank statement to the general ledger.

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

---

- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. Obtained 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. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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).

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

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14. Obtained 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 selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### ***Contracts***

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15. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
  - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

## *Payroll and Personnel*

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16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
  - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

## *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
  - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

### ***Other***

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23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed 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.

### **Findings:**

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In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Board or Finance Committee, Disbursements, Travel and Expense Reimbursement, Contracts, Payroll and Personnel, Ethics and Debt Service.

No exceptions were found as a result of applying procedures listed above except:

#### **Written Policies:**

Avoyelles Public Charter School does not have written policies and procedures addressing how vendors are added to the vendor list, a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy and disaster recover/business continuity.

#### **Bank Reconciliations:**

For one bank reconciliation tested, there was no documentation of the date of reconciliation to determine if it was prepared within 2 months of the statement closing date.

For one bank reconciliation tested, dates of outstanding checks were not available, therefore it could not be determined if there were items outstanding for longer than 12 months that need to be researched.

**Credit Cards:**

Avoyelles Public Charter School does not have evidence that credit card statements or the supporting documentation are approved by someone other than the card holder.

For 20 transactions tested, 8 were not supported by an original itemized receipt.

We are unable to tests whether the there was written evidence of the business purpose of 8 transactions due to an original receipt not being kept with those purchases.

**Other:**

Avoyelles Public Charter School does not have the required "Fight Fraud" notices on their website.

**Management's Response:**

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Management of Avoyelles Public Charter School concurs with the exceptions and are working to address the deficiencies identified.

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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 27, 2019