

DOWNSVILLE COMMUNITY CHARTER, INC.

FINANCIAL REPORT

JUNE 30, 2017

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
JUNE 30, 2017

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DON M. McGEHEE
(A Professional Accounting Corporation)

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of Downsville Community Charter, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the year ended June 30, 2017 and the eight months ended June 30, 2016, 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

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downsville Community Charter, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the year ended June 30, 2017 and the eight months ended June 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments are presented for purposes of additional analysis 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Performance and Statistical Data included as Schedules 1 through 9, as required by Louisiana Revised Statute 24:514, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2017, on my consideration of the Downsville Community Charter's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Downsville Community Charter's internal control over financial reporting and compliance.



Don M. McGehee
Certified Public Accountant
December 14, 2017

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.**STATEMENTS OF FINANCIAL POSITION**

AS OF JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,070,095	\$ 163,758
Grant Receivables	38,075	19,076
Due from Others	<u>50,528</u>	<u>353,497</u>
TOTAL CURRENT ASSETS	<u>1,158,698</u>	<u>536,331</u>
RESTRICTED ASSETS		
Cash	59,761	18,409
Due from Others	<u>0</u>	<u>44,284</u>
TOTAL RESTRICTED ASSETS	<u>59,761</u>	<u>62,693</u>
TOTAL ASSETS	<u>\$ 1,218,459</u>	<u>\$ 599,024</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 35,669	\$ 46,341
Accrued Payroll and Related Amounts	202,241	221,520
Current Portion of Compensated Absences	<u>13,650</u>	<u>13,015</u>
TOTAL CURRENT LIABILITIES	<u>251,560</u>	<u>280,876</u>
COMPENSATED ABSENCES LIABILITY	<u>34,208</u>	<u>20,172</u>
TOTAL LIABILITIES	<u>285,768</u>	<u>301,048</u>
NET ASSETS		
Unrestricted	872,930	235,283
Temporarily Restricted	<u>59,761</u>	<u>62,693</u>
TOTAL NET ASSETS	<u>932,691</u>	<u>297,976</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,218,459</u>	<u>\$ 599,024</u>

See accompanying notes to financial statements.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

AND FOR THE EIGHT MONTHS ENDED JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUES		
Contributions	\$ 34,674	\$ 0
Grants		
Federal Grants	102,416	106,322
State Minimum Foundation Program	2,157,966	946,082
Local Minimum Foundation Program	1,289,697	796,946
Other State Funding	31,119	2,970
Interest Income	1,286	144
Court Ordered Payments from Others	0	353,497
Fee Revenue	14,227	6,334
Other	<u>5,842</u>	<u>85</u>
TOTAL REVENUES	<u>3,637,227</u>	<u>2,212,380</u>
EXPENSES		
Program Services		
Instruction		
Regular Programs	1,453,751	1,093,982
Special Education Programs	113,746	110,943
Career and Technical Education Programs	143,316	43,675
Other Instructional Programs	233,884	114,972
Instructional Staff Services	15,760	56,556
School Administration	326,595	122,533
Operation and Maintenance of Plant Services	296,689	138,513
Student Transportation Services	273,100	153,379
Food Service Operations	11,622	48,061
Management and General		
Business Services	100,117	49,701
General Administration	30,291	44,280
Central Services	<u>708</u>	<u>502</u>
TOTAL EXPENSES	<u>2,999,579</u>	<u>1,977,097</u>
CHANGE IN UNRESTRICTED NET ASSETS	637,648	235,283
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
School Activity Funds	<u>(2,932)</u>	<u>62,693</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(2,932)</u>	<u>62,693</u>
CHANGE IN NET ASSETS	634,716	297,976
NET ASSETS - BEGINNING OF YEAR	<u>297,976</u>	<u>0</u>
NET ASSETS - END OF YEAR	<u><u>\$ 932,692</u></u>	<u><u>\$ 297,976</u></u>

See accompanying notes to financial statements.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

AND FOR THE EIGHT MONTHS ENDED JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Government and Others	\$ 3,977,814	\$ 1,858,072
Cash Payments for Goods and Services	(1,433,689)	(842,540)
Cash Payments to Employees	(1,597,722)	(833,509)
Interest Received	<u>1,286</u>	<u>144</u>
Net Cash Provided by Operating Activities	<u>947,689</u>	<u>182,167</u>
NET INCREASE IN CASH	947,689	182,167
CASH AT BEGINNING OF YEAR	<u>182,167</u>	<u>0</u>
CASH AT END OF YEAR	<u>\$ 1,129,856</u>	<u>\$ 182,167</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 634,716	\$ 297,976
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Grant Receivables	(18,999)	(19,076)
(Increase) Decrease in Due from Others	347,253	(397,781)
Increase (Decrease) in Accounts Payable	(10,672)	46,341
Increase (Decrease) in Accrued Liabilities	418	877
Increase (Decrease) in Salaries Payable	(19,696)	220,643
Increase (Decrease) in Compensated Absences	<u>14,670</u>	<u>33,187</u>
Total Adjustments	<u>312,974</u>	<u>(115,809)</u>
Net Cash Provided by Operating Activities	<u>\$ 947,690</u>	<u>\$ 182,167</u>
CASH PER STATEMENT OF FINANCIAL POSITION:		
Current Cash	\$ 1,070,095	\$ 163,758
Restricted Cash	<u>59,761</u>	<u>18,409</u>
Total Cash at End of Year	<u>\$ 1,129,856</u>	<u>\$ 182,167</u>

See accompanying notes to financial statements.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Downsville Community Charter, Inc. (the "School") was incorporated on October 23, 2016, under the provisions of Title 12, Section 101, of the Louisiana Revised Statutes. The School is exclusively for educational purposes with respect to operating Downsville Community Charter in Downsville, Union Parish, Louisiana.

The Union Parish School Board (UPSB) approved the granting of a charter to the School effective November 13, 2015, for a period of five years and will terminate on June 30, 2020, contingent upon the results of the reporting requirements at the end of the third year as provided in Louisiana R.S. 17:3998(A)(2) and the extension process as provided in Chapter 13 of BESE Bulletin 126. If the UPSB grants the School an extension, the charter will be for a period of 10 years, expiring June 30, 2025. The School is a Type 3 Charter School, as defined in Louisiana R.S. 17:3973(3)(b).

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

FINANCIAL STATEMENT PRESENTATION

The School follows the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions. Some unrestricted net assets may be designated by the board of directors of the School for specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met by the actions of the School or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that are required to be maintained permanently by the School. Generally, the donors of these assets permit the School to use all or part of the income earned on these assets for general or specific purposes.

USE OF ESTIMATES

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

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

The School classifies all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

RECEIVABLES

Receivables are stated at the amount management expects to collect from outstanding balances. Management believes all receivables are collectible and therefore has not recognized a provision for doubtful accounts. The school received government grants to fund programs and operations. The grants are reimbursement based and grants receivable at the year end are stated at unpaid balances for expenditures incurred during the year.

DUE FROM OTHERS

Due from others are funds due from the Union Parish School Board for reimbursement of overpayment of food services by the School during 2017. In 2016, due from others are funds that have been ordered by the Third Judicial District Court to be disbursed to the Union Parish School Board, which is required to disburse the amounts to the Downsville Community Charter, Inc., as part of a court settlement. The disbursements were completed in August, 2016.

CONTRIBUTION AND REVENUE RECOGNITION

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the grant, generally corresponding to the incurring of grant related costs of the School, or when earned under the terms of the grants. An accrual is made when grant terms are satisfied.

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State of Louisiana Public School Fund (the State) and the Union Parish School Board (UPSB). The funding the School receives is determined on an annual basis based on the number of pupils enrolled as of October 1st. The State funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. The UPSB's funded per pupil allocation from sales tax revenues, ad valorem taxes, and other sources is determined by the relationship of the number of pupils in the School versus total pupils in the UPSB's system. The MFP revenue for the year ended June 30, 2017 and 2016 was 95% and 79%, respectively, of the School's total revenue.

PROPERTY, PLANT, AND EQUIPMENT

Acquisitions of property, plant, and equipment with a cost in excess of \$6,000 are capitalized. Property, plant, and equipment are stated at cost. Assets donated are carried at the fair market value on the date of the donation, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Interest incurred during the construction period is reflected in the capitalized value of the asset constructed.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The School's initial Forms 990, Return of Organization Exempt from Income Tax, for the eight months ending June 30, 2016 was filed with the Internal Revenue Service. As of December 14, 2017, the School had not filed its 2017 tax return. The School's tax filings are subject to examination by the IRS, generally for three years after it is filed.

COMPENSATED ABSENCES

All twelve month employees earn from ten to fifteen days of vacation leave each year, based on years of service. Vacation cannot be accumulated. There are no accumulated or vested benefits relating to vacation leave that require accrual or disclosure at year end.

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

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

NOTE 2 - CASH

At June 30, 2017 and 2016, the carrying amount of cash was \$1,129,856 and \$182,167, respectively, which approximates market value. The School's bank balances per the banks totaled \$1,263,122 and \$326,365, respectively. The School's bank balances at June 30, 2017 and 2016, were collateralized by Federal Depository Insurance of \$250,000 and \$250,000, respectively, with \$1,013,122 and \$76,365, respectively, uncollateralized.

NOTE 3 - GRANT RECEIVABLES

At June 30, 2017 and 2016, grant receivables totaled \$38,075 and \$19,076, respectively, which were for state and federal grants passed through the Union Parish School Board. The stated balance is considered fully collectible.

NOTE 4 - DUE FROM OTHERS

At June 30, 2017 and 2016, amounts due from the Union Parish School Board totaled \$50,528 and \$353,497, respectively, which were for reimbursement of overpayment of food services and court ordered payments from Downsville Charter School, Inc. passed through the Union Parish School Board, respectively. The stated balance is considered fully collectible.

NOTE 5 - RESTRICTED ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets at June 30, 2017 and 2016, were for student activities funds.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6 - PROPERTY, PLANT, AND EQUIPMENT

Effective November 13, 2015, the School entered into an agreement with the Union Parish School Board (UPSB), allowing the School to use the UPSB's facilities and contents located at 4787 Highway 151, Downsville, Louisiana 71234. The agreement expires June 30, 2020, unless the UPSB grants an extension to June 30, 2025. The School pays an annual lease of \$1,200, according to the agreement, in monthly installments of \$100. The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

Any value from the use of the UPSB property that would be considered donated is not recorded as an in-kind contribution from the UPSB. The value of the property is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Any assets acquired by the School are the property of the School for the duration of their charter agreement with the Union Parish School Board. If the charter is revoked or surrendered or the school otherwise ceases to operate, all assets purchased with public funds shall automatically revert to full ownership by the Union Parish School Board. The School must maintain records of any assets acquired with private funds that will remain the property of the School. There are no asset acquisitions by the School which have met or exceeded the School's \$6,000 capitalization policy.

NOTE 7 - RETIREMENT PLANS

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

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

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

TRSL is a component unit of the State of Louisiana and presents its financial information based on Governmental Accounting Standards. According to the financial report for the year ending June 30, 2016 (the most recent available), the actuarial funded ratio for funding purposes was 62.4% compared to 60.9% for 2015. TRSL had 207 employers participating in the plan with the School's employer allocation percentage at 0.03966%.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONTINUED)

LSERS is also a component unit of the State of Louisiana and presents its financial information based on Governmental Accounting Standards. According to the financial report for the year ending June 30, 2017 (the most recent available), the actuarial funded ratio for funding purposes was 75.03% compared to 70.09% for 2016. LSERS had 98 employers participating in the plan with the School's employer allocation percentage at 0.086096%, according to the June 30, 2016 employer allocation schedule.

Participants in TRSL vest immediately in employee contributions to the plans. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. For the years ended June 30, 2017 and 2016, participants were required to contribute 8% of their annual covered payroll to the plan and the School was required to contribute 25.5% and 26.3%, respectively, of the annual covered payroll for each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the the years ended June 30, 2017 and 2016, the School contributions to this plan were \$373,994 and \$263,076, respectively, equal to the required contributions for each year.

Participants in LSERS vest immediately in employee contributions to the plans. Retirement benefits vest after ten years of service for members prior to July 1, 2010, or five years of service for members on or after that date, but the employee cannot begin receiving a benefit until age sixty. Members before July 1, 2010 may begin receiving their benefits at age 55, if they have at least twenty-five years of service. Benefits are established and amended by state statute. For the years ended June 30, 2017 and 2016, participants were required to contribute 7.5% or 8% of their annual covered payroll to the plan, depending on the date they became members, and the School was required to contribute 27.3% and 30.2%, respectively, of the annual covered payroll for each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the the years ended June 30, 2017 and 2016, the School contributions to this plan were \$17,247 and \$9,675, respectively, equal to the required contributions for each year.

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS

The School has evaluated subsequent events through December 14, 2017, the date which the financial statements were available to be issued.

OTHER REPORTS AND SCHEDULES

DON M. McGEHEE
(A Professional Accounting Corporation)

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

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Downsville Community Charter, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the eight months then ended, and the related notes to the financial statements, and have issued my report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Don M. McGehee
Certified Public Accountant
December 14, 2017

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I have audited the financial statements of the Downsville Community Charter, Inc. as of and for the eight months ended June 30, 2017, and have issued my report thereon dated December 14, 2017. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2017, resulted in an unqualified opinion.

Summary of Auditor Results

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No

Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Findings - Financial Statements Audit

Reportable Conditions

None found.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Findings - Financial Statements Audit

Reportable Conditions

None found.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2017

The findings from the Schedule of Findings and Questioned Costs for the eight months ended June 30, 2017, are discussed below with management's response for a corrective action plan.

Findings - Financial Statements Audit

Reportable Conditions

No findings.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE DOWNSVILLE CHARTER SCHOOL
BOARD PRESIDENT AND EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2017

Downsville Community Charter Executive Director, Anthony Cain:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 84,000
Employee Benefits	27,532
Reimbursements	314
Conference Travel	4,797
Registration Fees	622

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

DON M. McGEHEE
(A Professional Accounting Corporation)

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

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

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

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Downsville Community Charter, the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Downsville Community Charter 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). Management of the Downsville Community Charter is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I 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.

My procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

1. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

No exceptions found.

Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school supporting payroll records as of October 1st.

No exceptions found.

3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

No exceptions found.

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. I traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No exceptions found.

Number and Type of Public Schools (Schedule 3)

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

No exceptions found.

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

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

No exceptions found.

Public School Staff Data: Average Salaries (Schedule 5)

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

No exceptions found.

8. I recalculated the average salaries and full-time equivalents reported in the schedule.

No exceptions found.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then attempted to trace a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

The information on Schedule 6 was prepared by the Union Parish School Board. The School provided a list of classes and class size, but it was not as of October 1st and did not agree with the data presented in Schedule 6. The School provided the roll books for testing, but I was unable to determine if the sample of classes were properly classified on the schedule without the October 1st list of classes.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Downsville Community Charter.

No exceptions found.

Graduation Exit Examination (GEE) (Schedule 8)

11. The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Downsville Community Charter.

No exceptions found.

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

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



Don M. McGehee
Certified Public Accountant
December 14, 2017

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
Schedules Required by State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2017

**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 - Education Levels of Public School Staff

This schedule includes the certificated and uncertified number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelors; Bachelor's; Masters; Masters +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 - Experience of Public Principals, Assistant Principals,
and Full-time Classroom Teachers**

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

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. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 3, 4, 5, 6, 7 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Examination (GEE)

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

Schedule 9 - iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7 and 8 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017

Schedule 1

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures:</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,223,705	
Other Instructional Staff Activities	57,193	
Instructional Staff Employee Benefits	498,427	
Purchased Professional and Technical Services	25,997	
Instructional Materials and Supplies	24,230	
Instructional Equipment	<u>0</u>	
Total Teacher and Student Interaction Activities		\$ 1,829,552
Other Instructional Activities		4,839
Pupil Support Services	15,761	
Less: Equipment for Pupil Support Services	<u>0</u>	
Net Pupil Support Services		15,761
Less: Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		0
School Administration	317,811	
Less: Equipment for School Administration	<u>0</u>	
Net School Administration		<u>317,811</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 2,167,963</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 0</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		<u>0</u>
Total Local Taxation Revenue		<u>\$ 0</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		0
Earnings from Other Real Property		<u>0</u>
Total Local Earnings on Investment in Real Property		<u>\$ 0</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing-Constitutional Tax		0
Revenue Sharing-Other Taxes		0
Revenue Sharing-Excess Portion		0
Other Revenue in Lieu of Taxes		<u>0</u>
Total State Revenue in Lieu of Taxes		<u>\$ 0</u>
Nonpublic Textbook Revenue		<u>\$ 0</u>
Nonpublic Transportation Revenue		<u>\$ 0</u>

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
Education Levels of Public School Staff
as of October 1, 2016

Schedule 2

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	16	64%						
Master's Degree	8	32%						
Master's Degree + 30	1	4%			2	100%		
Specialist in Education								
Ph. D. or Ed. D.								
Total	25	100%			2	100%		

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
Number and Type of Public Schools
For the Year Ended June 30, 2017

Schedule 3

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

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

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
Experience of Public Principals, Assistant Principals and
Full-time Classroom Teachers
As of October 1, 2016

Schedule 4

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals						1		1
Principals					1			1
Classroom Teachers	7	3	8	1	2	2	2	25
Total	7	3	8	1	3	3	2	27

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

Downsville, Louisiana

Public School Staff Data: Average Salaries

Full-time Classroom Teachers

For the Year Ended June 30, 2017

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	46,768	46,768
Average Classroom Teachers Salary Excluding Extra Compensation	41,723	41,723
Number of Teacher Full-Time Equivalent (FTEs) Used in Computation of Average Salaries	26.09	26.09

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
Class Size Characteristics
As of October 1, 2016

Schedule 6

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	83.78%	186	11.26%	25	4.96%	11	0%	0
Combination Activity Classes	86.70%	13	13.30%	2	0%	0	0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

Downsville, Louisiana

Louisiana Education Assessment Program (LEAP)

For the Year Ended June 30, 2017

Schedule 7

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	0%	0%	0%	0%	0%
Mastery	27%	25%	22%	41%	36%	17%
Basic	24%	25%	30%	25%	36%	48%
Approaching Basic	21%	32%	35%	25%	14%	26%
Unsatisfactory	24%	18%	13%	9%	14%	9%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	3%	0%	0%	0%
Mastery	32%	30%	38%	23%	30%	12%
Basic	32%	39%	35%	32%	30%	41%
Approaching Basic	29%	22%	21%	32%	26%	35%
Unsatisfactory	6%	9%	3%	13%	13%	12%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	0%	12%	0%
Mastery	16%	38%	26%	22%	26%	26%
Basic	44%	38%	37%	41%	38%	22%
Approaching Basic	25%	15%	26%	31%	9%	41%
Unsatisfactory	16%	9%	11%	6%	15%	11%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	0%	0%	6%	4%	0%
Mastery	50%	39%	33%	29%	17%	3%
Basic	21%	43%	33%	35%	35%	20%
Approaching Basic	18%	13%	23%	18%	39%	63%
Unsatisfactory	9%	4%	10%	12%	4%	13%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	3%	5%	0%	0%	0%
Mastery	32%	44%	26%	19%	8%	8%
Basic	26%	36%	50%	45%	53%	32%
Approaching Basic	19%	17%	13%	26%	33%	42%
Unsatisfactory	16%	0%	5%	10%	6%	18%
Total	100%	100%	100%	100%	100%	100%

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
Louisiana Education Assessment Program (LEAP)
For the Year Ended June 30, 2017

Schedule 7 (continued)

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	21%	6%	0%	7%	0%	0%
Mastery	59%	37%	36%	41%	26%	6%
Basic	17%	34%	27%	21%	32%	24%
Approaching Basic	3%	21%	27%	21%	34%	48%
Unsatisfactory	0%	3%	9%	10%	8%	21%
Total	100%	100%	100%	100%	100%	100%

Note: Spring 2017, Spring 2016, and Spring 2015 LEAP test data were used to prepare this schedule for "All Testers."

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.

Downsville, Louisiana

Graduation Exit Examination (GEE)

For the Year Ended June 30, 2017

Schedule 8

The Graduation Exit Examination is no longer administered. This schedule is no longer applicable.

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
iLeap Tests
For the Year Ended June 30, 2017

Schedule 9

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	0%	0%	0%	N/A	0%
Mastery	16%	18%	26%	13%	N/A	13%
Basic	41%	57%	52%	22%	N/A	52%
Approaching Basic	25%	18%	13%	22%	N/A	17%
Unsatisfactory	13%	7%	9%	44%	N/A	17%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	4%	3%	1%	N/A	0%
Mastery	16%	30%	26%	16%	N/A	12%
Basic	35%	52%	41%	19%	N/A	56%
Approaching Basic	29%	4%	18%	35%	N/A	18%
Unsatisfactory	13%	9%	12%	29%	N/A	15%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	6%	4%	0%	N/A	0%
Mastery	6%	15%	15%	3%	N/A	15%
Basic	66%	50%	44%	38%	N/A	48%
Approaching Basic	13%	24%	30%	28%	N/A	30%
Unsatisfactory	9%	6%	7%	31%	N/A	7%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	3%	N/A	0%
Mastery	15%	13%	13%	21%	N/A	6%
Basic	53%	48%	34%	32%	N/A	38%
Approaching Basic	21%	39%	44%	21%	N/A	44%
Unsatisfactory	12%	0%	9%	24%	N/A	13%
Total	100%	100%	100%	100%	N/A	100%

DOWNSVILLE COMMUNITY CHARTER SCHOOL, INC.
Downsville, Louisiana
iLeap Tests
For the Year Ended June 30, 2017
Schedule 9 (continued)

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	3%	3%	N/A	0%
Mastery	29%	9%	8%	16%	N/A	5%
Basic	29%	49%	49%	19%	N/A	44%
Approaching Basic	35%	34%	33%	26%	N/A	36%
Unsatisfactory	6%	9%	8%	35%	N/A	15%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	0%	7%	N/A	0%
Mastery	17%	13%	13%	21%	N/A	6%
Basic	34%	55%	56%	31%	N/A	50%
Approaching Basic	41%	26%	25%	38%	N/A	31%
Unsatisfactory	7%	5%	6%	3%	N/A	13%
Total	100%	100%	100%	100%	N/A	100%

Note: Spring 2017, Spring 2016, and Spring 2015 iLEAP test data were used to prepare this schedule for "All Testers."

STATEWIDE AGREED-UPON PROCEDURES)

DON M. McGEHEE
(A Professional Accounting Corporation)

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

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

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

I have performed the procedures enumerated below, which were agreed to by Downsville Community Charter, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. 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, I 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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

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

- 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.

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

- c) **Disbursements**, including processing, reviewing, and approving

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

- d) **Receipts**, including receiving, recording, and preparing deposits

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

- 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

Management provided us with the written policy and procedures and all functions are addressed, except there are no standard terms and conditions for contracts.

- 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, and (5) monitoring card usage.

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

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

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

- 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. Note: Ethics requirements are not applicable to nonprofits.

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

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

Not applicable at this time.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The managing board met at least monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes for monthly meetings referenced monthly financial report being presented. According to management, these monthly financial reports include budget-to-actual comparisons.

⇒ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes referenced non-budgetary financial information for at least one meeting during the fiscal year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exceptions.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Not applicable.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Management provided documentation that indicates each person responsible for collecting cash is covered by a wrongful acts policy, but are not bonded. There is one person that is responsible for collecting cash that does deposit the cash in the bank at times when someone else is not available. One of the persons responsible for collecting cash does record the transactions and reconciles the bank account, but the finance officer reviews the recording of all checks and deposits and a non-signatory administrator reviews the bank reconciliations. No one shares the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Management provided a written policy for cash collections which indicates that collections are reviewed by a person who is not responsible for cash collections in that collection location.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

⇒ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Business Office Collection Location:

There were no exceptions found for this collection location.

School Secretary Collection Location:

There were no exceptions found for this collection location.

⇒ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Management does not have a process specifically identified to determine completeness of collections, but a person, who is not responsible for collections, reconciles the deposits to the supporting documentation.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchases are initiated with the approval of the Executive Director or the Assistant Executive Director. Purchase orders are not required by the school's policy, but are used in some instances.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions found for the purchase orders that were included in the documentation of the transactions selected.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions found for an approved invoice for each transaction processed for payment. Purchase orders and receiving reports were not required by written policy for documentation to process a payment.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Only two people can add vendors to the School's system, and one processes payments for the general operating account and one for the school activity fund, but they review each others work.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The persons with signatory authority can initiate a disbursement, but have no responsibility for recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Unused checks are maintained in locked locations and those persons who have signatory authority do not have access.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamps are used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided us with the required list and represented that the list is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]

The debit card statement was reviewed and approved by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

For the statement selected, there were no finance charges or late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

⇒ An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions.

⇒ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions.

⇒ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required list and represented that the list is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Management provided the written policy, the mileage rate for January through June, 2017 exceeded the GSA rate by \$0.005 per mile.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions.

- b) Report whether each expense is supported by:

⇒ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Travel expenses selected were based on mileage and per diem amounts, but documentation is required to be maintained by policy; no exceptions were found.

⇒ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Selected transactions documented the business/public purpose of travel reimbursement requests.

⇒ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Selected transactions contained all other documentation required by written policy.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Selected transactions were reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the required list and represented that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

All contracts selected had a formal/written contract to support the service arrangement and amounts paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

⇒ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

⇒ If not, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

None of the selected contracts were subject to the Louisiana Public Bid Law. The School is exempt from the Procurement Code. Supporting contract documentation was obtained for all contracts selected. Solicited quotes were not required, and were not obtained for any of the selected contracts.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Selected largest payment from each of the five contracts and obtained the supporting invoices for all five payments. Compared the five payments to contract terms and all payments complied with the terms and conditions of the applicable contract, except for one which was \$1,264.55 less than the contract. Client accrued a liability at year end for the underpayment.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

All selected contracts had documentation of board approval.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Management provided the required list and represented that the listing is complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The compensation paid to each selected employee was in accordance with the terms and conditions of the employment contract or pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes made to selected employee's hourly pay rates/salaries during the fiscal period.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

All selected employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There is written documentation that the attendance and leave of selected employees was approved by a supervisor.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There is written documentation that the School maintained written leave records on the selected employees that earn leave.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Management provided list of employees terminated during the fiscal period and represented the list as complete. The termination payments selected were made in strict accordance with policy and/or contract and approved by management.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Management provided the ethics compliance documentation. The School maintained documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per management, there were no alleged ethics violations reported during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The School is a nonprofit entity and is not required to obtain approval from the State Bond Commission.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

There was no misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The School posted on its premises and website, the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions regarding management's representations in the procedures above.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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.



Don M. McGehee
Certified Public Accountant
December 14, 2017