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06 JAN -6 PM 2:41**Avoyelles Public Charter School, Inc.****Financial Statements****June 30, 2005 and 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-1-06

W. Kathleen Beard  
Certified Public Accountant  
10191 Bueche Rd.  
Erwinville, Louisiana 70729

# **AVOYELLES PUBLIC CHARTER SCHOOL, INC.**

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**INDEPENDENT AUDITORS' REPORT**

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

I have audited the accompanying statements of financial position of the Avoyelles Public Charter School, Inc. (a nonprofit organization) as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avoyelles Public Charter School, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 26, 2005, on my consideration of Avoyelles Public Charter School, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of this 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* and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Avoyelles Public Charter School, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**W. Kathleen Beard, CPA**  
Erwinville, Louisiana  
December 26, 2005

**W. Kathleen Beard**  
**Certified Public Accountant**  
10191 Bueche Road  
Erwinville, LA 70729

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of the Avoyelles Public Charter School, Inc. (a nonprofit organization) as of and for the years ended June 30, 2005 and 2004, and have issued my report thereon dated December 26, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

*As part of obtaining reasonable assurance about whether the Avoyelles Public Charter School, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.*

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered the Avoyelles Public Charter School, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and management of the Avoyelles Public Charter School, Inc., State of Louisiana and Federal granting agencies, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**W. Kathleen Beard, CPA**  
Erwinville, Louisiana  
December 26, 2005

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.****Mansura, Louisiana  
Statements of Financial Position  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$369,660	\$430,060
Accrued interest receivable	11,183	7,544
Accounts receivable - grants	372,700	275,625
Accounts receivable - others	1,479	1,259
	-----	-----
Total Current Assets	755,022	714,487
<b>Restricted Assets:</b>		
Cash and cash equivalents	70,621	54,396
	-----	-----
Total Restricted Assets	70,621	54,396
<b>Property and Equipment:</b>		
Property and Equipment (Net of Accumulated Depreciation)	3,846,236	2,712,051
<b>Other Assets:</b>		
Cash and cash equivalents - designated	865,869	660,889
Investments - designated	1,654,760	886,164
	-----	-----
Total Other Assets	2,520,629	1,547,054
	-----	-----
Total Assets	\$7,192,508	\$5,027,988
	=====	=====
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	232,188	13,951
Accrued expenses	118,369	132,381
Due to others	15,247	10,980
Notes payable - current portion	82,400	85,409
	-----	-----
Total Current Liabilities	448,203	242,721
<b>Long-term Liabilities:</b>		
Notes payable	2,360,537	1,607,612
	-----	-----
Total Long-term Liabilities	2,360,537	1,607,612
	-----	-----
Total Liabilities	2,808,740	1,850,333
<b>Net Assets:</b>		
Net assets - unrestricted	1,807,765	1,587,185
Net assets - designated	2,520,629	1,547,054
Net assets - restricted	55,374	43,416
	-----	-----
Total Net Assets	4,383,768	3,177,655
	-----	-----
Total Liabilities & Net Assets	\$7,192,508	\$5,027,988
	=====	=====

See accompanying notes to financial statements.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Mansura, Louisiana**  
**Statement of Activities**  
**For the years ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Public Support Revenues and Other Support:</b>		
Unrestricted grants in aid - state	\$2,773,877	\$2,382,522
Restricted grants in aid - federal and state	480,421	434,960
Restricted grants in aid - others	0	26,241
Student fees	61,179	68,325
Donations - unrestricted	41,487	345,160
Miscellaneous revenue	89,153	94,902
Interest earned	40,606	32,395
	-----	-----
Total public support revenues and other support	3,486,723	3,384,505
<b>Expenses:</b>		
Administrative expenses	254,650	188,674
Program expenses	2,017,721	1,870,372
Fund raising expenses	8,238	17,077
	-----	-----
Total expenses	2,280,610	2,076,122
	-----	-----
Increase (decrease) in net assets	1,206,113	1,308,383
<b>Net assets at beginning of period</b>	3,177,655	1,881,697
Prior period adjustment	0	(12,424)
	-----	-----
<b>Net assets at end of period</b>	\$4,383,768	\$3,177,655
	=====	=====

See accompanying notes to financial statements.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Mansura, Louisiana**  
**Statement of Cash Flow**  
**For the years ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$1,206,113	\$1,308,383
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	89,263	77,673
Contributions of property	0	(343,500)
(Increase) decrease in operating assets:		
Accounts/grants receivable	(97,075)	(98,515)
Accrued receivables	(3,639)	(4,126)
Other receivables	(220)	(1,259)
Increase (decrease) in operating liabilities:		
Accounts payable	218,237	6,872
Accrued expenses	(14,012)	11,066
Payable to others (activity funds)	4,267	(1,445)
Net cash provided (used) by operating activities	1,402,932	955,149
<b>Cash flows from investing activities:</b>		
Payment for purchases of property and equipment	(1,223,448)	(402,542)
Payments for purchases of investments	(768,595)	(105,967)
Net cash provided (used) by investing activities	(1,992,044)	(508,509)
<b>Cash flows from financing activities:</b>		
Proceeds from USDA financing	830,000	0
Decrease in notes payable	(80,083)	(78,322)
Net cash provided (used) by financing activities	749,917	(78,322)
<b>Net increase (decrease) in cash and cash equivalents</b>	160,805	368,318
<b>Cash and cash equivalents, Beginning of Year</b>	1,145,345	777,028
<b>Cash and cash equivalents, End of Year</b>	\$1,306,150	\$1,145,345
	=====	=====

See accompanying notes to financial statements.



**Avoyelles Public Charter School, Inc.**  
**Mansura, Louisiana**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2005**

	<b><u>Administrative Expenses</u></b>	<b><u>Program Expenses</u></b>	<b><u>Fund Raising Expenses</u></b>	<b><u>Total</u></b>
<b>Expenses:</b>				
Salaries	\$75,852	\$1,054,254	\$0	\$1,130,106
Payroll taxes	1,029	14,494	0	15,523
Employee group insurance	8,929	124,107	0	133,036
Retirement fund contribution	12,289	169,312	0	181,601
Other employee benefits	716	34,644		35,360
Transportation	0	62,651	0	62,651
Advertising	740	0	0	740
Depreciation expense	0	89,263	0	89,263
Dues and fees	4,016	0	0	4,016
Insurance	986	38,156	0	39,142
Repairs and maintenance	0	11,991	0	11,991
Audit/accounting services	50,350	0	0	50,350
Legal services	26,518	0	0	26,518
Other professional services	16,101	22,954	0	39,055
Miscellaneous expense	5,812	16,340	8,238	30,390
Bank charges and fees	128	419	0	547
Purchased educational services	0	37,768	0	37,768
Materials and supplies	38,036	51,330	0	89,366
Books and periodicals	0	35,262	0	35,262
Telephone and postage	13,147	0	0	13,147
Utilities	0	40,963	0	40,963
Food service management	0	139,046	0	139,046
Interest expense	0	74,768	0	74,768
	-----	-----	-----	-----
	\$254,650	\$2,017,721	\$8,238	\$2,280,609
	=====	=====	=====	=====

See accompanying notes to financial statement.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements**  
**June 30, 2005 and 2004**

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

Organization

The Avoyelles Public Charter School, Inc. 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 Avoyelles Public Charter School, Inc. is a Type 2 Charter School governed by a board of directors.

The Avoyelles Public Charter School, Inc. is a nonprofit organization exempt from federal and state income tax under Section 501(c)(3) of the United States Internal Revenue Code.

Basis of Accounting

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.

Public Support and Revenue

Avoyelles Public Charter School, Inc. receives its grant support primarily from the Louisiana State 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.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Avoyelles Public Charter School, Inc. had no temporarily or permanently restricted net assets as of June 30, 2005 and 2004 arising from contributions.

Cash and cash equivalents

The School considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment

Property and equipment are capitalized at cost. It is the School's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Furniture and fixtures are being depreciated over estimated useful lives of five to seven years using a straight-line method. Property and equipment are being depreciated over their estimated useful lives using the straight-line method, using the following lives:

Transportation equipment	5 years
Furniture & fixtures	5 - 7 years
Machinery & equipment	5 - 10 years
Buildings	40 years

**NOTE B - CASH AND INVESTMENTS**

At June 30, 2005 and 2004, cash and cash equivalents consisted of the following:

	<u>2005</u>	<u>2004</u>
Petty Cash	\$ 50	\$ 50
Cash in checking accounts	486,326	462,396
Short term investments	<u>819,774</u>	<u>682,899</u>
Total	<u>\$ 1,306,150</u>	<u>\$ 1,145,345</u>

At June 30, 2005 and 2004, the School holds investments totaling \$1,654,760 and \$886,164 respectively, as follows:

	<u>2005</u>		<u>2004</u>	
	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of Deposit	<u>\$ 1,654,760</u>	<u>\$1,654,760</u>	<u>\$886,164</u>	<u>\$886,164</u>
Total	<u>\$ 1,654,760</u>	<u>\$ 1,654,760</u>	<u>\$886,164</u>	<u>\$886,164</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2005, the School's deposits (bank balances) totaled \$3,024,303. These deposits are secured from risk by \$355,374 of federal deposit insurance. The remaining balance of \$2,668,929 was secured by the pledge of securities.

At June 30, 2004, the School's deposits (bank balances) totaled \$2,045,498. These deposits are secured from risk by \$333,738 of federal deposit insurance. Of the remaining balance of \$1,711,760, \$1,568,344 was secured by the pledge of securities and \$200,000 was unsecured.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE C - GRANTS RECEIVABLE**

Grants and contracts receivable are deemed to be fully collectible by management and are comprised of the following amounts due at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
United States Department of Education		
IDEA/Special Ed	\$ 76,981	\$ 64,109
Title I	165,346	59,933
Title II	8,711	31,352
Title IV	3,905	3,196
Title V	2,297	1,929
Preschool	0	2,123
Small School Achievement Program	23,523	0
Louisiana Department of Education –		
LEAP 21 Tutoring/High Stakes Remediation	6,162	0
La Teacher Assistance & Assessment Program	1,080	0
Special Education Preschool Grants	2,147	0
National Board Certified Teachers	5,000	0
K-3 Reading/Math Initiative	67,500	0
Louisiana State Board of Elementary and Secondary Education -		
Very Special Arts 8(g)		5,000
Providing Students with Tickets Through Travel 8(g)		4,000
8 G Superior Textbooks Programs	508	0
8 G Block Project	6,194	0
Other – E-Rate	<u>3,347</u>	<u>3,983</u>
 Total grants receivable	 <u>\$ 372,700</u>	 <u>\$ 275,625</u>

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE D – FIXED ASSETS**

A summary of fixed assets is as follows:

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2004</u>
Land and land improvements	\$ 101,853	\$ 365,187	\$ -	\$ 467,040
Buildings	1,970,451	1,164	-	1,971,614
Transportation equipment	44,500	-	-	44,500
Furniture and Fixtures	47,819	4,875	-	52,694
Machinery and equipment	31,439	47,331	-	78,771
Construction in progress	<u>-</u>	<u>327,485</u>	<u>-</u>	<u>327,485</u>
	<u>2,196,062</u>	<u>\$ 746,042</u>	<u>\$ -</u>	<u>2,942,103</u>
Accumulated depreciation	<u>(152,379)</u>	<u>\$ ( 77,673)</u>	<u>\$ -</u>	<u>( 230,052)</u>
Net fixed assets	<u>\$ 2,043,682</u>			<u>\$ 2,712,051</u>

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2005</u>
Land and land improvements	\$ 467,040	\$ -	\$ -	\$ 467,040
Buildings	1,971,614	-	-	1,971,614
Transportation equipment	44,500	1,300	-	45,800
Furniture and Fixtures	52,694	-	-	52,694
Machinery and equipment	78,771	52,820	-	131,591
Construction in progress	<u>327,485</u>	<u>1,169,328</u>	<u>-</u>	<u>1,496,813</u>
	<u>2,942,103</u>	<u>\$ 1,223,448</u>	<u>\$ -</u>	<u>4,165,552</u>
Accumulated depreciation	<u>(230,052)</u>	<u>\$ ( 89,263)</u>	<u>\$ -</u>	<u>( 319,316)</u>
Net fixed assets	<u>\$ 2,712,051</u>			<u>\$ 3,846,236</u>

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE E – LONG-TERM NOTE PAYABLE**

**United States Department of Agriculture**

By resolution of the Board of Directors on February 22, 2000, the Avoyelles Public Charter School, Inc. authorized the incurrence of indebtedness in the principal amount of \$1,600,000 for the purpose of providing the cost of building an educational facility. The Board of Directors entered into a security agreement with the United States Department of Agriculture (USDA) Rural Development Division to borrow \$1,600,000 at an interest rate of 5.125% payable over twenty-five years. At June 30, 2005 and 2004 the school had an outstanding principal balances of \$1,434,684 and \$1,479,008, respectively. Future debt service requirements are as follows:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	46,180	72,476	118,656
2007	48,603	70,053	118,656
2008	51,154	67,502	118,656
2009	53,838	64,818	118,656
2010	56,691	61,965	118,656
2011-2025	<u>1,178,218</u>	<u>482,966</u>	<u>1,661,184</u>
<b>Totals</b>	<b><u>\$1,434,684</u></b>	<b><u>\$ 819,780</u></b>	<b><u>\$ 2,254,464</u></b>

**United States Department of Agriculture**

By resolution of the Board of Directors on September 17, 2004, the Avoyelles Public Charter School, Inc. authorized the incurrence of indebtedness in the principal amount of \$1,100,000 for the purpose of providing the cost of Phase II of the Campus Improvement Project which consisted of construction of entrance road, parking, site grading, drainage, and utilities. On March 8, 2005, the Board of Directors entered into two separate security agreements with the United States Department of Agriculture (USDA) Rural Development Division to borrow \$600,000 and \$500,000, each at an interest rate of 4.5% payable over twenty five years. Interest only payments of \$27,000 and \$22,500, respectively, are due on March 8, 2006 with monthly payments beginning on April 8, 2006 of \$3,414.00 and \$2,845.00, respectively. At June 30, 2005 the school had an outstanding balance of \$830,000. Future debt service requirements are as follows:

<b>Fiscal Year</b>	<b>*****\$600,000*****</b>			<b>*****\$500,000*****</b>		
<b><u>Ended</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2006	3,159	34,083	37,242	2,632	18,787	21,419
2007	13,014	27,954	40,968	10,845	23,295	34,140
2008	13,643	27,325	40,968	11,369	22,771	34,140
2009	14,303	26,665	40,968	11,919	22,221	34,140
2010	14,994	25,974	40,968	12,495	21,645	34,140
2011-2030	<u>540,888</u>	<u>309,197</u>	<u>850,085</u>	<u>450,740</u>	<u>257,664</u>	<u>708,404</u>
	<u>\$600,000</u>	<u>\$451,199</u>	<u>\$1,051,199</u>	<u>\$500,000</u>	<u>\$366,383</u>	<u>\$866,383</u>

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE E – LONG-TERM NOTE PAYABLE (Continued)**

**Louisiana Local Government Environmental Facilities and Community Development Authority**

By resolution of the Board of Directors on December 1, 2001, the Avoyelles Public Charter School, Inc. authorized the incurrence of indebtedness in the principal amount of \$497,694. The Board of Directors entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to borrow \$497,694 interest free through the issuance of Qualified Zone Academy Bonds (QZAB's) payable over thirteen years. At June 30, 2005 the school had drawn down \$295,890 with remaining available funds of \$201,804. The remaining funds will be drawn down as projects are approved by the Authority. Future debt service requirements are as follows:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	36,196	-	36,196
2007	36,196	-	36,196
2008	36,196	-	36,196
2009	36,196	-	36,196
2010	<u>33,469</u>	<u>-</u>	<u>33,469</u>
<b>Totals</b>	<b><u>\$ 178,253</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 178,253</u></b>

**NOTE F – NET ASSETS**

**Designated**

Designated net assets represent tentative plans for future use of financial resources as designated by the board of directors.

**Restricted**

Restricted net assets represent those portions of net assets not appropriable for expenses legally segregated for a specific future use.

The loan covenant for the outstanding loan with the USDA requires a reserve account deposit each month in the amount \$950 until the amount on deposit is equal to the reserve fund requirement. The reserve account was funded in the amount of \$55,374 and \$43,416 at June 30, 2005 and June 30, 2004 respectively and these funds are presented as restricted net assets on the financial statements.

Further, the USDA Loan Resolution Security Agreement for the \$1,100,000 note requires the establishment of a Reserve account to be funded at the rate of \$517.00 each month until there is accumulated in that account the sum of \$62,040.00. When necessary, disbursements may be used for payments due on the note if sufficient funds are not available in the General or Debt Service account. With prior written approval of the Government, funds may be withdrawn for:

- 1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe, or
- 2) making extension or improvements to the facility.

Whenever disbursements are made from the Reserve account, monthly deposits shall then be resumed until there is again accumulated the amount of \$62,040.00.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE G – RETIREMENT SYSTEMS**

Substantially all employees of the School 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. Pertinent information relative to each plan follows:

**A. Teachers' Retirement System of Louisiana (TRS)**

**Plan Description.** The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS 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. The TRS issues a publicly available financial report and includes financial statements and required supplementary information for the TRS. 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 at an actuarially determined rate. The current rate is 13.1 percent of annual covered payroll for all three membership plans. Member contributions and employer's contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations and by remittances from the School.

The School's contributions to the TRS for the years ending June 30, 2005, 2004, and 2003 were \$274,669, \$209,024, and \$180,400, respectively, equal to the required contributions for each year.

**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 statute. The 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, and the school board is required to contribute at an actuarially determined rate. The current rate is 6.00 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 School's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

The School's contributions to the LSERS for the year ending June 30, 2005, 2004, and 2003 were \$6,234, \$3,194 and \$1,964, respectively, equal to the required contributions for each year.



**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE H – COMPENSATED ABSENCES**

The school has the following policy relating to annual leave:

Teachers and staff are allowed a maximum of 10 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 10 days of recovery, and permission is granted by the board of directors of Avoyelles Public Charter 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 charter school to continue in another public school system, the accumulated days on record will be transferred to that system upon resignation from Avoyelles Public Charter School.

**NOTE I – SCHOOL ACTIVITY DEPOSITS DUE TO OTHERS**

The school acts as custodian for several student activity bank accounts. Funds held on behalf of these groups amounted to \$ 15,247 and \$10,980 at June 30, 2005 and 2004 respectively, and is reported as both an asset (restricted cash) and a liability (Due to others). Consequently, there is no effect on the school's net assets.

**NOTE J – DONATED SERVICES**

Donated labor is valued at the minimum wage rate in effect at the time of the donated services. Professional time, which is donated, is valued at the current market rate of the specific project. The School generally pays for services requiring specific expertise. However, some Board Members and employees volunteer their time and perform a variety of tasks that assist the Organization with administrative programs.

**NOTE K – SUBSEQUENT EVENTS**

**United States Department of Agriculture**

By resolution of the Board of Directors on February 25, 2005, the Avoyelles Public Charter School, Inc. authorized the incurrence of indebtedness in the principal amount of \$7,502,000 for the purpose of providing the cost of building a high school and gym. The Board of Directors entered into a security agreement with the United States Department of Agriculture (USDA) Rural Development Division to borrow \$7,502,000 at an interest rate of 4.125% payable over forty years.

By resolution of the Board of Directors on August 19, 2005, the Avoyelles Public Charter School, Inc. authorized the incurrence of indebtedness in the principal amount of \$2,200,000 for the purpose of providing the cost of building a performing arts building. The Board of Directors entered into a security agreement with the United States Department of Agriculture (USDA) Rural Development Division to borrow \$2,200,000 at an interest rate of 4.125% payable over forty years.

Promissory notes were executed on August 30, 2005 for both loans.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2005 and 2004**

**NOTE L – CONSTRUCTION COMMITMENTS**

Subsequent to June 30, 2005, the school accepted the bid of M. D. Descant, Inc. in the amount of \$6,350,000 for construction of an administration/classroom building and gymnasium with alternate bids of \$135,000 for a metal roof system in lieu of shingles and \$3,225,000 for the construction of a performing arts building. Total projected cost of the project including engineering and architectural fees, and furnishings and equipment is expected to be \$11,289,253. The project will be financed through USDA Rural Development loans, the school will contribute \$1,421,000 and other sources will contribute \$25,000.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2005**

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corr. Action Taken</u>
<b>Section I – Internal Control and Compliance Material to the Financial Statements</b>				
<b>Compliance</b>				
<u>Finding 04-1:</u>	At June 30, 2004,	Union Bank failed to secure the school's deposits in excess of \$100,000 of federal depository insurance with the pledge of securities as deposit collateral.	Yes	Union Bank currently maintains sufficient deposit collateral.

**Section II – Internal Control and Compliance Material to Federal Awards**

No findings noted.

**Section III – Management Letter**

No findings noted.

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

**W. Kathleen Beard  
Certified Public Accountant  
10191 Bueche Road  
Erwinville, LA 70729**

Member:  
American Institute of  
Certified Public Accountants  
Society of Louisiana of  
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Avoyelles Public Charter School, Inc. and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Avoyelles Public Charter School, Inc. 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. This agreed-upon procedures engagement was performed in accordance with 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 reconciled amounts reported in Schedule 1 in the categories listed below to respective general ledger account balances to determine that 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, and
  - Nonpublic Transportation Revenue.

No significant differences noted.

### **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 and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1st.

No differences noted.

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

No differences noted.

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 population of 21 teachers (total number of teachers on staff) to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

No differences noted.

### **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 differences noted.

### **Experience of Public 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 differences noted.

### **Public Staff Data (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 population of 21 teachers (total number of teachers on staff) to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences noted.

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

No differences noted.

**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 traced 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.

No differences noted.

**Louisiana Educational Assessment Program (LEAP) for the 21st Century (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 the Avoyelles Public Charter School, Inc..

No differences noted.

**The Graduation Exit Exam for the 21st Century (Schedule 8)**

11. 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 the Avoyelles Public Charter School, Inc.

This schedule was not applicable to the Avoyelles Public Charter School, Inc. as they have not yet been required to administer this test.

**The Iowa 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 the Avoyelles Public Charter School, Inc.

No differences noted.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we 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 the Avoyelles Public Charter School, Inc., 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.

**W. Kathleen Beard, CPA**

Erwinville, Louisiana

December 26, 2005

## Schedule 1

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.  
MANSURA, LOUISIANA**
**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2005**
**General Fund Instructional and Equipment Expenditures**

## General Fund Instructional Expenditures:

## Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 677,902	
Other Instructional Staff Activities	33,651	
Employee Benefits	284,027	
Purchased Professional and Technical Services	16,762	
Instructional Materials and Supplies	22,301	
Instructional Equipment	5,797	
Total Teacher and Student Interaction Activities		\$ 1,040,440

Other Instructional Activities		52,578
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Pupil Support Activities	351	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		351

Instructional Staff Services	39,499	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		39,499

Total General Fund Instructional Expenditures		\$ 1,132,868
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Total General Fund Equipment Expenditures		\$ 7,343
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**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	-
Total Local Taxation Revenue	\$ -

## Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -

## State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue	\$ -
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Nonpublic Transportation Revenue	\$ -
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**AVOYELLES PUBLIC CHARTER SCHOOL  
MANSURA, LOUISIANA**

**Education Levels of Public School Staff  
As of October 1, 2004**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	20.5	84%	0	0%	1	0%	0	100%
Master's Degree	3	12%	0	0%	0	0%	0	0%
Master's Degree + 30	1	4%	0	0%	0	0%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>24.5</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>0%</b>	<b>0</b>	<b>100%</b>

**Schedule 3****AVOYELLES PUBLIC CHARTER SCHOOL, INC.  
MANSURA, LOUISIANA****Number and Type of Public Schools  
For the Year Ended June 30, 2005**

<b>Type</b>	<b>Number</b>
Elementary	0
Middle/Jr. High	0
Secondary	0
Combination	1
<b>Total</b>	<b>1</b>

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

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.  
MANSURA, LOUISIANA**

**Experience of Public Principals and Full-time Classroom Teachers  
As of October 1, 2004**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	0	0	0	0
Principals	0	0	1	0	0	0	0	1
Classroom Teachers	3	2	9.5	5	3	1	1	24.5
<b>Total</b>	<b>3</b>	<b>2</b>	<b>10.5</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>25.5</b>

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.  
MANSURA, LOUISIANA**

**Public School Staff Data  
For the Year Ended June 30, 2005**

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC and Rehired Retirees</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	\$ 31,708.85	\$ 31,708.85
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	\$ 31,028.35	\$ 31,028.35
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	24	24

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.  
MANSURA, LOUISIANA**

**Class Size Characteristics  
As of October 1, 2004**

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	100%	0	0%	0
Elementary Activity Classes	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	0%	0	0%	0	0%	0	0%	0
High Activity Classes	0%	0	0%	0	0%	0	0%	0
Combination	0%	0	11%	2	89%	17	0%	0
Combination Activity Classes	0%	0	0%	0	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.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**MANSURA, LOUISIANA**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century**  
**For the Year Ended June 30, 2005**

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>											N/A	
Advanced	1	2%	0	0%	2	4%	0	0%	1	1%	0	0%
Mastery	10	17%	10	19%	6	11%	7	12%	11	22%	7	13%
Basic	28	46%	35	65%	32	59%	33	55%	31	58%	26	48%
Approaching Basic	15	25%	8	15%	13	24%	14	23%	9	18%	15	28%
Unsatisfactory	6	10%	1	1%	1	2%	6	10%	2	1%	6	11%
Total	60	100%	54	100%	54	100%	60	100%	54	100%	54	100%

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>			N/A		N/A				N/A		N/A	
Advanced	0	0%					0	0%				
Mastery	14	30%					16	34%				
Basic	23	49%					26	56%				
Approaching Basic	8	17%					3	6%				
Unsatisfactory	2	4%					2	4%				
Total	47	100%					47	100%				

**AVOYELLES PUBLIC CHARTER SCHOOL  
MANSURA, LOUISIANA**

**The Graduation Exit Exam for the 21st Century  
For the Year Ended June 30, 2005**

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>	N/A											
Advanced												
Proficient												
Basic												
Approaching Basic												
Unsatisfactory												
<b>Total</b>												

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>	N/A											
Advanced												
Proficient												
Basic												
Approaching Basic												
Unsatisfactory												
<b>Total</b>												

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.  
MANSURA, LOUISIANA**

**The IOWA Tests  
For the Year Ended June 30, 2005**

	<b>Composite</b>		
	2005	2004	2003
<b>Test of Basic Skills (ITBS)</b>			
Grade 3	69.0%	53.0%	59.0%
Grade 5	62.0%	63.0%	54.0%
Grade 6	62.0%	48.0%	55.0%
Grade 7	58.0%	64.0%	52.0%
<b>Tests of Educational Development (ITED)</b>			
Grade 9	56%	N/A	N/A

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.



**Information Required By OMB Circular A-133**

**W. Kathleen Beard  
Certified Public Accountant  
10191 Bueche Road  
Erwinville, LA 70729**

Member:  
American Institute of  
Certified Public Accountants  
Society of Louisiana of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PORGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

I have audited the compliance of Avoyelles Public Charter School, Inc. (a nonprofit organization) with types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Avoyelles Public Charter School, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Avoyelles Public Charter School's management. My responsibility is to express an opinion on Avoyelles Public Charter School's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Avoyelles Public Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Avoyelles Public Charter School's compliance with those requirements.

In my opinion, Avoyelles Public Charter School, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control over Compliance

The management of Avoyelles Public Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Avoyelles Public Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and the State of Louisiana and is not intended to be and should not be used by anyone other these specified parties.

*W. Kathleen Beard, CPA*

December 26, 2005

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.**  
**Mansura, Louisiana**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2005**

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Rural Development - Community Facilities			
Loans and Grants	10.766	-	\$830,000
Pass-through programs from:			
Louisiana Department of Education -			
National School Lunch Program	10.555	-	104,273
U.S. Department of Education			
Direct Programs:			
Rural Education Achievement Program (REAP)	84.358A	-	23,523
Pass-through programs from:			
Louisiana Department of Education -			
Title I - Grants to Local Educational Agencies -			
Part A - Basic	84.010A	28-05-T1-7A	165,346
Special education Grants to States - IDEA Part B	84.027A	28-05-B1-7A	142,728
Special education Preschool Grants	84.173A	28-05-P1-7A	2,147
Title IV - Safe & Drug-Free Schools & Communities	84.186A	28-05-70-74	3,905
Title V - Innovative Education Program Strategies	84.298A	28-05-80-7A	2,297
Title II - Teacher & Principal Training & Recruitment Fund	84.367A	28-05-50-7A	8,711
The Universal Service Administrative Company (USAC)			
Federal Communications Commission (FCC)			
Universal Service Fund - Schools & Libraries (E-Rate)	N/A		<u>8,147</u>
Total expenditures of federal awards			<u>\$1,291,077</u>

**Notes to Schedule of Expenditures of Federal Awards:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Avoyelles Public Charter School, Inc. and is presented on the accrual basis of accounting.

**Avoyelles Public Charter School, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Summary of Audit Results**

**Financial Statements**

I have audited the statements of financial position of the Avoyelles Public Charter School, Inc. (a nonprofit organization) as of June 30, 2005, and the related statement of activities and cash flow for the year then ended and have issued my report thereon dated December 26, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2005 resulted in an unqualified opinion.

**Section I – Internal Control and Compliance Material to the Financial Statements Required by Government Auditing Standards**

No Findings Noted

**Section II – Internal Control and Compliance Material to Federal Awards**

The auditor's report on compliance for the major federal award programs for Avoyelles Parish Charter School, Inc. expresses an unqualified opinion on all major federal programs.

No findings were noted related to major programs that are required to be reported by Section 510 (a) OMB Circular A-133.

The programs tested as major programs included: USDA Rural Development - Communities and Facilities Loans and Grants, CFDA No. 10.766

The threshold for distinguishing Type A and B programs was \$300,000.

Avoyelles Public Charter School, Inc. was determined to not be a low-risk auditee.

**Section III – Management Letter**

No findings noted.