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AVOYELLES PUBLIC CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2000

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 2-21-01

Ducote & Company
Certified Public Accountants
P. O. Box 309
219 North Washington Street
Marksville, La. 71351

AVOYELLES PUBLIC CHARTER SCHOOL, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of the Avoyelles Public Charter School, Inc. (a nonprofit organization) as of June 30, 2000, and the related statements of activities and cash flows for the eighteen month period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

In our 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, 2000, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 31, 2000, on our consideration of Avoyelles Public Charter School, Inc.'s internal control structure and on our tests of its compliance with certain laws, regulations, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Ducote & Company

DUCOTE & COMPANY
Marksville, Louisiana
October 31, 2000

**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

We have audited the statement of financial position of the Avoyelles Public Charter School, Inc. (a nonprofit organization) as of June 30, 2000, and the related statements of activities and cash flows for the eighteen month period then ended, and have issued our report thereon dated October 31, 2000. We conducted our 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.

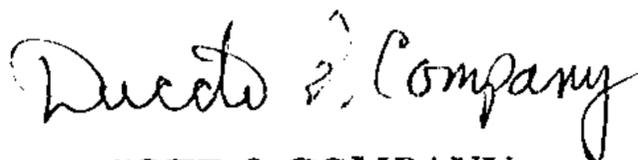
Compliance

As part of obtaining reasonable assurance about whether the Avoyelles Public Charter School, Inc.'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Avoyelles Public Charter School, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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 the risk that misstatements in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and the 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



DUCOTE & COMPANY
Marksville, Louisiana
October 31, 2000

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Mansura, Louisiana
Statement of Financial Position
June 30, 2000

ASSETS

Current assets:

Cash and interest-bearing accounts	\$10,348
Accounts receivable - grants	<u>4,947</u>
 Total current assets	 <u>15,295</u>

Property and equipment:

Land	64,353
Construction in progress	784,785
Machinery and equipment	<u>539</u>
	849,677
Less accumulated depreciation	<u>(108)</u>

Net property and equipment	<u>849,569</u>
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Total assets	<u>\$864,864</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$250,450
Construction advances	543,800
Notes payable (current portion)	<u>12,030</u>

Total liabilities	806,280
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Net assets (unrestricted)	<u>58,584</u>
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Total liabilities and net assets	<u>\$864,864</u>
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See accompanying notes to financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Mansura, Louisiana
Statement of Activities
For the Eighteen Month Period Ended June 30, 2000

Public Support Revenues and Other Support:

Donations - unrestricted	\$64,153
Grants	29,951
Interest income	<u>11</u>

Total public support revenues and other support 94,115

Expenses:

Administrative expenses	28,257
Program expenses	<u>7,274</u>

Total expenses 35,531

Increase (decrease) in unrestricted net assets 58,584

Unrestricted net assets at beginning of period 0

Unrestricted net assets at end of period \$58,584

See accompanying notes to financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Mansura, Louisiana
Statement of Cash Flows
For the Eighteen Month Period Ended June 30, 2000

Cash flows from operating activities:

Increase in net assets	\$58,584
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	108
(Increase) decrease in operating assets:	
Accounts receivable	(4,947)
Increase (decrease) in operating liabilities:	
Accounts payable	139
Accrued expenses	<u>794,111</u>

Net cash provided (used) by operating activities 847,995

Cash flows from investing activities:

Payments for purchases of property and equipment	<u>(849,677)</u>
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Net cash flows provided (used) by investing activities (849,677)

Cash flows from financing activities:

Increase in notes payable	<u>12,030</u>
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Net cash provided (used) by financing activities 12,030

Net increase (decrease) in cash and cash equivalents 10,348

Beginning cash and cash equivalents 0

Ending cash and cash equivalents \$10,348

See accompanying notes to financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Mansura, Louisiana
Statement of Functional Expenses
For the Eighteen Month Period Ended June 30, 2000

	<u>Administrative Expenses</u>	<u>Program Expenses</u>	<u>Total</u>
Expenses:			
Advertising	\$222	\$0	\$222
Depreciation expense	108	0	108
Dues and fees	42	0	42
Insurance	326	0	326
Legal services	8,370	0	8,370
Audit/Accounting services	3,050	0	3,050
Other professional services	8,545	0	8,545
Miscellaneous expense	1,172	0	1,172
Printing and binding	8	0	8
Purchased educational services	1,339	0	1,339
Materials and supplies	1,492	7,274	8,765
Telephone and postage	1,102	0	1,102
Travel	2,043	0	2,043
Interest expense	440	0	440
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$28,257</u>	<u>\$7,274</u>	<u>\$35,531</u>

See accompanying notes to financial statements.

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Notes to Financial Statements
June 30, 2000

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 challenge 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 income tax under Section 501(c)(3) of the United States Internal Revenue Code.

Accounting Year

For financial reporting purposes, the Avoyelles Public Charter School, Inc. operates on a fiscal year beginning July 1st and ending June 30th. These financial statements however, are for an eighteen month period from inception through June 30, 2000, the end of the School's first full fiscal period.

Public Support and Revenue

Avoyelles Public Charter School, Inc. receives its grant support primarily from the State Department of Education (See Note E).

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, 2000.

Donated Services

No amounts have been reflected in the financial statements for donated services. 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.

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. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Notes to Financial Statements (continued)
June 30, 2000

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 \$500. Lesser amounts are expensed. Furniture and equipment are being depreciated over estimated useful lives of five to ten 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:

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

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2000 in the amount of \$4,947 represents the amount due from the State Board of Secondary and Elementary Education for a post charter school grant. This amount was received within 60 days after year-end.

NOTE C - CONSTRUCTION IN PROGRESS

At June 30, 2000, construction was underway for a new educational facility to house the Avoyelles Public Charter School, Inc.'s activities. Construction of the facility was substantially completed in August 2000. At June 30, 2000 construction costs totaled \$784,785 out of an estimated total project cost of \$1,271,000.

NOTE D - NOTE PAYABLE

At June 30, 2000, the Avoyelles Public Charter School, Inc. has a line of credit with a balance of \$12,030 payable to the Cottonport Bank upon demand at an annual interest rate of 8.25%.

NOTE E - GRANTS

The School participated in three grants for the year ended June 30, 2000:

Cash Grants:

State Board of Elementary and Secondary Education Pre-Planning Grant	\$ 5,000
State Board of Elementary and Secondary Education Pre-Planning Grant (Legal expense associated with desegregation order)	5,000
State Board of Elementary and Secondary Education Post Charter Grant	<u>19,951</u>
Total cash grants received	<u><u>\$ 29,951</u></u>

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Notes to Financial Statements (continued)
June 30, 2000

NOTE F – COMMITMENTS & CONTINGENCIES

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 up to \$1,600,000 at an interest rate of 5.125% payable over twenty-five years. As of June 30, 2000, construction expenses incurred totaled \$794,111. Drawdowns totaling \$543,800 had been received as of June 30, 2000. Upon completion of the project, permanent financing will replace the interim construction advances at the payment terms previously noted.

NOTE G – SUBSEQUENT EVENTS

The school was completed and became fully operational on August 28, 2000. Current enrollment is 240 students with grades kindergarten through fifth. Expansion plans are in place to add a multi purpose facility, cafeteria and increase enrollment by 130 students (five additional classes). Funding for the expansion plans has been made available primarily from USDA. For the 2001-2002 school year the school plans to have kindergarten through sixth grade.

APPENDIX A

**REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR**

The following pages contain reports on the Schedule of Expenditures of Federal Awards and on compliance with requirements applicable to each Major Program and internal control over compliance in accordance with OMB Circular A-133

**REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

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

We have audited the general-purpose financial statements of the Avoyelles Public Charter School, Inc., for the eighteen month period ended June 30, 2000, and have issued our report thereon dated October 31, 2000. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Ducote & Company

DUCOTE & COMPANY

Marksville, Louisiana
October 31, 2000

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Schedule of Expenditures of Federal Awards
For the Eighteen Month Period Ended June 30, 2000

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Program Expenditures</u>
U. S. Department of Agriculture Passed through Louisiana Dept of Education: Community Facilities Loans and Grants	10.766	\$ 794,111

See accompanying notes to the schedule.

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2000

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Avoyelles Public Charter School, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Avoyelles Public Charter School, Inc. provided no federal awards to subrecipients.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Avoyelles Public Charter School, Inc. with the 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 eighteen month period ended June 30, 2000. 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, Inc.'s management. Our responsibility is to express an opinion on Avoyelles Public Charter School, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of State and 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, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Avoyelles Public Charter School, Inc.'s compliance with those requirements.

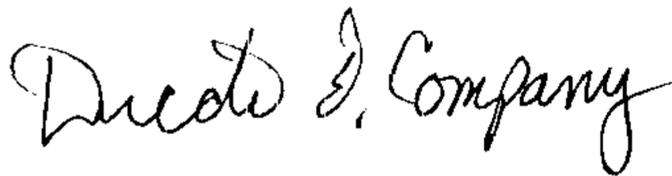
In our opinion, the Avoyelles Public Charter School, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the eighteen month period ended June 30, 2000.

Internal Control Over Compliance

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

Our 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 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and the 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.



DUCOTE & COMPANY

Marksville, Louisiana
October 31, 2000

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.
 Schedule of Audit Results, Findings, and Questioned Costs
 For the Eighteen Month Period Ended June 30, 2000**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified not
 Considered to be material weakness(es) _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified not
 Considered to be material weakness(es) _____ yes x none reported

Type of auditors’ report issued on compliance
 For major programs: Unqualified

Any audit findings disclosed that are required
 To be reported in accordance with
 Circular A-133, Section .510(a) _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants

Dollar threshold used to distinguish between
 Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee x yes _____ no

AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Schedule of Audits Results, Findings, and Questioned Costs (continued)
For the Eighteen Month Period Ended June 30, 2000

Section II-Financial Statement Findings

There are no findings applicable to internal control or compliance.

Section III – Federal Award Findings and Questioned Costs

There are no findings related to internal controls or compliance applicable to federal awards and there are no questioned costs.

**AVOYELLES PUBLIC CHARTER SCHOOL, INC.
Corrective Action Plan for Current Year Audit Findings
For the Eighteen Month Period Ended June 30, 2000**

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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Section I – Internal Control and Compliance Material to the Financial Statements

No findings noted.

Section II – Internal Control and Compliance Material to Federal Awards

No findings noted.

Section III – Management Letter Comments

No findings noted.