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**FINANCIAL STATEMENTS AND
AUDITORS' REPORTS**

ST. LANDRY PUBLIC CHARTER SCHOOL, INC.

Opelousas, Louisiana

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 10/24/01

RED RIVER EMPLOYMENT SERVICES, INC.
Shreveport, Louisiana

FINANCIAL STATEMENTS AND AUDITORS' REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

Independent Auditor's Report

To the Board of Directors
St. Landry Public Charter School
Opelousas, Louisiana

We were engaged to audit the accompanying statement of financial position of St. Landry Public Charter School (a non-profit organization) as of June 30, 2000, and the related statements of activity and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management.

We were unable to apply auditing procedures to financial records because of the condition of the general ledgers and inaccessibility to other records. We were unable to satisfy ourselves of fair presentation of the financial statements by means of other auditing procedures.

Because we were unable to satisfy ourselves of the fair presentation and we were unable to apply other auditing procedures as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, our opinion on the financial statements referred to in the first paragraph.

A handwritten signature in cursive script, appearing to read "Dautzat, Beall & Debevec". The signature is written in black ink and is positioned above the printed name of the firm.

Dautzat, Beall & Debevec, CPA's, APC

ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

STATEMENT OF FINANCIAL POSITION
June 30, 2000

UNRESTRICTED

ASSETS	
Cash	\$ 28,459
Property and equipment (net)	<u>291,755</u>
TOTAL ASSETS	<u>\$ 320,214</u>
LIABILITIES	
AND NET ASSETS	
Bank overdraft	\$ 47,635
Payroll withholdings	14,654
Notes payable	<u>22,103</u>
TOTAL LIABILITIES	84,392
NET ASSETS	
Unrestricted	<u>235,822</u>
TOTAL LIABILITIES	
AND NET ASSETS	<u>\$ 320,214</u>

The accompanying notes are an integral part of this statement.

ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
June 30, 2000

UNRESTRICTED

REVENUE AND SUPPORT

Minimum Foundation Program	\$ 1,575,055
K-3 Initiative	27,552
PIP	5,059
Miscellaneous	56,182
Charter School Grant	110,573
Food Program	<u>201,104</u>
TOTAL REVENUE AND SUPPORT	<u>1,975,525</u>

EXPENSES

Instructional supplies	39,568
Other supplies	41,057
Salaries	951,526
Rents	127,755
Student transportation services	154,252
Professional contract services	42,455
Depreciation	29,127
Miscellaneous	29,976
Food services	113,764
Insurance	129,254
Payroll tax expense	46,775
Retirement expense	101,240
Telephone and utilities	52,634
Repairs and maintenance	<u>60,037</u>
TOTAL EXPENSES	<u>1,919,420</u>

CHANGE IN NET ASSETS 56,105

NET ASSETS, BEGINNING OF YEAR 179,717

NET ASSETS, END OF YEAR \$ 235,822

ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000

Cash Flows from Operating Activities:

Increase in Net Assets \$ 56,105

Adjustments to reconcile Increase in Net Assets
to Net Cash from Operating Activities:

Depreciation	29,127
Decrease in Grants Receivable	84,648
Decrease in Other Receivables	13,728
Increase in Payroll Taxes Payable	<u>13,198</u>

Net Cash from Operating Activities 196,806

Cash Flows from Investing Activities:

Purchase of Equipment (52,554)

Net Cash used in Investing Activities (52,554)

Net Decrease in Cash and Cash Equivalents 144,252

Cash and Cash Equivalents at Beginning of Period (163,428)

Cash and Cash Equivalents at End of Period \$ (19,176)

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

ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

St. Landry Public Charter School, hereinafter referred to as the Charter School is a not-for-profit organization incorporated under Louisiana Corporation Statutes. The Charter School was sponsored by The Harvey Stevens Memorial Foundation and approved as type 2 charter school under R.S. 17:3991 and began operations and open student enrollment in August, 1998. The Charter School is allocated Minimum Foundation Program funds from the State of Louisiana based on an October 1 enrollment date. The Charter School is governed by a board of directors and managed by a superintendent.

A. Basis of Presentation

The accompanying financial statements of St. Landry Public Charter School have been prepared in conformity with generally accepted accounting principles as applied to non-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The financial statement presentation follows the recommendations of the financial accounting standards board in its statement of financial accounting standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Charter School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. Basis of Accounting

Basis of accounting refers to when support and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The separate funds are accounted for using the accrual basis of accounting. Support is recognized when it is earned and expenses when the related fund liability is incurred.

ST. LANDRY PUBLIC CHARTER SCHOOL
Opclousas, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Income Taxes

St. Landry Public Charter School is exempt from Federal income taxes as defined in Internal Revenue Code paragraph 501(c)(3).

D. Property and Equipment

Property and equipment is recorded at cost for purchased assets or at fair market value on the date of any donation. Depreciation is provided in the financial statements over the estimated useful lives of the depreciable assets on the straight-line basis. The following estimated useful lives are generally used:

Leasehold Improvements	30 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 15 years

Expenses for additions, major renewals and betterments are capitalized and expenses for maintenance and repairs are charged to operations as incurred.

E. Compensated Absences

No amounts have been recorded for compensated absences; however St. Landry Public Charter School estimates this amount to be insignificant at June 30, 2000.

F. Contingent Liabilities

Amounts received from state agencies are subject to review and adjustment by the state agencies, principally the Louisiana Department of Education (DOE). Any disallowed claims for reimbursement, including amounts already collected, or disallowed amounts expended may constitute a liability of the Charter School. Amounts, if any, of disallowances for the fiscal year ended June 30, 2000, cannot be determined as of June 30, 2000, although the Charter School expects such amounts, if any, to be immaterial.

ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash and Cash Equivalent

For the purpose of financial statements, the Charter School considers all demand deposits and time deposits with an initial maturity for three months or less to be cash equivalents.

NOTE 2 - CASH

At June 30, 2000, the Charter School had cash and cash equivalents (book balances) totaling \$19,176 as follows:

Checking	\$ 28,459
Checking(overdraft)	\$ (47,635)

The total collected bank balances of these accounts at June 30, 2000 was \$199,030. All deposits were insured by the FDIC.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation at June 30, 2000, is provided:

	Property and Equipment			Ending Balance
	Beginning Balance	Additions	Disposals	
Leaschold Improvements	55,563			\$ 55,563
Building	70,000			70,000
Furniture & Equipment	70,103	52,553		122,656
Vehicles	88,705			88,705
Totals	\$ 284,371	\$ 52,553	=	\$ 336,924

ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 3 - PROPERTY AND EQUIPMENT (continued)

	Accumulated Depreciation			Ending Balance
	Beginning Balance	Additions	Disposals	
Leasehold Improvements	\$ 1,168	\$ 1,852		\$ 3,020
Building	1,050	3,500		4,550
Furniture & Equipment	6,666	14,905		21,571
Vehicles	<u>7,159</u>	<u>8,870</u>	<u>—</u>	<u>16,029</u>
Totals	<u>\$ 16,043</u>	<u>\$ 29,127</u>	<u>—</u>	<u>\$ 45,170</u>

NOTE 4 - OPERATING LEASES

The Charter School provides educational services in leased facilities located in Opelousas, Louisiana. The lease is a twelve (12) month operating lease which is renewable by written notice. Rental expense for this lease was \$124,000 for the year ended June 30, 2000.

NOTE 5 - NOTES PAYABLE

The note payable obligations of the Charter School at June 30, 1999 are as follows:

9.7% note payable, due in monthly installments of \$497, including interest, through February 2004, secured by the vehicle purchased with the loan proceeds.

Balance at June 30, 2000	\$ 22,103
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ST. LANDRY PUBLIC CHARTER SCHOOL
Opelousas, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year, the President of the Board of Directors provided accounting services for St. Landry Public Charter School.



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

To the Board of Directors
St. Landry Public Charter School
Opelousas, Louisiana

We were engaged to audit the financial statements of St. Landry Public Charter School (a nonprofit organization) as of and for the year ended June 30, 2000, and have issued our report thereon dated. 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 St. Landry Public Charter School'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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. The instances of noncompliance are described below:

1. Charter Provisions

- A. Condition:** The school is not complying with certain governing structure provisions as approved by BESE.
- a. Board of trustees membership
 - b. Officer elections
 - c. Advisory board establishment
 - d. School review committee establishment

Criteria: The school should be governed by provisions outlined in the charter.

Effect: The school charter could be revoked by BESE as a result of noncompliance.

B. Condition: The school is not complying with certain accounting procedures as approved by BESE.

- a. Implementation of a computer-based accounting and financial reporting system
- b. Budget reporting compared to actual results
- c. Segregation of duties as it relates to internal control
- d. Purchase order and invoice comparisons before payment
- e. Check signature policy

Criteria: The school should implement proper accounting procedures as outlined in the charter.

Effect: The school charter could be revoked by BESE and internal controls diminished with resulting irregularities.

2. Federal and State Income Tax Laws

Condition: The school did not report an employee's personal use of a school owned vehicle as taxable income.

Criteria: Federal and State laws require compliance with employment tax provisions.

Effect: Employment tax penalties can be assessed for failure to follow regulations.

3. Budget

Condition: The school did not legally adopt an operating budget for the year ended June 30, 2000.

Criteria: The school is required by law to legally adopt an operating budget with a public hearing held prior to adoption.

Effect: The school risks sanctions by not complying with state law.

4. Late Audit Report

Condition: The organization did not file their June 30, 2000 audit report with the State of Louisiana within the required time frame.

Criteria: In accordance with the State law, the audit should be filed with the State of Louisiana within six (6) months from the close of the fiscal year.

Effect: The organization is in violation of State law.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Landry Public Charter School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgement, could adversely affect St. Landry Public Charter School's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. These reportable conditions include:

1. General Ledger Transactions

Condition: The general ledger transactions for the year ended June 30, 2000 were not coded correctly and expenses were not classified by functional category.

Criteria: The financial management system should provide for accurate and complete disclosure of financial results.

Effect: Irregularities in reporting can occur from not having an accurate accounting system.

Recommendation: In order to reduce the risk of errors and/or irregularities and to present the financial statements in the proper form, the school should establish an in-house computer-based accounting and financial reporting system.

2. Budgets

Condition: Budgets were not prepared for year ended June 30, 2000 and the monthly financial statements did not present budget information compared to actual results.

Criteria: The school's financial reports should be used to compare actual financial results with the legally adopted budget.

Effect: Ineffective management.

3. Segregation of Duties

Condition: Proper internal controls did not exist for certain functions such as: mail opening, bank deposits, billing and collection, monthly reconciliations of the food program and check signatures.

Criteria: An effective, cost beneficial internal control structure should exist as to not allow opportunity for irregularities and to properly account for transactions.

Effect: Significant deficiencies in the design of the internal control structure could adversely affect financial reporting.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the Board of Directors management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Dauzat, Beall & Debevec
Certified Public Accountants

ST. LANDRY CHARTER SCHOOL
Opelousas, Louisiana
June 30, 2000

Correction Action Plan

Management failed to respond to the audit findings.

SABINE RIVER COMPACT ADMINISTRATION

STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE
 Years Ended August 31, 2001 and 2000

	<u>General Fund</u>	
	<u>2001</u>	<u>2000</u>
Revenues:		
Intergovernmental	\$ 66,430	\$ 62,330
Interest	<u>1,564</u>	<u>2,714</u>
Total revenues	67,994	65,044
Expenditures:		
General government	<u>63,399</u>	<u>61,801</u>
Excess of revenues over expenditures	4,595	3,243
Fund balance, beginning	<u>26,069</u>	<u>22,826</u>
Fund balance, ending	<u>\$ 30,664</u>	<u>\$ 26,069</u>

See Notes to Financial Statements.