

REPORT

**Franklinton Elementary School
Angie Junior High School
Enon Elementary School**

**WASHINGTON PARISH
Franklinton, Louisiana**

**AGREED UPON PROCEDURES REPORT
For the Year Ended
June 30, 2001**

Durden and Alonzo

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WASHINGTON PARISH SCHOOL BOARD INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Parish School Board
Franklinton, LA

We have performed the procedures listed below, which were agreed upon by the Washington Parish School Board and Superintendent. These procedures were performed solely to assist the school board management with respect to compliance with policy and procedures concerning individual school activity accounts and school property inventory at Franklinton Elementary School, Enon Elementary School and Angie Junior High School for the year ended June 30, 2001. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We examined the following records for the three schools activity accounts. Three months of bank reconciliations were tested for completeness and mathematical accuracy. Cash disbursements were tested for proper use of requisitions, purchase orders and supporting documentation in relation to the school board policies and procedures. We tested bank deposits against receipts for propriety, traced deposits to the bank statement for timeliness of deposit and traced them to the activity account ledger to verify proper recording. We calculated gross profit percentages on concession operations, verified ticket reconciliation forms were utilized for gate receipts and performed reasonableness test on other receipt categories where applicable. We tested inventory records to determine the physical existence of property as listed on the school's property inventory report and to determine that property at the school was included on the inventory list. We also inspected property items to determine if they were identified as property of the school and numbered in accordance with the property inventory list.

FRANKLINTON ELEMENTARY SCHOOL

Bank Reconciliation - Each month tested was mathematically correct, all reconciling items proper and the reconciled balances equaled the activity account ledger. Beginning and ending balances were traced to prior and subsequent period balances to verify proper cutoffs, transactions were recorded in the proper period and balances were carried forward properly. There were no exceptions to school board policy concerning bank reconciliation procedures in the months we tested. The beginning bank balance was \$19,003. and the balance at June 30, 2001, was \$16,014., resulting in a net decrease of \$2,989.

Cash disbursements - Items examined were properly approved, documented and recorded in the accounts of the school in compliance with school board policy. Requisitions and purchase orders were issued in compliance with school board policy and invoices were signed by the principal for all of the items tested. The records were neat and orderly thus allowing the verification process to be accomplished in an efficient manner.

Cash receipts - Our examination indicates that deposits are made daily and intact, however, individual receipts were not maintained as a part of the daily report documentation (receipts were printed and given to the faculty member). For 50% of the items tested, no detail was available to document the source of funds, thus the proper account classification could not be tested. We suggested that a "turn in money" form be used that would include a description of the source of funds, total amount and signature of the faculty member. This form should be attached to the computer generated receipt, daily report and made a part of the documentation of cash receipts.

Concessions and other fund raisers - Franklinton Elementary School operated its drink concessions under a "full service" contract for the year ended June 30, 2001. The School received commission checks from Coca Cola Bottling throughout the year totaling \$4007.75. The school also operates a snack concession which netted a gross profit for the year ended 6/30/01 of 18.68%. All invoices for concession purchases were paid on a current basis and receipts appear to be properly accounted for. Prior to our examination, the principal, Mrs. Spears, checked the gross profit from concession operations for this school year and was displeased with the level of profit, consequently, she took over operating the concession. Since that time, concession operations have netted a 33% gross profit to the school.

A drink machine, serviced by the school, is located in the faculty lounge, all proceeds are deposited into the courtesy account. Operations from this machine resulted in a loss of \$299.40 for the year ended June 30, 2001. The principal was made aware of the deficiencies in deposits from this machine in May 2001, at this point, the custodian filled the machine weekly, and the secretary removed the money monthly. They were both questioned about the lack of collections and

neither had knowledge of any missing money. The secretary was instructed to remove the money from the machine weekly from that point forward, however, effective July 1, 2001, the contract with Coke was changed to full service for this machine. In May, when the deficiencies were brought to the attention of the principal, she and the secretary sent a memorandum detailing the deficiencies discovered to Ms. Beth Fussell, Financial officer for the Washington Parish School Board.

School pictures – Fall pictures were administered by the school and netted a gross profit of 50%, \$910.; Spring pictures were administered by Linda Gray Photography with the school receiving a commission check of 35%, \$1,103.

Other fundraisers – The Halloween carnival netted a gross profit of \$1,436., 70.9% to the school. A raffle was held with \$795. proceeds being raised, all prizes were donated.

Fixed asset inventory – Fixed assets were randomly selected from the inventory list, and from the school's premises. Of the 393 items contained on the school's inventory, we selected a sample of 184 (47%). We found 98% (88) of the items selected from the inventory list and 95% (89) of the items selected from the school's premises. Of the seven items we were unable to locate: one was added to the property records October 29, 2001, two were on the June 30, 2001 inventory list, one was purchased with school activity funds, and three could not be located. The inventory records for Franklinton Elementary School were in good shape despite the missing items. Inventory items were listed by room; except for desk, (student and teacher) chairs and filing cabinets. Assets were a little difficult to locate because numerous items had been moved from one room to another. The items found had the identification numbers placed for easy recognition, and all items were clearly marked. Principal Karen Spears maintains the inventory list, and teachers are required to complete an inventory list of their room at the beginning and end of the school year. The teacher's inventory sheets do include the desk, chairs and filing cabinets. We suggest that desk, chairs and filing cabinets listed on each teacher's inventory list be reconciled (in writing) to the school's physical inventory list.

Prior examination report findings – Our prior examination of Franklinton Elementary School was for the school year ended June 30, 1995. Our report of findings regarding cash disbursements were as follows: 1) Purchase orders and requisitions were not issued in compliance with school board policy. resolved. 2) Invoices were not defaced as being paid, resolved. There were no other findings to be reported.

ANGIE JUNIOR HIGH SCHOOL

Bank Reconciliation - Each month tested was mathematically correct, all reconciling items proper and the reconciled balances equaled the activity account ledger. Beginning and ending balances were traced to prior and subsequent

period balances to verify proper cutoffs, transactions were recorded in the proper period and balances were carried forward properly. There were no exceptions to school board policy concerning bank reconciliation procedures in the months we tested. The beginning bank balance was \$20,380. and the balance at June 30, 2001, was \$22,250., resulting in a net increase of \$1,870.

Cash disbursements - Items examined were properly approved, documented and recorded in the accounts of the school in compliance with school board policy. Requisitions, purchase orders and invoices were issued in compliance with school board policy for 98% of the items tested. The records were neat and orderly thus allowing the verification process to be accomplished in an efficient manner.

Cash receipts – Our examination indicates that deposits were made timely and intact, however, receipts do not indicate the source of money received. 28% of the time receipts were not signed by the faculty member turning in money, nor was a “count sheet” describing the amount of money and its source attached. We suggested that a “turn in money” form be used that would include a description of the source of funds, total amount and signature of the faculty member. This form should be attached to the computer generated receipt, daily report and made a part of the documentation of cash receipts. We also showed the secretary how to adjust the settings on the computer for it to print the account detail on the bottom of the receipt,

Concessions and other receipts – Concessions operations include candy and drink sales during school hours and concessions from athletic events. Gross profit from concessions netted the school \$6,971., a 38% gross profit percentage. These funds appear to be properly accounted for and deposited in a timely manner. A drink machine is operated in the faculty lounge with all proceeds benefiting the teacher’s courtesy account. This machine netted a profit of \$801., which calculated a gross profit of 69.76%.

Pencil sales – The school maintains a pencil vending machine for sales of pencils to students. A profit of 46%, \$265.40, was recognized from the sale of pencils during the school year ended June 30, 2001.

Book fair – The library’s book fair profit of 40% of sales was received in books. The book fair grossed \$462.00, netting the school \$184.40 in “free” books.

Athletic gate receipts – Ticket reconciliation forms were utilized for athletic events. Our examination of these forms indicates a proper accounting for gate receipts and ticket inventory for the events supported by prenumbered ticket sales and ticket reconciliation forms.

Fixed Asset Inventory – Fixed assets were randomly selected from the inventory list, and from the school’s premises. The school’s property inventory contained

286 items, we selected a sample of 41% which was 117 items. We found 97% (64) of the items selected from the inventory list and 96% (49) of the items selected from the school's premises. We were unable to locate three (3) items: one was transferred from Varnado High School and was not on the list, one was to be discarded and one was purchased with school activity funds and had not been added to the property list.

The inventory records for Angie Jr. High School were in excellent shape. Items were listed by room; except for desk, chairs and filing cabinets. The items tested were easy to find and the identification numbers were placed for easy recognition on the items, and all items were clearly marked. Principal Gary McKenzie and librarian Cindy Melancon maintain the inventory list, and teachers are required to complete an inventory list of their room at the beginning and end of the school year. The teacher's inventory sheets do include the desk, chairs, (student and teacher) and filing cabinets. We suggest that desk, chairs and filing cabinets listed on each teacher's inventory be reconciled (in writing) to the school's physical inventory list.

Prior examination report findings – Our prior examination was for the year ended June 30, 1995. 1) Concessions netted a gross profit of 18%, this was improved to 38% for the year ended June 30, 2001. 2) 39% of cash disbursements were not in compliance with school board policy regarding purchase orders and requisitions. Invoices were not defaced, however, purchase orders were, resolved.

ENON ELEMENTARY

Bank Reconciliation - Each month tested was mathematically correct, all reconciling items proper and the reconciled balances equaled the activity account ledger. Beginning and ending balances were traced to prior and subsequent period balances to verify proper cutoffs, transactions were recorded in the proper period and balances were carried forward properly. There were no exceptions to school board policy concerning bank reconciliation procedures in the months we tested. The beginning bank balance was \$31,798. and the balance at June 30, 2001, was \$28,445., resulting in a net decrease of \$3,353.

Cash disbursements - Items examined were properly approved, documented and recorded in the accounts of the school in compliance with school board policy. Requisitions, purchase orders and invoices were issued in compliance with school board policy for 73% of the items tested. The 27% not in compliance lacked requisitions, purchase order was dated after the invoice or the principal did not sign the invoice. However, disbursement records were neat and orderly allowing the verification process to be accomplished in an efficient manner.

Cash receipts – Our examination indicates that deposits are made timely and intact. Procedures for safeguarding and accounting for cash receipts are excellent. Receipts are balanced with the daily recap and properly recorded in

the activity account ledger. Deposit tickets were complete and agreed with the daily report.

Concessions and other receipts – Concessions operations include candy and drink sales during school hours. Gross profit from concessions netted the school \$3,403., a 26.35% gross profit. These funds appear to be properly accounted for and deposited in a timely manner. A drink machine is operated in the faculty lounge with all proceeds benefiting the teacher's courtesy account. This machine netted a profit of \$360., which calculated a gross profit of 28%.

School pictures – The school netted a profit of \$1,535. for fall and spring pictures administered by Lifetouch Pictures.

Book Fair – The school library netted a profit of \$1,212. (28% gross profit) from its book fairs held during the school year.

Fixed Asset Inventory – Fixed assets were randomly selected from the inventory list, and from the school's premises. Of the 442 items contained on the school's property inventory, we selected a sample of 181 (41%). We found 95% (81) of the items selected from the inventory list and 90% (82) of the items selected from the school's premises. We were unable to locate eighteen (18) items. Four items shown on inventory list could not be located in the school and 14 items selected from the school premises could not be located on the inventory list. There were some items transferred from one room to another room, which we were able to locate with the teacher's help. Because some of the teachers were not present on the day we performed our testing, Mrs. Thomas felt that upon their return she would be able to locate most of the items. The inventory records for Enon Elementary School were in good condition despite the items we were unable to locate. Inventory items (including desk, chairs and filing cabinets) were listed by room. The items found were clearly marked with identification numbers for easy recognition. Principal, Phyllis Thomas maintains the inventory list, and teachers are required to complete an inventory list of their room at the beginning and end of the school year.

Prior examination report findings – Our prior examination was for the year ended June 30, 1998. Concessions netted a gross profit of 21.75, this was improved to 26.35% for the year ended 6/30/01. Cash disbursements were not in compliance with school board policy regarding purchase orders and requisitions, partially resolved. Cash receipts needed to be deposited daily, resolved.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above 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.

Yours truly,

A handwritten signature in cursive script that reads "Durden and Alonzo, CPAs". The signature is written in black ink and is positioned above a horizontal line.

DURDEN AND ALONZO, CPAs

December 6, 2001

WASHINGTON PARISH SCHOOL BOARD
Franklinton, LA

Corrective Action Plan
June 30, 2001

FRANKLINTON ELEMENTARY SCHOOL –

Cash receipts – The school secretary has begun using a “turn in money” form to document the source of money being receipted and signature of the faculty member or person turning in the money. This form is maintained with the computer printed receipt and the daily report to complete the documentation of cash receipts.

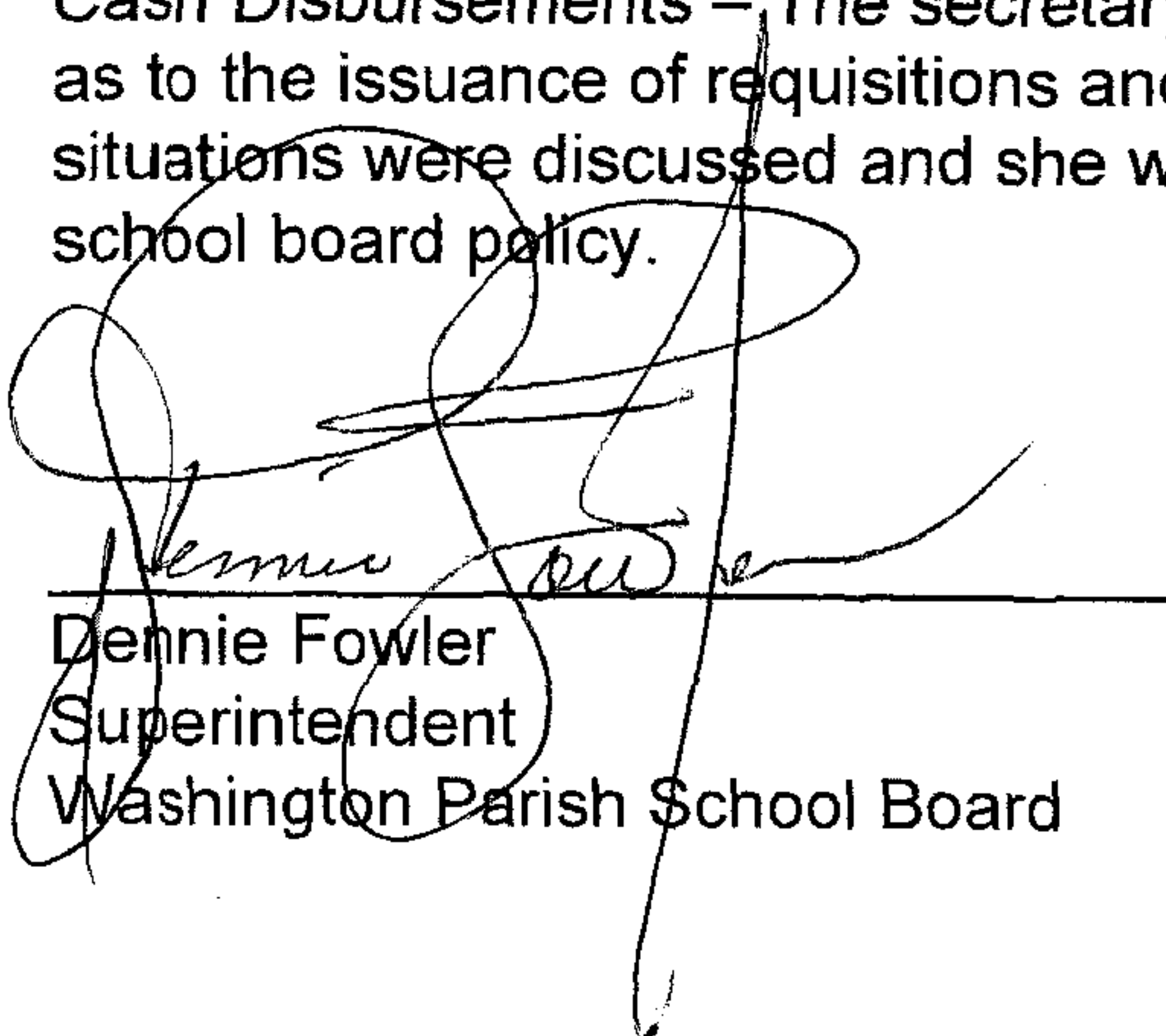
Concession – faculty lounge: Action taken by the principal at the school year end changing the contract with Coke to full service has resolved the problem of missing receipts and lack of internal control concerning this machine.

ANGIE JUNIOR HIGH SCHOOL –

Cash receipts - The school secretary has begun using a “turn in money” form to document the source of money being receipted and signature of the faculty member or person turning in the money. Computer printed receipts are now being printed with proper description of its source.

ENON ELEMENTARY SCHOOL –

Cash Disbursements – The secretary was reminded of the proper procedures to follow as to the issuance of requisitions and purchase orders when initiating a purchase. Detail situations were discussed and she will implement the procedures as prescribed by school board policy.



Dennie Fowler
Superintendent
Washington Parish School Board