
EAST FELICIANA PARISH SCHOOL BOARD

CLINTON, LOUISIANA

ANNUAL FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2006

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 1-17-07

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YEAR ENDED JUNE 30, 2006

EAST FELICIANA PARISH SCHOOL BOARD

CLINTON, LOUISIANA

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

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Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

The Members of the
East Feliciana Parish School Board
Clinton, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Feliciana Parish School Board (School Board) as of and for the year ended June 30, 2006, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Feliciana Parish School Board as of June 30, 2006 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budgetary comparison schedules on pages III through VIII and pages 23 through 25, respectively, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Feliciana Parish School Board's basic financial statements. The accompanying supplementary information consisting of the combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006 on our consideration of the East Feliciana Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our 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 and compliance. That 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.

Postlethwaite & McElwain

Baton Rouge, Louisiana
December 15, 2006

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

STATEMENT OF NET ASSETS

June 30, 2006

ASSETS

Cash and cash equivalents	\$	6,889,232
Receivables:		
Sales tax		476,840
Prepaid expenses		96,334
Due from governments		1,536,894
Due from external party (fiduciary fund)		286,845
Inventory		14,039
Capital assets:		
Land and construction in progress		880,708
Buildings and equipment, net of accumulated depreciation		8,146,513
		<hr/>
TOTAL ASSETS		18,327,405

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts, salaries and other payables		1,972,186
Deferred revenues		223,140
Long-term liabilities:		
Due within one year		28,500
Due in more than one year		346,193
		<hr/>
TOTAL LIABILITIES		2,570,019

CONTINGENCIES (NOTE 11)

NET ASSETS

Invested in capital assets, net of related debt		9,027,221
Restricted for:		
Debt service		376,375
Capital improvements		9,933
Grant programs		120,240
Compensation		36,881
Unrestricted		6,186,736
		<hr/>
TOTAL NET ASSETS	\$	15,757,386

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>	
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>	
		<u>Contributions</u>	<u>Contributions</u>	<u>Assets</u>	
				<u>Governmental</u>	
				<u>Unit</u>	
Instruction:					
Regular education programs	\$ 8,345,866	\$ -	\$ 1,768,299	\$ 728,822	\$ (5,848,744)
Special education programs	2,085,573	-	441,885	-	(1,643,688)
Other education programs	1,726,965	-	365,905	-	(1,361,060)
Support Services:					
Pupil support services	967,320	-	204,953	-	(762,367)
Instructional staff services	1,044,604	-	221,328	-	(823,276)
General administration services	653,319	-	138,423	-	(514,896)
School administration services	1,195,829	-	253,369	-	(942,460)
Business and central services	315,861	-	66,924	-	(248,937)
Plant operation and maintenance	1,426,460	-	302,234	-	(1,124,226)
Transportation	1,053,965	7,276	223,311	-	(823,378)
Food service	1,337,977	89,097	283,487	-	(965,393)
Central services	6,164	-	1,306	-	(4,858)
Community services	11,692	-	2,477	-	(9,215)
Claims expense	(21,500)	-	-	-	21,500
Depreciation	460,659	-	-	-	(460,659)
Total Governmental Activities	20,610,754	96,373	4,273,902	728,822	(15,511,657)
General Revenues					
Taxes:					
Ad-valorem taxes					1,246,882
Sales and use taxes					2,612,114
State revenue sharing					72,981
Grants and contributions not restricted to specific purposes:					
Minimum Foundation Program					10,907,796
Interest and investment earnings					236,207
Miscellaneous					239,466
Total general revenues					15,315,446
Change in Net Assets					(196,211)
Net Assets - July 1, 2005 (See Note 12)					15,953,597
Net Assets - June 30, 2006					\$ 15,757,386

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2006

	<u>General</u>	<u>Operations and Maintenance</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,358,234	\$ 1,489,357	\$ 1,041,641	\$ 6,889,232
Receivables:				
Sales tax	238,420	238,420	-	476,840
Prepaid expenses	96,338	-	-	96,338
Due from other funds	1,892,876	10,513	91,765	1,995,154
Due from other governments	31,041	889	1,504,967	1,536,897
Inventory	-	-	14,039	14,039
TOTAL ASSETS	<u>\$ 6,616,909</u>	<u>\$ 1,739,179</u>	<u>\$ 2,652,412</u>	<u>\$ 11,008,500</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 21,353	\$ 2,705	\$ 53,544	\$ 77,602
Salaries and benefits payable	1,894,590	-	-	1,894,590
Due to other funds	-	-	1,708,310	1,708,310
Deferred revenues	214,048	-	9,092	223,140
TOTAL LIABILITIES	<u>2,129,991</u>	<u>2,705</u>	<u>1,770,946</u>	<u>3,903,642</u>
Fund balances:				
Reserved for inventory	-	-	4,947	4,947
Reserved for prepaid expenses	96,338	-	-	96,338
Reserved for debt service	-	-	376,375	376,375
Unreserved, reported in:				
General Fund:				
Undesignated	4,390,580	-	-	4,390,580
Special Revenue Fund	-	1,736,474	490,211	2,226,685
Capital Projects Fund	-	-	9,933	9,933
TOTAL FUND BALANCES	<u>4,486,918</u>	<u>1,736,474</u>	<u>881,466</u>	<u>7,104,858</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,616,909</u>	<u>\$ 1,739,179</u>	<u>\$ 2,652,413</u>	<u>\$ 11,008,501</u>

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Fund Balances at June 30, 2006 - Governmental Funds		\$ 7,104,858
Cost of capital assets at June 30, 2006	\$ 18,431,947	
Less: Accumulated depreciation as of June 30, 2006:		
Buildings and improvements	(8,394,070)	
Movable property	(1,010,656)	9,027,221
Long-term liabilities at June 30, 2006:		
Claims liability	(28,500)	
Compensated absences payable	(346,193)	(374,693)
Total Net Assets at June 30, 2006 - Governmental Activities		<u>\$ 15,757,386</u>

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Operations and Maintenance</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 1,159,201	\$ -	\$ 87,680	\$ 1,246,881
Sales and use tax	1,306,057	1,306,057	-	2,612,114
Earnings on investments	158,186	52,421	25,600	236,207
Other	246,747	-	89,098	335,845
State sources:				
Unrestricted grants-in-aid, MFP	10,882,260	-	25,536	10,907,796
Revenue sharing	72,981	-	-	72,981
Restricted grants-in-aid	181,780	-	547,042	728,822
Federal grants	93,125	-	4,180,776	4,273,901
TOTAL REVENUES	14,100,337	1,358,478	4,955,732	20,414,547
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	7,546,914	103,376	762,434	8,412,724
Special education programs	1,740,227	-	345,395	2,085,622
Vocational education programs	374,668	-	178,591	553,259
Other education programs	260,381	-	913,345	1,173,726
Support:				
Pupil support services	595,528	-	371,809	967,337
Instructional staff services	600,537	-	444,083	1,044,620
General administration services	650,053	-	3,473	653,526
School administration services	1,192,760	-	3,100	1,195,860
Business and central services	315,870	-	-	315,870
Plant operation and maintenance	1,469,543	153,762	23,706	1,647,011
Transportation	1,052,988	-	994	1,053,982
Food services	158,109	-	1,233,001	1,391,110
Central services	6,162	-	-	6,162
Community services	11,692	-	-	11,692
Facility acquisition and construction	14,107	118,215	2,246	134,568
TOTAL EXPENDITURES	15,989,539	375,353	4,282,177	20,647,069
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,889,202)	983,125	673,555	(232,522)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	\$ 1,833,344	\$ -	\$ -	\$ 1,833,344
Transfers out	-	(1,197,823)	(635,521)	(1,833,344)
TOTAL OTHER FINANCING SOURCES (USES)	1,833,344	(1,197,823)	(635,521)	-
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>				
	(55,858)	(214,698)	38,034	(232,522)
Fund balances, June 30, 2005 (See Footnote 12)	4,542,776	1,951,172	843,432	7,337,380
FUND BALANCES, JUNE 30, 2006	\$ 4,486,918	\$ 1,736,474	\$ 881,466	\$ 7,104,858

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2006

Deficiency of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ (232,522)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 474,918	
Depreciation expense for year ended June 30, 2006	<u>(460,659)</u>	14,259
Long Term Debt:		
Change in established claims liability	21,500	
Change in compensated absences liability	<u>552</u>	<u>22,052</u>
Change in Net Assets - Governmental Activities		<u>\$ (196,211)</u>

The accompanying notes are an integral part of this statement

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 913,632
Investments	<u>15,350</u>
TOTAL ASSETS	<u>\$ 928,982</u>
<u>LIABILITIES</u>	
Due to other funds	\$ 286,845
Amounts held for schools	239,864
Due to other governments	396,714
Sales tax escrow	<u>5,559</u>
TOTAL LIABILITIES	<u>\$ 928,982</u>

The accompanying notes are an integral part of this statement

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

General Information

The East Feliciana Parish School Board (School Board) was created by Louisiana Revised Statute (LSA-R.S.) 17:51 for the purpose of providing public education for the residents of East Feliciana Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is authorized to establish public schools as it deems necessary, to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed, and to determine local supplements to their salaries. The School Board is currently comprised of 12 members who are elected from 7 districts for a term of four years.

The School Board operates 7 schools within the parish with a total enrollment of approximately 2,600 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. Additionally, the School Board provides transportation and school food services for the students.

1. Summary of Significant Accounting Policies

a. Reporting Entity

The School Board complies with U.S. Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship. Certain units of local government, over which the School Board exercises no oversight responsibility, such as the parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the School Board. The School Board is not a component unit of any other entity.

b. Basis of Presentation

The School Board's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

b. **Basis of Presentation** (continued)

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all non-fiduciary activities. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are advances between fiduciary funds and the various functions of the School Board. The government-wide presentation focuses primarily on the sustainability of the School Board as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

All programs of the School Board are considered *governmental activities* which are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues included in the Statement of Activities are derived from parties outside the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

The daily accounts and operations of the School Board continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

b. **Basis of Presentation** (continued)

The funds of the School Board are classified into two broad categories: Governmental and Fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the School Board's governmental fund types:

General Fund - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds account for the revenues and expenditures related to federal and state grant and entitlement programs established for various educational objectives as well as for the proceeds of a 1.0% sales tax.

Debt Service Fund - The Debt Service Fund, established to meet requirements of bond ordinances, is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund was established to account for capital improvements, including construction of new facilities and renovations.

Fiduciary Fund Type - Agency Funds:

Fiduciary funds are used to account for assets held by the School Board in a trustee or agency capacity. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations.

c. **Basis of Accounting/Measurement Focus**

Government-Wide Financial Statements (GWFS)

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

c. **Basis of Accounting\ Measurement Focus** (continued)

Government-Wide Financial Statements (GWFS) (continued)

for which they are levied. Sales taxes are recognized when the underlying sales transactions occur. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Agency Fund type is accounted for on a flow of economic resources measurement focus (accrual basis). With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The following paragraphs describe the revenue recognition practices under the modified accrual basis of accounting:

Revenues

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings, are recorded as earned since they are measurable and available. The Board definition of available generally means expected to be received within sixty days of the end of the fiscal year.

Non-exchange transactions, in which the Board receives value without directly giving value in return, include sales tax, property tax, special assessments, grants, entitlements, and donations. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales taxes and gross receipts business taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets in the governmental fund types. Revenue from grants, entitlements and donations is recognized in the fiscal year

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

c. Basis of Accounting/Measurement Focus (continued)

Revenues (continued)

in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures

Salaries are recorded as expenditures when incurred. Nine-month employee salaries are incurred over a nine month period but can be paid over a period up to twelve months.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded as a general long-term debt.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Principal and interest on general long-term debt are not recognized until due.

All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred if it is expected to be paid within the next twelve months. Liabilities which will not be liquidated with expendable available financial resources are not recorded in the funds.

d. Budget Practices

The proposed budgets for fiscal year 2006 were completed and made available for public inspection at the School Board office. A public hearing was held for suggestions and comments from taxpayers. The proposed fiscal year 2006 budgets were formally adopted by the School Board after the public hearing. The budgets, which included proposed expenditures and the means of financing them, for the General and Special Revenue Funds, were made available to the public.

The budgets for the General and Special Revenue Funds were prepared on the modified accrual basis of accounting. Formal budgetary integration is used during the year as a management control device. Any part of appropriations which is not expensed is reappropriated in the next year. Current year transactions which are directly related to the prior year's budget are reappropriated in the current year.

The School Board is authorized to transfer amounts between line items within any fund. When actual revenues within a fund are failing to meet estimated annual budgeted revenues by five percent or more, and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted by the School Board in a public meeting. Budgeted amounts included in the financial statements include the original adopted budget and all subsequent amendments.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

e. Cash, Cash Equivalents, and Investments

Under state law, the School Board may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, notes, bills, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents include cash on hand and cash on deposit with the fiscal agent bank. These deposits are stated at cost, which approximates fair value. Under state law, the resulting bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The estimated fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

f. Federal Grants Receivable

Federal grants receivable consists of receivables for reimbursement of expenditures under various federal programs and grants. All amounts are expected to be collected within the period of availability.

g. Inventory

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture. The commodities are recorded as revenues and expenditures when consumed. All inventory items purchased are valued at the lower of cost or market (first-in, first-out), and donated commodities are assigned values based on information provided by the United States Department of Agriculture.

h. Capital Assets

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains threshold levels for capitalizing capital assets of \$5,000.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 15 years for equipment, 10 to 20 years for building and land improvements, and 40 years for buildings.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

i. **Annual, Sick and Sabbatical Leave**

All twelve-month employees earn annual leave based on the date of employment in accordance with the following schedule:

<u>Years of Service</u>	<u># of Annual Leave Days</u>
0 - 5	10 days
6 - 15	15 days
16 +	20 days

Annual leave may be accumulated and carried forward as earned up to a maximum of 30 days. Upon retirement or separation of employment, all unused accumulated vacation leave is paid to all eligible employees or to their estates.

All School Board employees earn 8 to 18 days of sick leave each year, which can be accumulated without limitation depending upon length of service with the School Board. Upon retirement or death, unused sick leave of up to 25 days is paid to the employee (or heirs) at the employee's current rate of pay, and all unused sick leave, including the 25 days paid, is used in the retirement benefit computation as earned service.

Sabbatical leave may be granted for rest and recuperation or for professional and cultural improvement.

Sabbatical leave benefits are recorded as an expenditure of the period in which paid. The cost of leave privileges, computed in accordance with Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death.

j. **Sales Taxes**

The East Feliciana Parish School Board receives a two percent sales and use tax within East Feliciana Parish.

A one percent sales and use tax was renewed on October 21, 1995 for the ten years beginning June 30, 1998. One-half of the proceeds of this one percent sales tax are dedicated to the payment of teachers' salaries, and the remainder of the proceeds is to be used for the operations, including maintenance and improvement, of school buildings and sites of the public schools in East Feliciana Parish.

An additional one percent sales tax was approved by voters of the Parish on October 17, 1981 and expires on December 31, 2007. This sales tax is dedicated to capital improvements of the public school system of East Feliciana Parish, to pay any indebtedness incurred in making capital improvements, and to pay maintenance and operation expenses of the School Board.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

j. **Sales Taxes** (continued)

In October 2005, the voters of East Feliciana Parish approved the continuation of a 1% sales tax for a period of ten years, commencing on January 1, 2007. The tax collected has been internally rededicated and 91% is to be used for the purpose of paying salaries and benefits for all employees of the School System and the remaining 9%, for maintaining and operating public schools in East Feliciana Parish. In addition, the voters approved a 1% sales and use tax renewal for a period of ten years for School District No. 1 of the East Feliciana Parish School Board, commencing on July 1, 2007. These proceeds are to be used for paying teachers' salaries and benefits and for constructing, maintaining and operating public schools within the District. A minimum of one-half of the proceeds are to be used for teachers' salaries and benefits.

The sales tax department of the School Board also collects sales and use taxes levied by the East Feliciana Parish Police Jury. The Police Jury pays the School Board a collection fee that is negotiated annually. The collection and distribution of the sales taxes are accounted for in the Sales Tax Agency Fund.

k. **Estimates**

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

2. **Property Taxes**

All taxable property in Louisiana is required by law to be assessed annually at a percentage of its fair market value by the parish assessor, except for public utility property which is assessed by the Louisiana Tax Commission. The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands, and certain historic buildings be assessed at 10% of "use" value; and all other property be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The assessor is required to reappraise all property every four years. The Sheriff of East Feliciana Parish, as provided by state law, is the official tax collector of property taxes levied by the parish and parish special districts.

Property taxes are recognized as revenue in the calendar year for which they are budgeted. State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Tax bills are mailed in November/December. If taxes are not paid by the due date of December 31, they bear interest at one percent per month until paid. After notice is given to the delinquent taxpayers, the sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

2. **Property Taxes** (continued)

The following is a summary of parish-wide authorized and levied ad-valorem taxes for the year:

	<u>Date of Levy</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes				
Constitutional	September 2002	5.00	3.34	None
School Board Salary	September 2002	17.00	15.51	2006

The voters of East Feliciana Parish also approved a 17-mill property tax renewal for a period of ten years, beginning with the year 2007 and ending in 2016. Proceeds for this are to be used for paying salaries and benefits for teachers and other employees of the District.

3. **Cash**

The School Board's cash and cash equivalents consist solely of deposits in local financial institutions. At year end, the carrying amount of the School Board's deposits was \$7,802,863 and the bank balance was \$9,268,325. The deposits were not subject to custodial credit risk.

4. **Due From/To Other Funds**

Individual balances due from/to other funds at year end are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 1,892,876	\$ -
Operations and Maintenance	10,513	-
Non-major Governmental Funds	91,765	1,708,310
Agency Fund – Sales Tax Collections	-	<u>286,844</u>
Total	<u>\$ 1,995,154</u>	<u>\$ 1,995,154</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2006 are as follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Construction in Process</u>	<u>Total</u>
Cost at June 30, 2005	\$ 847,658	\$ 15,833,992	\$ 1,166,679	\$ 41,625	\$ 17,889,954
Prior period correction	-	108,700	-	(41,625)	67,075
Cost at June 30, 2005 as restated	847,658	15,942,692	1,166,679	-	17,957,029
Additions	-	277,192	164,676	33,050	474,918
Deletions	(-)	(-)	(-)	(-)	(-)
Cost at June 30, 2006	847,658	16,219,884	1,331,355	33,050	18,431,947
Accumulated depreciation, June 30, 2005	(-)	(7,981,660)	(905,100)	(-)	(8,886,760)
Prior period correction	(-)	(15,152)	(42,155)	(-)	(57,307)
Accumulated depreciation June 30, 2005, as restated	(-)	(7,996,812)	(947,255)	(-)	(8,944,067)
Additions	(-)	(397,258)	(63,401)	(-)	(460,659)
Deletions	-	-	-	-	-
Accumulated depreciation, June 30, 2006	-	(8,394,070)	(1,010,656)	(-)	(9,404,726)
Capital assets, net of accumulated depreciation, at June 30, 2006	\$ 847,658	\$ 7,825,814	\$ 320,699	\$ 33,050	\$ 9,027,221

6. General Long-term Debt

The following is a summary of the changes in general long-term debt for the year ended June 30, 2006:

	<u>Balance 6/30/05</u>	<u>Additions</u>	<u>Net Adjustments and payments</u>	<u>Balance 6/30/06</u>
Claims and assessments	\$ 50,000	\$ -	(\$ 21,500)	\$ 28,500
Compensated absences	346,745	-	(552)	346,193
Total	\$ 396,745	\$ -	(\$ 22,052)	\$ 374,693

In accordance with LSA-R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 25 percent of the net assessed value of taxable property. At June 30, 2006, the net assessed value of taxable property for the parish was \$878,206,410, which would result in a \$219,551,603 long-term bonded debt limit.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

7. Operating Lease

The School Board leases school buses through a lease arrangement which qualifies as an operating lease. Lease payments in the amount of \$105,500 are scheduled annually over a 5 year period ending September 30, 2010.

Minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2006, are as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2007	\$ 105,500
2008	105,500
2009	105,500
2010	105,500
2011	26,375
	<u>\$ 448,375</u>

8. Retirement Systems

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, 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 that 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 Board is required to contribute at an actuarially determined rate. The current rate is 15.9% of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad-valorem taxes, and by remittances from the School Board.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

8. **Retirement Systems** (continued)

a. **Teachers' Retirement System of Louisiana (TRS)** (continued)

The School Board's contributions to the TRS for the years ended June 30, 2006, 2005, and 2004, were \$1,573,696, \$1,437,454, and \$1,361,407, 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 actuarially determined obligation for the School Board was 18.4 percent for the year ended June 30, 2006. 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 Board's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

The School Board's contributions to the LSERS for the years ended June 30, 2006, 2005, and 2004 were \$179,109, \$134,809, and \$82,701, respectively.

9. **Postretirement Health Care Benefits**

The School Board provides certain continuing health care and life insurance benefits for its retired employees in accordance with state statutes. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees are provided through two insurance companies whose monthly premiums are paid jointly by the retirees, the State Employee Group Benefits Program (the State), and by the School Board. The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure when the premiums are due. The School Board's cost of providing all health care benefits to the retired employees amounted to \$804,435 for 2006.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

10. Interfund Transfers

Interfund transfers for the year ended June 30, 2006, were as follows:

	<u>Transfers From:</u>		
	<u>Operations & Maintenance</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>Transfers To:</u>			
General Fund	\$ <u>1,197,823</u>	\$ <u>635,521</u>	\$ <u>1,833,344</u>

Transfers between funds generally consist of two types: 1) Transfers to the general fund from the other funds for indirect cost reimbursements and salary supplements; 2) Transfers from the operations and maintenance fund to capital projects funds to supplement capital improvements.

11. Litigation, Claims and Contingencies

The School Board is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Board's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School Board.

Of particular note, the School Board is a defendant in a lawsuit in which, if judgment is rendered in favor of the plaintiff, could result in damages exceeding the policy limits of its liability insurance coverage of \$1,000,000 per incident. Such excess amounts could be substantial. The ultimate amount of damages is not estimable at this time. However, a liability of \$25,000 equal to the insurance policy deductible, is recorded as a long-term liability in the statement of net assets.

The School Board participates in a number of federally assisted grant programs. These programs are audited in accordance with the 1997 OMB Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations". Additionally, these programs are subject to state and federal monitoring examinations which could result in disallowed costs having to be returned to the granting agency. Management believes that further examinations would not result in material disallowed costs.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

12. Restatement of Prior Year Fund Balance and Net Assets

Intergovernmental accounts receivable were corrected in the current year for an inadvertent prior year posting error. Other federal funds were included in the NCLB Fund statements inadvertently in the prior year. Fund balances of those funds were reclassified in the current year to the proper fund statements. In addition, as required by Governmental Accounting Standards Board Statement No. 34, expenditures for purchases of equipment or improvements are to be capitalized. A correction has been made for additional assets and related accumulated depreciation not previously recorded. As a result, fund balances and net assets have been restated in the financial statements as follows:

	General <u>Fund</u>	NCLB <u>Funds</u>	Other Federal <u>Funds</u>	State <u>Funds</u>	Government <u>Wide Statements</u>
Fund balance/net assets as of					
June 30, 2005 as previously stated	\$ 4,538,530	\$ 12,689	\$ (21,160)	\$ 48,858	\$ 15,930,917
Intergovernmental receivables	4,246	-	5,387	3,275	(12,557)
Reclassification of funds	-	(18,697)	18,697	-	-
Capitalized assets	-	-	-	-	92,545
Accumulated depreciation	-	-	-	-	(57,308)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance/net assets as of					
June 30, 2005, as restated	<u>\$ 4,542,776</u>	<u>\$ (6,008)</u>	<u>\$ 2,924</u>	<u>\$ 52,133</u>	<u>\$ 15,953,597</u>

13. Subsequent Event

In November 2006, the Board approved the purchase of a building and grounds for the relocation of the Pre-K, Kindergarten, 1st, and 2nd Grades from Clinton Elementary for \$1.3 million. In addition, the Board approved the purchase of acreage in the Town of Slaughter for the proposed expansion of Slaughter Elementary for \$350,000. Both of these purchases are to be funded through the unreserved fund balances of the General and Operations and Maintenance Funds.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

BUDGETARY COMPARISON SCHEDULES
MAJOR FUND DESCRIPTIONS
JUNE 30, 2006

Budgetary comparison schedules are reported for the following general and special revenue funds:

General Fund

The General Fund accounts for all financial transactions except those required to be accounted for in another fund.

Operations and Maintenance Fund

The Operations and Maintenance Fund (formerly the Sales Tax Debt Service Fund) accounts for the proceeds of the one cent sales tax approved by the voters on October 17, 1981 and expiring on December 31, 2007. The original debt associated with this tax has been retired; however, the voter referendum allows for a broader use of the proceeds, beyond payment of debt. In recent years, the School Board has used the proceeds to fund salary supplements and capital improvements.

SUPPLEMENTARY INFORMATION

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Revenues:</u>				
Local sources:				
Taxes:				
Ad-valorem	\$ 1,119,598	\$ 1,159,200	\$ 1,159,201	\$ 1
Sales and use	954,000	1,265,130	1,306,057	40,927
Earnings on investments	40,765	121,269	158,186	36,917
Other	144,420	298,048	246,747	(51,301)
State sources:				
Unrestricted grants-in-aid	10,389,571	10,907,796	10,882,260	(25,536)
Revenue sharing	53,000	72,981	72,981	-
Restricted grants-in-aid	133,114	190,859	181,780	(9,079)
Federal sources:				
Grants-in-aid	86,235	77,314	93,125	15,811
Total revenues	<u>12,920,703</u>	<u>14,092,597</u>	<u>14,100,337</u>	<u>7,740</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	6,375,098	7,635,986	7,546,914	89,072
Special education programs	1,670,597	1,753,197	1,740,227	12,970
Vocational education programs	336,861	386,406	374,668	11,738
Other education programs	317,577	260,555	260,381	174
Support services:				
Pupil support services	496,724	599,128	595,528	3,600
Instructional staff services	637,943	626,102	600,537	25,565
General administration services	682,312	592,110	650,053	(57,943)
School administration services	977,647	1,124,429	1,192,760	(68,331)
Business administration services	260,334	262,319	315,870	(53,551)
Plant operation and maintenance	1,298,015	1,439,567	1,469,543	(29,976)
Transportation	1,062,417	1,135,739	1,052,988	82,751
Food services	164,252	123,510	158,109	(34,599)
Central services	3,850	63,526	6,162	57,364
Community services	7,200	12,008	11,692	316
Capital outlay:				
Facilities acquisition and construction	561	14,001	14,107	(106)
Total expenditures	<u>14,291,388</u>	<u>16,028,583</u>	<u>15,989,539</u>	<u>39,044</u>
Deficiency of revenues over expenditures	<u>\$ (1,370,685)</u>	<u>\$ (1,935,986)</u>	<u>\$ (1,889,202)</u>	<u>\$ 46,784</u>

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 1,429,000	\$ 1,969,000	\$ 1,833,344	\$ (135,656)
Operating transfers out	<u>(60,264)</u>	<u>11,016</u>	<u>-</u>	<u>(11,016)</u>
Total other financing sources (uses)	<u>1,368,736</u>	<u>1,980,016</u>	<u>1,833,344</u>	<u>(146,672)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	(1,949)	44,030	(55,858)	(99,888)
Fund balances, June 30, 2005	<u>4,542,776</u>	<u>4,542,776</u>	<u>4,542,776</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2006	<u>\$ 4,540,827</u>	<u>\$ 4,586,806</u>	<u>\$ 4,486,918</u>	<u>\$ (99,888)</u>

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

OPERATIONS AND MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006

	Operations and Maintenance Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Taxes:				
Sales and use	\$ 1,000,000	\$ 1,265,130	\$ 1,306,057	\$ 40,927
Earnings on investments	20,000	46,780	52,421	5,641
Total revenues	<u>1,020,000</u>	<u>1,311,910</u>	<u>1,358,478</u>	<u>46,568</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	-	-	103,376	(103,376)
Support services:				
General administration services	30,000	375,355	-	375,355
Plant operation and maintenance	-	-	153,762	(153,762)
Capital Outlay				
Facilities acquisition and construction	270,000	270,000	118,215	151,785
Total expenditures	<u>300,000</u>	<u>645,355</u>	<u>375,353</u>	<u>270,002</u>
Excess of revenues over expenditures	<u>720,000</u>	<u>666,555</u>	<u>983,125</u>	<u>316,571</u>
<u>Other financing uses:</u>				
Operating transfers out	<u>(720,000)</u>	<u>(1,197,823)</u>	<u>(1,197,823)</u>	<u>-</u>
Total other financing uses	<u>(720,000)</u>	<u>(1,197,823)</u>	<u>(1,197,823)</u>	<u>-</u>
Deficiency of revenues and other financing sources over (under) expenditures and other financing uses	-	(531,268)	(214,698)	316,571
Fund balances, June 30, 2005	<u>1,951,172</u>	<u>1,951,172</u>	<u>1,951,172</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2006	<u>\$ 1,951,172</u>	<u>\$ 1,419,904</u>	<u>\$ 1,736,474</u>	<u>\$ 316,571</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

JUNE 30, 2006

No Child Left Behind (NCLB) Fund

The No Child Left Behind Act (NCLB) fund accounts for an array of federally funded programs aimed at improving low achieving schools with emphasis on at-risk students. These programs are overseen by the Louisiana Department of Education.

Individuals with Disabilities Education Act (IDEA) Funds

This Special Revenue Fund accounts for those expenditures related to providing children with disabilities special education and related services designed to meet their unique needs.

Other Federal Funds

This Special Revenue Fund accounts for the federal awards not included in the Federal (NCLB) Fund. These include the Vocational Education, Starting Points, Drug Free School program and others.

State Grants

This Special Revenue Fund accounts for the various State awards including 8(G), Lincs, Tobacco Settlement and other awards.

School Food Service Fund

The School Food Service Fund is used to account for the operations of the school food service program during the regular school term. The purposes of the school food service program are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's food habits with the ultimate goal of physically fit adults. The program is subsidized by grants from the U.S. Department of Agriculture and the Louisiana Department of Education.

Consolidated School District No. 1 Debt Service Funds

The Consolidated School District No. 1 Debt Service Fund was initially established to account for monies collected for payment of a \$5,445,000 bond issue, which was financed by a special property tax. Although the bonds for which these monies were accumulated to pay have been retired, the residual funds continue to be accounted for in the debt service fund.

Capital Projects Funds

These funds account for various major capital improvements, including the federally awarded School Renovation Grant.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue				
	NCLB	IDEA	Other Federal Funds	State Grants	School Food Service
<u>ASSETS</u>					
Cash and cash equivalents	\$ 25,799	\$ 50	\$ 283,609	\$ -	\$ 437,447
Due from other funds	-	-	-	193	-
Due from other governments	596,011	329,050	402,837	177,069	-
Inventory	-	-	-	-	14,039
TOTAL ASSETS	<u>\$ 621,810</u>	<u>\$ 329,100</u>	<u>\$ 686,446</u>	<u>177,262</u>	<u>\$ 451,486</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 10,013	\$ 7,411	\$ 35,686	\$ 434	\$ -
Due to other funds	581,213	321,689	602,708	135,224	67,476
Deferred revenues	-	-	-	-	9,092
TOTAL LIABILITIES	<u>591,226</u>	<u>329,100</u>	<u>638,394</u>	<u>135,658</u>	<u>76,568</u>
Fund balances:					
Reserved for inventory	-	-	-	-	4,947
Reserved for debt service	-	-	-	-	-
Unreserved, reported in:					
Special Revenue Fund	30,584	-	48,052	41,604	369,971
Capital Projects Fund	-	-	-	-	-
TOTAL FUND BALANCE	<u>30,584</u>	<u>-</u>	<u>48,052</u>	<u>41,604</u>	<u>374,918</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 621,810</u>	<u>\$ 329,100</u>	<u>\$ 686,446</u>	<u>\$ 177,262</u>	<u>\$ 451,486</u>

Debt Service	Capital Projects Funds		Total
	School Renovation Fund	Other Capital Projects	
\$ 284,997	\$ -	\$ 9,739	\$ 1,041,641
91,378	-	194	91,765
-	-	-	1,504,967
-	-	-	14,039
<u>\$ 376,375</u>	<u>\$ -</u>	<u>\$ 9,933</u>	<u>\$ 2,652,412</u>
\$ -	\$ -	\$ -	\$ 53,544
-	-	-	1,708,310
-	-	-	9,092
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,770,946</u>
-	-	-	4,947
376,375	-	-	376,375
-	-	-	490,211
-	-	9,933	9,933
<u>376,375</u>	<u>-</u>	<u>9,933</u>	<u>881,466</u>
<u>\$ 376,375</u>	<u>\$ -</u>	<u>\$ 9,933</u>	<u>\$ 2,652,412</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				
	NCLB	IDEA	Other Federal Funds	State Grants	School Food Service
<u>REVENUES</u>					
Local sources:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	14,219
Other	-	-	-	-	89,098
State sources:					
Unrestricted grants-in-aid, MFP	-	-	-	-	25,536
Restricted grants-in-aid	-	-	-	547,042	-
Federal grants	1,264,248	749,260	1,184,358	-	980,664
TOTAL REVENUES	1,264,248	749,260	1,184,358	547,042	1,109,517
<u>EXPENDITURES</u>					
Current:					
Instruction:					
Regular education programs	246,487	-	120,865	395,082	-
Special education programs	-	339,665	-	5,730	-
Vocational education programs	-	21,665	36,282	120,644	-
Other education programs	641,773	-	258,811	12,761	-
Support:					
Pupil support services	16,498	292,013	63,298	-	-
Instructional staff services	243,233	69,161	111,266	11,885	8,538
General administration services	63	263	2,951	-	196
School administration services	141	2,787	172	-	-
Plant operation and maintenance	-	23,706	-	-	-
Transportation	-	-	994	-	-
Food services	-	-	-	-	1,233,001
Facility acquisition and construction	-	-	-	-	-
TOTAL EXPENDITURES	1,148,195	749,260	594,639	546,102	1,241,735
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 116,053	\$ -	\$ 589,719	\$ 940	\$ (132,218)

Debt Service	Capital Projects Funds		Total Non-Major Governmental
	School Renovation Fund	Other Capital Projects	
\$ 87,680	\$ -	\$ -	\$ 87,680
11,129	-	252	25,600
-	-	-	89,098
-	-	-	25,536
-	-	-	547,042
-	2,246	-	4,180,776
<u>98,809</u>	<u>2,246</u>	<u>252</u>	<u>4,955,732</u>
-	-	-	762,434
-	-	-	345,395
-	-	-	178,591
-	-	-	913,345
-	-	-	371,809
-	-	-	444,083
-	-	-	3,473
-	-	-	3,100
-	-	-	23,706
-	-	-	994
-	-	-	1,233,001
-	2,246	-	2,246
-	2,246	-	4,282,177
<u>\$ 98,809</u>	<u>\$ -</u>	<u>\$ 252</u>	<u>\$ 673,555</u>

(continued)

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue				
	NCLB	IDEA	Other Federal Funds	State Grants	
<u>OTHER FINANCING (USES)</u>					
Operating transfers out	\$ (79,461)	\$ -	\$(544,591)	\$ (11,469)	\$ -
TOTAL OTHER FINANCING (USES)	(79,461)	-	(544,591)	(11,469)	-
<u>EXCESS OF REVENUES AND</u>					
<u>OTHER FINANCING SOURCES</u>					
<u>OVER (UNDER) EXPENDITURES</u>					
<u>AND OTHER USES</u>	36,592	-	45,128	(10,529)	(132,218)
Fund balances, June 30, 2005	(6,008)	-	2,924	52,133	507,136
FUND BALANCES, JUNE 30, 2006	<u>\$ 30,584</u>	<u>-</u>	<u>\$ 48,052</u>	<u>\$ 41,604</u>	<u>\$ 374,918</u>

Debt Service	Capital Projects Funds		Total Other Governmental
	School Renovation Fund	Other Capital Projects	
\$ -	\$ -	\$ -	\$ (635,521)
-	-	-	(635,521)
98,809	-	252	38,034
277,566	-	9,681	843,432
<u>\$ 376,375</u>	<u>\$ -</u>	<u>\$ 9,933</u>	<u>\$ 881,466</u> (concluded)

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

FIDUCIARY FUND TYPE -- DESCRIPTIONS

JUNE 30, 2006

AGENCY FUNDS

Sales Tax Fund

Collection, custodianship and disbursement of sales taxes for the entire parish are accounted for in this fund. The sales taxes consist of a two percent sales and use tax levied by the School Board and a two percent sales and use tax levied by the East Feliciana Parish Police Jury. Since these taxes are remitted to the beneficiary government (including the School Board's General Fund), this fund is considered to be a collection agent.

School Activity Funds

The activities of the various school accounts are accounted for in the School Activity Funds. While the funds are under the supervision of the School Board, these funds belong to the individual schools or their student bodies and are not available for use in operations.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

COMBINING BALANCE SHEET - AGENCY FUNDS

JUNE 30, 2006

	<u>School Activity</u>	<u>Sales Tax</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 224,514	\$ 689,118	\$ 913,632
Certificates of deposit	<u>15,350</u>	<u>-</u>	<u>15,350</u>
Total assets	<u>\$ 239,864</u>	<u>\$ 689,118</u>	<u>\$ 928,982</u>
<u>LIABILITIES</u>			
Due to other funds	\$ -	\$ 286,845	\$ 286,845
Amounts held for schools	239,864	-	239,864
Due to other governments	-	396,714	396,714
Sales tax escrow	<u>-</u>	<u>5,559</u>	<u>5,559</u>
Total liabilities	<u>\$ 239,864</u>	<u>\$ 689,118</u>	<u>\$ 928,982</u>

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2006

Casey Barnett	\$ 6,400
Micheal Bradford	6,550
Edward Brooks	1,100
Beth Dawson	6,600
Leon Franklin	6,600
Mitch Harrell	6,600
Henry Howell	6,500
Willie Jackson	6,500
Curtis Jelks	7,200
Matthew Peterson	6,550
Anthony Rouchon	6,600
Christopher Rouchon	6,550
Edward Williams	2,700
Oliver Wingfield	2,750
	<hr/>
	\$ 79,200
	<hr/> <hr/>



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

East Feliciana Parish School Board
Clinton, Louisiana

We have audited the basic financial statements of the East Feliciana Parish School Board as of and for the year ended June 30, 2006, and have issued our report thereon dated December 15, 2006. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Feliciana Parish School Board'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 an opinion on the internal control over financial reporting. Our consideration of internal control over financial reporting 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 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned cost as items 2006-2 and 2006-3. However, we believe that the reportable conditions referred to above are not material weaknesses. Additionally, we noted other matters involving the internal control over financial reporting, which we have reported to management of the East Feliciana Parish School Board in a separate letter dated December 15, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Feliciana Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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* which are reported as items 2006-1 and 2006-4 in the accompanying schedule of findings and questioned costs. Additionally, we noted certain instances of immaterial noncompliance that we have reported to management in a separate letter dated December 15, 2006.

This report is intended for the information of the East Feliciana Parish School Board, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pantlithwaick & Mettunck

Baton Rouge, Louisiana
December 15, 2006



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

East Feliciana Parish School Board
Clinton, Louisiana

Compliance

We have audited the compliance of the East Feliciana Parish School Board 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 year ended June 30, 2006. The East Feliciana Parish School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the East Feliciana Parish School Board's management. Our responsibility is to express an opinion on the East Feliciana Parish School Board's compliance based on our audit.

We conducted our 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 the East Feliciana Parish School Board'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 the East Feliciana Parish School Board's compliance with those requirements.

In our opinion, the East Feliciana Parish School Board 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2006-5, 2006-6, 2006-7, and 2006-8.

Internal Control Over Compliance

The management of the East Feliciana Parish School Board 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 East Feliciana Parish School Board's internal control over compliance with requirements that could have a direct and material effect on major federal programs 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.

Internal Control Over Compliance (continued)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in internal control over financial reporting that, in our judgment, could adversely effect the School Board's ability to administer a major federal program in accordance with the applicable laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned cost as items 2006-3, 2006-4, and 2006-6.

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 the applicable laws, regulations, contracts or grants caused by error or fraud that would be material in relation to a 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. Our consideration of the internal control over compliance 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 none of the reportable conditions referred to above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the East Feliciana Parish School Board as of and for the year ended June 30, 2006, and have issued our report thereon dated December 15, 2006. Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the East Feliciana Parish School Board, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Peatthwaite & Nettunill

Baton Rouge, Louisiana
December 15, 2006

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Pass-through program from Louisiana Department of Education:			
National School Lunch Program	N/A	10.555	\$ 634,335
School Breakfast Program	N/A	10.553	240,351
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	71,107
Summer Food Service Program for Children	N/A	10.559	34,871
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			<u>980,664</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Pass-through program from Louisiana Department of Education:			
Title I Grants to Local Education Agencies	04-T1-19-C	84.010	1,040
Title I Grants to Local Education Agencies	05-T1-19	84.010	71,812
Title I Grants to Local Education Agencies	06-T1-19	84.010	805,057
Title II - Improving Teacher Quality	04-50-19	84.367	15,174
Title II - Improving Teacher Quality	05-50-19	84.367	71,660
Title II - Improving Teacher Quality	06-50-19	84.367	240,607
Special Education - Grant to States	04-B1-19-C	84.027	5,063
Special Education - Grant to States	05-B1-19	84.027	83,312
Special Education - Grant to States	06-B1-19	84.027	619,562
Special Education - Preschool Grants	04-P1-19	84.173	3,964
Special Education - Preschool Grants	05-P1-19	84.173	2,553
Special Education - Preschool Grants	06-P1-19	84.173	34,806
Safe Drug-Free Schools and Communities Greatest Needs	04-70-19-D	84.186	3,406
Safe Drug-Free Schools and Communities Greatest Needs	05-70-19	84.186	13,370
Safe Drug-Free Schools and Communities Greatest Needs	06-70-19	84.186	28,163
Enhancing Education through technology	05-49-18	84.318	19,098
Vocational Education - Basic Secondary	05-02-19	84.048	6,212
Vocational Education - Basic Secondary	06-02-19	84.048	52,594
Innovative Education Programs	04-80-19	84.298	2,485
Innovative Education Programs	05-80-19	84.298	1,152
Innovative Education Programs	06-80-19	84.298	5,322
Comprehensive School Reform	06-T6-19	84.332	66,928
School Renovation grants	N/A	84.352	2,246
Rural Education	05-RE-19	84.358	3,439
Education for the Homeless	05-HI-19	84.196	19,721
Education for the Homeless	06-HI-19	84.196	58,400
Math and Science Partnerships	05-MP-19	84.366	84,051
Hurricane Education Recovery Act	N/A	84.938	481,320
Learning with Public Purpose	N/A	N/A	5,000
Federal School Improvement	N/A	N/A	46,562
Direct Funding:			
Twenty - First Century Community Learning Centers	N/A	84.287	104,033
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			<u>2,958,112</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-through program from Louisiana Department of Education			
Office of Student Standards and Assessments			
Temporary Assistance for Needy Families - Starting Points	05-SP-19	93.558	242,000
<u>UNITED STATES ARMY</u>			
Direct Funding:			
R.O.T.C.	N/A	N/A	93,125
Total Expenditures of Federal Awards			\$ <u>4,273,901</u>

See the accompanying notes to the schedule of expenditures of federal awards

REPORTS ON COMPLIANCE AND
INTERNAL CONTROL

EAST FELICIANA PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Feliciana Parish School Board 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 basic financial statements.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2006, the organization had food commodities totaling \$14,039 in inventory. The value of commodities received and used during the period ended June 30, 2006 totaled \$71,106 and \$74,831 respectively.

NOTE C - RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The expenditures listed in the accompanying schedule are reported in the following funds in the East Feliciana Parish School Board's June 30, 2006 basic financial statements.

General Fund	\$	93,125
Federal NCLB Funds		1,264,248
Other Federal Funds		1,184,358
Federal IDEA Funds		749,260
School Food Service Fund		980,664
School Renovation Grant		<u>2,246</u>
	\$	<u>4,273,901</u>

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? x yes _____ none reported

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 that are not considered to be material weaknesses? x yes _____ 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 section 510(a) of Circular A-133?

 x yes _____ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.938C	Hurricane Education Recovery Act – Emergency Impact Aid
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education -- Preschool Grants (IDEA Preschool)
10.550 – 10.555	National School Lunch/Breakfast Program
84.367	Improving Teacher Quality State Grants

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- The East Feliciana Parish School Board qualified as a low-risk auditee

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

B. Findings – Financial Statement Audit

2006-1 Budget Preparation

Criteria: LA Revised Statute 39:1305 sets forth the criteria for budget preparation and items which are to be included in the budget document. The budget document should include a statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year and estimated fund balances at the end of the fiscal year.

Condition: The School Board's General Fund originally adopted budget did not include an estimated beginning or ending fund balance.

Questioned Costs: N/A

Effect: Without presentation of the fund balance in the budget, the Board found the public may be unaware of the financial position of the system.

Recommendation: In order to ensure an accurate financial picture of the school district's financial position and to comply with the States Budget Act, the School Board should include in its budget document an estimated beginning and ending fund balance for the general fund and each special revenue fund.

Views of responsible officials and planned corrective actions:

The Board shall include in its budget document an estimated beginning and ending fund balance for the general fund and each special revenue fund.

2006-2 Accounting, Reconciliation and Settlement of Interfund Advances and Transfers

Criteria: In the routine operation of the school system, amounts are customarily advanced from the general fund to the other funds of the school district in order to pay expenses. The practice of advancing funds is routine and even necessary for the operation federal programs, as federal regulations mandate that the school system front the expense, then seek reimbursement for eligible program costs. When making these advances, proper accounting is essential in order to ensure that advances are returned to the general fund.

Condition: In the performance of the audit, we noticed that the amounts due to and from the federal program funds were not reconciled nor settled on a regular basis. Furthermore, the amounts were out of balance with each other (meaning that the due from certain funds did not match the amounts due to in the corresponding funds). Interfund transfers were out of balance as well.

Questioned Costs: N/A

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2006-2

**Accounting, Reconciliation and Settlement of Interfund
Advances and Transfers (continued)**

Effect: This condition creates several problems. First, as amounts go unsettled, it is less likely that they will ever be collected by the general fund. Secondly, confusion can arise as to what is owed to the general fund, ultimately resulting in loss to the general fund. Furthermore, reconciliation of the advances provides a check and balance against amounts to be received from the State Department of Education. Without the process of reconciliation of the advances, costs may be omitted from the federal program reimbursement requests, ultimately resulting in lost reimbursement of the federal funds.

Recommendation: We recommend that advances and transfers to and from all funds be reconciled and settled on a monthly basis. Additionally, we recommend the consolidation of several of the federal fund checking accounts with the general operating account, which can greatly reduce the need for physical transfers of cash.

Views of responsible officials and planned corrective actions:

The account clerks and the Accountant III will prepare spreadsheets monthly to reconcile and settle the Interfund Advances. These spreadsheets will be checked by the Business Manager. Additionally, several federal fund checking accounts will be consolidated into the general operating account (maintaining separate funds) which will reduce the need for transfers of cash.

2006-3

Child Nutrition Program - Accounting for Inventory

Criteria: Accurate records of food inventory received, shipped, used and quantities on hand should be maintained. Physical counts and observations should be conducted periodically to help ensure the accuracy of the records and to assure accountability for the goods purchased.

Condition: The School Board's inventory records are kept manually through handwritten forms which document quantities received, distributed to schools, used in meal preparation and quantities on hand. This manual process lends itself to mathematical errors and manipulations. We noticed several such errors and manipulations in reviewing the records. Additionally, the Program's procedures for ensuring the accuracy of the inventory through physical counts appear to be ineffective.

Effect: Without computerized inventory records and effective physical count and observation procedures to help assure the accuracy of the records, the Program's is vulnerable to inaccurate financial reporting as well as fraud and abuse.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2006-3 **Child Nutrition Program – Accounting for Inventory** (continued)

Recommendation: We recommend that the School Board formalize procedures for performing physical counts on the food service warehouse. These procedures should include specific tasks to be performed by personnel and the accounting department, reconciliation and recount procedures for inventory. Also, the School Board should consider implementing a computerized inventory system to limit errors inherent in manual calculations. A computerized system will provide stronger internal controls over physical inventories on hand. These recommended improvements will be of significant benefit in providing better financial information with which to make well informed decisions.

Views of responsible officials and planned corrective actions:

The CNP Supervisor will reconcile the Inventory book for the Central Office warehouse as well as reconcile with each school on a monthly basis. Plans are being made to implement a computerized system that will provide stronger internal control over physical inventories. Formal procedures will be developed to assign tasks to individuals to count and reconcile inventory items in the food service warehouse and the schools and to provide for someone not associated with the Food Service Department to periodically check the inventory counts and verify that the procedure is followed.

2006-4 **Child Nutrition Program – Records Retention**

Criteria: LSA- RS 44:36 requires local governments to maintain public records for a period of at least 3 years from the date on which the public record is made.

Condition: While performing our audit of the Child Nutrition Program, perpetual inventory records at one of the seven schools had not been kept in accordance with record retention laws.

Questioned Costs: N/A

Effect: Without these perpetual records, oversight and audit of the school's inventory becomes difficult.

Recommendation: The Child Nutrition Supervisor should ensure that all cafeteria manager's are aware of the record retention laws and should perform periodic inspections to ensure those records are being updated and maintained in accordance with these requirements.

Views of responsible officials and planned corrective actions:

The Child Nutrition Program supervisor is aware of the situation that occurred at one of our schools concerning the records that were destroyed. The State Department of Education: Division of Nutrition Assistance was also made aware of the situation. The CNP Supervisor shall monitor these files monthly and verify they are accurate and complete.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

C. Findings and Questioned Costs – Major Federal Award Programs

CFDA # 84.027 Special Education – Grants to States (IDEA, Part B)

2006-5 **Suspension and Debarment**

Criteria: Under the compliance provisions of the OMB Circular A-133 Compliance Supplement, as amended, an entity is prohibited from contracting with vendors that are suspended or debarred from conducting business with federal award programs. Under these provisions, an entity must certify that a vendor is not suspended or debarred under transactions that are expected to equal or exceed \$25,000. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), which can be accessed on the Internet (<http://epls.arnet.gov>).

Condition: The Special Education Program has not implemented procedures to document whether it has verified the suspension and debarment status of its vendors in accordance with federal regulations.

Questioned Costs: N/A

Effect: The Special Education Program is in violation of the requirements of the OMB Circular A-133 Compliance Supplement, as amended.

Recommendation: Procedures should be implemented to document compliance with the suspension and debarment provisions of the OMB Circular A-133 Compliance Supplement, as amended.

Views of responsible officials and planned corrective actions:

A memo has been distributed and discussed with the Special Education Supervisor explaining the requirements of OMB Circular 133 Compliance Supplement. Procedures have been put in place in which personnel handling any federal funds must notify the Business Manager if transactions with any vendor meets or exceeds \$25,000. The Business Manager will verify the status of the vendor and give a report to the appropriate Supervisor over that program.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CFDA # 10.555 National School Lunch Program

2006-6 **Special Tests and Provisions – Accountability for Commodities**

Criteria: Under the compliance provisions of the OMB Circular A-133 Compliance Supplement, as amended, a school food authority is required to maintain accurate and complete records with respect to the receipt, distribution, and inventory of donated foods. Failure to maintain records required by 7 CFR Section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods and the school food authority may be required to pay the United States Department of Agriculture (USDA) the value of the food or replace it in kind. In addition, a physical inventory of all storage facilities must be reconciled annually with the inventory records maintained by the School Food Authority.

Condition: The School Food Authority's records with respect to the inventory of donated foods contained inaccuracies. Refer to financial statement findings **2006-3** and **2006-4** for a description of the conditions which contributed to the inaccurate records and accounting of inventory.

Questioned Costs: Not determined

Effect: The School Food Authority may be in violation of the requirements of the OMB Circular A-133 Compliance Supplement, as amended.

Recommendation: We recommend that the School Board formalize procedures for performing physical counts on the food service warehouse. These procedures should include specific tasks to be performed by personnel and the accounting department, reconciliation and recount procedures for inventory. Also, the School Board should consider implementing a computerized inventory system to limit errors inherent in manual calculations. A computerized system will provide stronger internal controls over physical inventories on hand. These recommended improvements will be of significant benefit in providing better financial information with which to make well informed decisions.

Views of responsible officials and planned corrective actions:

The CNP Supervisor will reconcile the Inventory book for the Central Office warehouse as well as reconcile with each school on a monthly basis. Plans are being made to implement a computerized system that will provide stronger internal control over physical inventories. Formal procedures will be developed to assign tasks to individuals to count and reconcile inventory items in the food service warehouse and the schools and to provide for someone not associated with the Food Service Department to periodically check the inventory counts and verify that the procedure is followed.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CFDA # 84.938C Hurricane Education Recovery Act – Emergency Impact Aid

2006-7 **Eligibility**

Criteria: Emergency Impact Aid funding was provided to the School Board based on the number of displaced students attending in the school district count dates throughout the 2005-2006 fiscal year (student quarters). For the purposes of determining eligibility, a “displaced student” is a student who (1) on August 22, 2005 resided in and were enrolled in an area which the Federal Government later declared a major disaster related to Hurricane Katrina or Rita; and (2) as a result of their displacement by the disaster, are enrolled in a different school on a date on which enrollment count is taken for the purpose of this program. In addition, students who were determined to have special needs were reimbursed a different amount per student.

Condition: The School Board was unable to provide evidence of displacement for one student out of 60 tested. Additionally eight students out of fourteen tested were identified as requiring special needs assistance however documentation of special needs services was not available. It was also noted that one of the reimbursement requests were incorrectly calculated and the School Board was inadvertently over reimbursed funding.

Questioned Costs: \$9,101

Effect: The School Board was reimbursed for students who were not determined to be eligible under the above criteria. The questioned costs presented reflect only the known questioned costs for the students selected in our sample testing. That testing revealed an error rate of approximately 1.6% among our sample for purposes of testing of displaced and 57% for determining if Special Education services were provided. The total population of student-quarters is 325 at a reimbursement rate of \$1,500 per student-quarter. The total population of special education students is 21, at a differential rate of \$375 per student-quarter.

Recommendation: The School Board should contact its’ cognizant agency regarding how these funds should be returned.

Views of responsible officials and planned corrective actions:

The School Board will contact the Louisiana Department of Education (LDE) for further auditing and review, and if found to have been over-reimbursed, will return those funds to the LDE.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CFDA #84.010 Title One
CFDA #84.367 Title Two

2006-8 **Excess Fund Balance**

Criteria: Each federal grant is accounted for in a separate fund. Since the grants operate on a reimbursement basis (i.e. revenues equal costs incurred, the federal grant funds should have no fund balance.

Condition: The federal grant funds above have fund balances of approximately \$15,000 and \$12,000, respectively.

Effect: The federal funds may owe the general fund for costs incurred that reflected in the expenditures of the grant funds. This condition should also indicate that draws on federal grants exceeded costs incurred.

Recommendation: Grant funds should be reviewed monthly to determine that costs incurred in the fund equal amounts requested for reimbursement (revenues) from the Louisiana Department of Education. This task should be performed monthly in conjunction with balancing the amounts due to/from the general fund.

Views of responsible officials and planned corrective actions:

The account clerks and the Accountant III will perform this task monthly.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Findings -- Financial Statement Audit

2005-1 Records of Property, Plant and Equipment

Criteria: LSA- RS 24:5157 requires local governments to maintain accurate records of property and equipment, which reflect assets acquired and disposed of and the costs of those items.

Condition: While the School Board does maintain records of property and equipment, and the annual inventory has been conducted, the School Board's records were not updated to reflect the physical inventory. Additionally, the software program used to account for these assets lacks appropriate checks and balances to ensure accuracy of the calculations being made.

Questioned Costs: N/A

Effect: If the School Board's records do not reflect the most recent physical inventory, accurate cost data and depreciation calculations, then the financial statements are at risk for inaccuracy. Additionally, unauthorized use of the property may not be detected.

Recommendation: In order to ensure accurate financial reporting as well as to detect potential unauthorized use of School Board property, comprehensive physical inventories should be conducted annually. The centralized property and equipment records should be updated to reflect the results of the inventory. Additions to the records should be periodically reconciled to equipment expenditure accounts to ensure agreement. The School Board should consider outsourcing these services to an independent consultant who is knowledgeable in fixed asset management and record keeping.

Current Status: The School Board's fixed asset accounting records now provide accurate and reliable amounts for financial reporting.

2005-2 Budget Law Violation

Criteria: LA Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

Condition: The Operation and Maintenance Fund's actual expenditures exceeded budget expenditures by 46.9%.

Questioned Costs: N/A

Effect: The School Board is in violation of the statute.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2005-2 **Budget Law Violation** (continued)

Recommendation: We recommend that all funds adhere to the adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

Current Status: The Operations and Maintenance fund's budget is now monitored and adjusted in accordance with state law.

Findings and Questioned Costs – Major Federal Award Programs

CFDA #10.555 National School Lunch Program

2005-3 **Cash Management**

Criteria: As required by Section 305(A)3(a) of Bulletin 1196 titled, "Louisiana Food Nutrition Program Policies of Operation", the School Food Authority shall limit its net cash resources to an amount that does not exceed three months of average expenditures at the end of the reporting period.

Condition: The School Lunch Program of the East Feliciana Parish School Board (the Program) had cash balance which exceeded the allowable three months of average expenditures at June 30, 2005.

Questioned Costs: Approximately \$200,000 in excess cash

Effect: The Program is required to provide a corrective action to the State Department of Education and a time frame for expending these additional funds.

Recommendation: In order to ensure compliance with the requirements of Bulletin 1196, the Program should monitor on a monthly basis the net cash resources available.

Current Status: The Program has reduced net available funds to an acceptable level.

2005-4 **Special Tests – Income Verification/Sampling**

Criteria: As required under the compliance provisions for the National School Lunch Program, the School Food Authority must verify the current free and reduced price eligibility of households selected from a sample of approved free or reduced applications on file as of October 31st.

Condition: The School Lunch Program of East Feliciana Parish School Board performed the re-verification of the required sample of approved applications. However, the verification procedures resulted in changes to eligibility status, which were not made to the school lunch computer system.

Questioned Costs: Unknown

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2005-4 **Special Tests – Income Verification/Sampling (continued)**

- Effect:** As a result of failure to change the eligibility status of 3 out of the 9 students sampled, the Program was over compensated for lunches served.
- Recommendation:** The School Food Service Program should put procedures in place to ensure that student's eligibility status is changed accordingly.
- Current Status:** The Program has changed the questioned students' status in the system and now changes the status of all students that failed the verification review as a matter of procedure.

2005-5 **Procurement Procedures**

- Criteria:** LSA-RS 38:2212.1 states that "purchases of materials and supplies in excess of \$20,000 shall be advertised and let by contract to the lowest bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided by this part".
- Condition:** The Program purchased produce without undergoing the bid process.
- Questioned Costs:** Total annual purchases of approximately \$22,000.
- Effect:** The School Board was out of compliance with the statute referred to above. As a result, the School Board may not be receiving the lowest price for its goods and services.
- Recommendation:** All purchases in excess of \$ 20,000 should be bid in accordance with the statute referred to above.
- Current Status:** The Program now bids the purchase of all food products.

CFDA #84.287 Twenty-First Century Community Learning Centers

2005-6 **Suspension and Debarment**

- Criteria:** Under the compliance provisions of the OMB Circular A-133 Compliance Supplement, as amended, an entity is prohibited from contracting with vendors that are suspended or debarred from conducting business with federal award programs. Under these provisions, an entity must certify that a vendor is not suspended or debarred under transactions that are expected to equal or exceed \$25,000. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), which can be accessed on the Internet (<http://epls.arnet.gov>).

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2005-6 **Suspension and Debarment** (continued)

Condition: The Twenty-First Century Program has not implemented procedures to document whether it has verified the suspension and debarment status of its vendors in accordance with federal regulations.

Questioned Costs: N/A

Effect: The Twenty-First Century Program is in violation of the requirements of the OMB Circular A-133 Compliance Supplement, as amended.

Recommendation: Procedures should be implemented to document compliance with the suspension and debarment provisions of the OMB Circular A-133 Compliance Supplement, as amended.

Current Status: The Twenty-First Century Program no longer contracts with entities for amounts exceeding \$25,000. However, the Program director is now aware of this requirement.

CFDA #84.010 Title I

2005-7 **Unallowable Costs**

Criteria: Costs charged to federal grants must meet the allowability provisions of OMB Circular A-87. These provisions are incorporated by reference into all grant agreements or program regulations.

Condition: Title I funds were used to pay a loan financed through Sallie Mae for tuition costs associated with meeting the requirements in becoming "highly qualified". By paying this loan, funds were used to pay interest which is specifically disallowed under OMB Circular A-87. Additionally, documentation did not exist linking the loan to the course for becoming highly qualified.

Questioned Costs: \$4,082

Effect: The Title I program was reimbursed for unallowable costs under this grant.

Recommendation: Cost charges to grants should be reviewed and closely scrutinized for compliance with the circular and to ensure that the federal program is bearing its fair share of program costs.

Current Status: This matter remains unresolved.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

CFDA # 84.352 School Renovation Grants – Clinton Middle School

2005-8 Davis-Bacon Wage Compliance

<u>Criteria:</u>	Recipients of federal grants involving construction activities must monitor the contractor's payrolls to ensure that workers are paid prevailing wage rates for the geographical region.
<u>Condition:</u>	The School Board did not monitor contractor payrolls as required by the Davis-Bacon Act.
<u>Questioned costs:</u>	Undetermined
<u>Effect:</u>	The School Board is out of compliance with this regulation.
<u>Recommendation:</u>	Contractor and subcontractor payrolls should be monitored for compliance, in accordance with the regulations.
<u>Current Status:</u>	The School Board no longer receives federal awards involving construction activities.



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

To the Members of the
East Feliciana Parish School Board

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of East Feliciana Parish School Board 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 East Feliciana Parish School Board 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, 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.

Our 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)

Procedure #1

In performing test of controls P&N selected a random sample of 40 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported in the schedule:

- Total general fund expenditures
- Total general fund equipment expenditures
- Total local taxation revenue
- Total local earnings on investment in real property
- Total state revenue in lieu of taxes
- Nonpublic textbook revenue
- Nonpublic transportation revenue

Results of procedure #1

In performing the testing on the sample of expenditures/revenues, we noted no exceptions to this procedure.

Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We 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.

Results of Procedure # 2

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, or between the schedules and the Oct. 1 payroll records.

Procedure # 3

We 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.

Results of procedure # 3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2, or between the schedules and the Oct. 1 payroll records.

Procedure # 4

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

Results of Procedure # 4:

In our sample of 25 employees, no differences were noted between the aforementioned listing and the schedule.

Number and Type of Public Schools (Schedule 3)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants application.

Results of Procedure # 5

We noted no discrepancies between the schools as listed in the "Class Size Data Report" and the list of schools on the Title I Grants application with the exception of the alternative (discipline) school, which is not listed on the Title I Grants application.

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

Procedure #6

We 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 to determine if the individual's experience was properly classified on the schedule.



Results of Procedure # 6

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Public Staff Data (Schedule 5)

Procedure # 7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalency status as reported on the schedule. From the list, a random sample of 25 teachers was selected. For the teachers selected, we observed the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalency status were properly included on the schedule.

Results of procedure # 7

In our sample of 25 teachers, we found no instances in which the amount included on the schedule were improperly presented.

Procedure # 8

We recalculated the average salaries and full-time equivalents reported in the schedule to determine mathematical accuracy.

Results of procedure # 8

We noted no differences between the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure # 9

We obtained a "class size data report" which was obtained from the same data source for which schedule 6 was prepared. From this "class size data report", we selected 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.

Results of Procedure # 9

Of the 10 classes selected we were unable to obtain two of the roll books. These classes contained class sizes of 8 and 2.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure # 10

We 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 East Feliciana Parish School Board.

Results of Procedure # 10

No differences were noted.

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

Procedure # 11

We 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 East Feliciana Parish School Board.



Results of Procedure #11

No differences were noted.

The iLEAP Tests (Schedule 9)

Procedure # 12

We 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 East Feliciana Parish School Board.

Results of Procedure # 12

No differences were noted.

We were 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 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 management of East Feliciana Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Purtillo & Mettunill

Baton Rouge, Louisiana

December 15, 2006



PERFORMANCE MEASUREMENT DATA

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2006**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 5,935,600	
Other Instructional Staff Activities	709,507	
Employee Benefits	2,690,191	
Purchased Professional and Technical Services	250,106	
Instructional Materials and Supplies	224,768	
Instructional Equipment	66,695	
Total Teacher and Student Interaction Activities		9,876,867

Other Instructional Activities 89,069

Pupil Support Activities	595,527	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		595,527

Instructional Staff Services	601,308	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		601,308

Total General Fund Instructional Expenditures 11,162,771

Total General Fund Equipment Expenditures 66,695

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	204,982	
Renewable Ad Valorem Tax	954,219	
Debt Service Ad Valorem Tax	87,680	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-	
Sales and Use Taxes	1,306,057	
Total Local Taxation Revenue		<u>2,552,938</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	9,006	
Earnings from Other Real Property	5,462	
Total Local Earnings on Investment in Real Property		<u>14,468</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	72,981	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		<u>72,981</u>

Nonpublic Textbook Revenue 13,595

Nonpublic Transportation Revenue -

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Education Levels of Public School Staff
As of October 1, 2005

Schedule 2

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	2	1.50%	0	0.00%	0	0.00%	0	
Bachelor's Degree	81	60.90%	30	100.00%	0	0.00%	0	
Master's Degree	28	21.05%	0	0.00%	4	30.77%	0	
Master's Degree + 30	21	15.79%	0	0.00%	8	61.54%	0	
Specialist in Education	0	0.00%	0	0.00%	0	0.00%	0	
Ph. D. or Ed. D.	1	0.75%	0	0.00%	1	7.69%	0	
Total	133	100.00%	30	100.00%	13	100.00%	0	

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2006

Schedule 3

Type	Number
Elementary	3
Middle/Jr. High	2
Secondary	2
Combination	1
Total	8

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

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2005

Schedule 4

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	0	0	1	4	6
Principals	0	0	0	0	0	3	4	7
Classroom Teachers	37	19	37	16	9	12	33	163
Total	37	19	38	16	9	16	41	176

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Public School Staff Data
For the Year Ended June 30, 2006

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	34,912.18	33,809.47
Average Classroom Teachers' Salary Excluding Extra Compensation	34,550.13	33,425.84
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	192.00	169.00

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Class Size Characteristics
As of October 1, 2005

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	55.60%	144	39.77%	103	2.32%	6	2.32%	6
Elementary Activity Classes	62.50%	10	25.00%	4	0.00%	0	12.50%	2
Middle/Jr. High	92.31%	168	4.95%	9	1.10%	2	1.65%	3
Middle/Jr. High Activity Classes	67.86%	19	14.29%	4	14.29%	4	3.57%	1
High	75.00%	117	19.87%	31	4.49%	7	0.64%	1
High Activity Classes	77.78%	7	0.00%	0	0.00%	0	22.22%	2
Combination	100.00%	9	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	100.00%	1	0.00%	0	0.00%	0	0.00%	0

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2006
Grade 4

Schedule 7
1 of 2

District Achievement Level Results	English Language Arts						Mathematics					
	2006		2005		2004		2006		2005		2004	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	4	2.14%	0	0.00%	5	2.72%	9	4.81%	4	1.77%	6	3.26%
Mastery	20	10.70%	23	10.18%	23	12.50%	28	14.97%	23	10.18%	15	6.15%
Basic	77	41.18%	93	41.15%	56	30.43%	63	33.69%	91	40.27%	49	26.63%
Approaching Basic	50	26.74%	61	26.99%	49	26.63%	47	25.13%	60	26.55%	53	28.80%
Unsatisfactory	36	19.25%	49	21.68%	51	27.72%	40	21.39%	48	21.24%	61	33.15%
Total	187	100.00%	226	100.00%	184	100.00%	187	100.00%	226	100.00%	184	100.00%

District Achievement Level Results	Science						Social Studies					
	2006		2005		2004		2006		2005		2004	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	6	3.21%	2	0.88%	2	1.09%	6	3.23%	1	0.44%	2	1.09%
Mastery	11	5.89%	16	7.08%	20	10.87%	13	6.99%	9	3.98%	18	9.78%
Basic	66	35.29%	84	37.17%	59	32.07%	77	41.40%	74	32.74%	66	35.87%
Approaching Basic	69	36.90%	92	40.71%	66	35.87%	46	24.73%	79	34.96%	39	21.20%
Unsatisfactory	35	18.72%	32	14.16%	37	20.11%	44	23.66%	63	27.88%	59	32.07%
Total	187	100.00%	226	100.00%	184	100.00%	186	100.00%	226	100.00%	184	100.00%

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Schedule 7
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Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2006
Grade 8

District Achievement Level Results	English Language Arts						Mathematics					
	2006		2005		2004		2006		2005		2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	2	1.18%	0	0.00%	0	0.00%	1	0.59%	1	0.62%	1	0.47%
Mastery	5	2.96%	5	3.07%	11	5.50%	1	0.59%	3	1.86%	6	2.83%
Basic	58	34.32%	31	19.02%	51	25.50%	71	42.01%	54	33.54%	91	42.92%
Approaching Basic	75	44.38%	65	39.88%	88	44.00%	43	25.44%	51	31.68%	52	24.53%
Unsatisfactory	29	17.16%	62	38.04%	50	25.00%	53	31.36%	52	32.30%	62	29.25%
Total	169	100.00%	163	100.00%	200	100.00%	169	100.00%	161	100.00%	212	100.00%

District Achievement Level Results	Science						Social Studies					
	2006		2005		2004		2006		2005		2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.00%	0	0.00%	0	0.00%	1	0.64%	0	0.00%	0	0.00%
Mastery	8	5.10%	8	5.06%	11	5.85%	2	1.28%	2	1.27%	2	1.06%
Basic	39	24.94%	56	35.44%	61	32.45%	49	31.41%	41	25.95%	46	24.47%
Approaching Basic	76	49.68%	54	34.18%	59	31.38%	57	36.54%	57	36.08%	60	31.91%
Unsatisfactory	32	20.38%	40	25.32%	57	30.32%	47	30.13%	59	36.71%	80	42.55%
Total	157	100.00%	158	100.00%	188	100.00%	156	100.00%	158	100.00%	188	100.00%

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

For the Year Ended June 30, 2006
 Grades 10 and 11

Schedule 8

District Achievement Level Results	English Language Arts						Mathematics					
	2006		2005		2004		2006		2005		2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	0	0.00%	0	0.00%	0	0.00%	1	0.58%	3	1.92%	2	1.00%
Mastery	7	4.12%	11	7.05%	4	2.27%	14	8.14%	12	7.69%	9	4.48%
Basic	83	48.82%	53	33.97%	44	25.00%	80	46.51%	67	42.95%	64	31.84%
Approaching Basic	47	27.65%	58	37.18%	48	27.27%	44	25.58%	23	14.74%	42	20.90%
Unsatisfactory	33	19.41%	34	21.79%	80	45.45%	33	19.19%	51	32.69%	84	41.79%
Total	170	100.00%	156	100.00%	176	100.00%	172	100.00%	156	100.00%	201	100.00%

District Achievement Level Results	Science						Social Studies					
	2006		2005		2004		2006		2005		2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	0	0.00%	0	0.00%	1	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	2	1.56%	1	0.78%	4	2.21%	0	0.00%	0	0.00%	3	1.95%
Basic	33	25.78%	21	16.41%	35	4.41%	43	33.08%	25	19.84%	46	29.87%
Approaching Basic	57	44.53%	42	32.81%	48	44.12%	53	40.77%	40	31.75%	49	31.82%
Unsatisfactory	38	28.13%	64	50.00%	66	49.26%	34	26.15%	61	48.41%	56	36.36%
Total	128	100.00%	128	100.00%	154	100.00%	130	100.00%	126	100.00%	154	100.00%

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Schedule 9
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The IOWA Tests
For the Year Ended June 30, 2006

	Composite		
	2005	2004	2003
Iowa Tests of Basic Skills (ITBS)			
Grade 3	44	45	37
Grade 5	50	48	41
Grade 6	29	36	33
Grade 7	38	36	35
Iowa Tests of Educational Development (ITED)			
Grade 9	35	35	27

ILEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	1%	3	2%	3	2%	2	1%
Mastery	19	10%	22	12%	11	6%	15	8%
Basic	69	38%	61	33%	62	34%	77	42%
Approaching Basic	52	28%	45	24%	72	39%	47	26%
Unsatisfactory	42	23%	53	29%	36	20%	43	23%
Total	184	100%	184	100%	184	100%	184	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	1%	2	1%	0	0%	0	0%
Mastery	15	9%	7	4%	6	4%	1	1%
Basic	50	29%	56	33%	50	29%	47	28%
Approaching Basic	71	42%	40	24%	79	46%	65	38%
Unsatisfactory	33	19%	65	38%	35	21%	57	34%
Total	170	100%	170	100%	170	100%	170	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	4	3%	2	2%	2	2%
Mastery	12	10%	7	6%	12	10%	8	6%
Basic	44	35%	34	27%	39	31%	56	45%
Approaching Basic	33	27%	37	30%	40	32%	37	30%
Unsatisfactory	35	28%	42	34%	31	25%	21	17%
Total	124	100%	124	100%	124	100%	124	100%

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Schedule 9
2 of 2

The IOWA Tests
For the Year Ended June 30, 2006

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	1	1%	0	0%	0	0%	0	0%
Mastery	15	8%	1	1%	10	6%	3	2%
Basic	74	41%	56	31%	48	27%	90	50%
Approaching Basic	66	36%	63	35%	83	46%	57	32%
Unsatisfactory	25	14%	60	33%	39	22%	30	17%
Total	181	100%	180	100%	180	100%	180	100%

District Achievement Level Results	English Language Arts		Mathematics	
	2006		2006	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0%	1	1%
Mastery	5	4%	2	2%
Basic	47	36%	50	38%
Approaching Basic	60	46%	33	25%
Unsatisfactory	19	15%	45	34%
Total	131	100%	131	100%

EAST FELICIANA PARISH SCHOOL BOARD

REPORT TO MANAGEMENT AND
SUMMARY OF PRIOR YEAR FINDINGS

JUNE 30, 2006

EAST FELICIANA PARISH SCHOOL BOARD

REPORT TO MANAGEMENT
AND SUMMARY OF PRIOR YEAR FINDINGS

JUNE 30, 2006



Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

December 15, 2006

Members of the Board and Management
East Feliciana Parish School Board
Clinton, Louisiana

In planning and performing our audit of the financial statements of the East Feliciana Parish School Board for the year ended June 30, 2006, we considered the School Board's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for improving financial reporting and refining policies and procedures. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 15, 2006, on the financial statements of the School Board.

A. Outstanding Checks

Condition: While performing audit procedures over cash it was noted that several bank account reconciliations included a large number of outstanding checks, some of which have been outstanding since the prior year's audit date. This hinders the ability to reflect an accurate cash balance in the financial statements and adds an unnecessary step to the process of bank reconciliation.

Recommendation: The accounting personnel should investigate all outstanding checks on a regular basis. Stop payment notices should be sent when necessary. This practice will provide a much stronger control over cash and the bank reconciliation process.

Management's Response: We agree with this comment and we will take appropriate corrective action.

B. Bank Accounts - Consolidate Separate Program Accounts

Condition: During the audit, we found that the School Board maintains separate bank accounts for several of its programs. Although this situation exists partly in an effort to separate programs from the general fund operations of the School Board, barring a mandated separation of cash accounts, we believe operations can be effectively segregated through fund accounting.

Recommendation: We recommend that all financial transactions be recorded through a limited checking account. This consolidation of cash will provide a more concise cash position, ease the administration and reconciliation of cash accounts, and reduce errors associated with transferring cash between the various accounts.

Management's

Response: We agree with this comment and we plan to take appropriate corrective action.

C. Formalized Capitalization Policy and Procedures

Condition: Although the School Board does maintain a policy on a fixed asset inventory, no formal written capitalization policy exists.

Recommendation: We suggest a policy be implemented to more effectively control and account for the School Board's property and equipment. To accomplish this goal, we suggest the following:

- Establish a minimum dollar amount for capitalization within the various property accounts.
- Prepare written guidelines for proper account classification of all fixed asset additions.
- Formalize the policy to differentiate between maintenance and repair items and long-term improvement items.
- Reconcile all capital purchases from the general ledger to the fixed asset listings.

Management's

Response: We agree with this comment and we plan to take appropriate corrective action.

D. Formalized Backup and Disaster Recovery Plan

Condition: The School Board does not have a formal written backup and disaster recovery plan. The time to make contingency plans is before a disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of existing electronic data processing facilities.

Recommendation: The School Board should formalize a written backup and disaster recovery plan that includes but is not limited to the following:

- Provide a location of, and access to, off-site storage.
- A listing of all data files that would have to be obtained from the off-site storage location.
- Identification of a backup location (name and telephone number) with similar compatible equipment for emergency processing (the administration should make arrangements for such backup with a third party vendor; the agreement should be in writing).
- List the responsibilities of various personnel in an emergency.
- Prioritize the critical applications and reporting requirements during an



emergency.

Management's We agree with this comment and we plan to take appropriate corrective action.
Response:

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the School Board staff for their patience and cooperation with us during the performance of the audit.

Prathiharait & Mettewill



EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT LETTER
SUMMARY OF PRIOR YEAR FINDINGS

Timeliness of Bank Reconciliations

Condition: Journal entries were made to the cash account on the general ledger (accounting system) through November 2005; five months after year-end. This indicates that a true reconciliation of the books to the bank statements was not being performed on a timely basis. When general ledgers are not reconciled to the bank statements timely, there is a risk that financial information from the accounting system may be inaccurate.

Recommendation: To ensure that the accounting records and financial reports to the Board are accurate on an ongoing basis, bank reconciliations and any journal entries needed as a result of that process, should be performed within a month after each month-end.

Current Status: *Bank reconciliations appear to be reconciled on a monthly basis. Journal entries affecting cash were done within a month after each month-end.*

Purchasing

Condition: Evidence of reconciliation of receiving reports/invoices to purchase orders (P.O.) is not evident on the P.O. or the invoice.

Recommendation: All invoices associated with P.O.'s should contain documentation of comparison of the amount purchased to the amount received. The individual receiving the goods should sign the P.O. as documentary evidence.

Current Status: *Each department receiving goods has signed the Purchase Order as documentary evidence of receipt of goods.*

Budget Monitoring of Federal Funds

Condition: Several reimbursement requests submitted to the state DOE were denied due to certain line items exceeding budgeted amounts. When this occurs, the general fund must absorb the cost.

Recommendation: We recommend that the budgets be closely monitored on an on-going basis. The accounting department may wish to employ a monitoring function in the accounting software.

Current Status: *The budgets were closely monitored and there were no costs denied due to expenditures exceeding budgeted line items in the current year under audit.*

Leave Records

Condition: In our limited testing of accrued leave records, we noted an instance where a sick day was not posted to an employee's leave records (one instance out of ten). This appears to be a result of failure by the school in question to accurately report to the central office the number of sick days taken.

Recommendation: Because of the use of exceptions based payroll, leave records are at-risk for inaccuracies. The central office should take steps to ensure that the reports submitted from the schools are accurate and complete. Steps could include the periodic auditing of the submitted absence reports to sign-in logs.

Current Status: *Based on testing performed and inquiries made there were no uncorrected leave forms identified. Amounts reported to the Central Office from the schools are being adequately monitored.*

Payout of accrued leave

Condition: In July of 2004, certain maintenance staff positions were changed from 12 month employees to 10 month employees. As part of this employment change, and in an attempt to justly compensate the employees for effects of the change, the employees were paid the balance of their accrued vacation leave earned. This appears to be inconsistent with the School Board's policy of paying out annual leave only upon retirement or death of an employee.

Recommendation: The payout was approved by the personnel committee; however, it was not brought before the full board. We recommend that all financial decisions made at the committee level, especially those contrary to the School Board policy, be brought before the full board for approval.

Current Status: *All financial decisions made at the committee level are now brought before the full board for approval.*