
EAST FELICIANA PARISH SCHOOL BOARD

CLINTON, LOUISIANA

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

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

Release Date 2-2-05



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CLINTON, LOUISIANA

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

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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, 2004, 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, 2004 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 IX and pages 23 through 26, 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 2, 2004 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.

Pastlthwaite & Metterville

Baton Rouge, Louisiana
December 2, 2004



EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

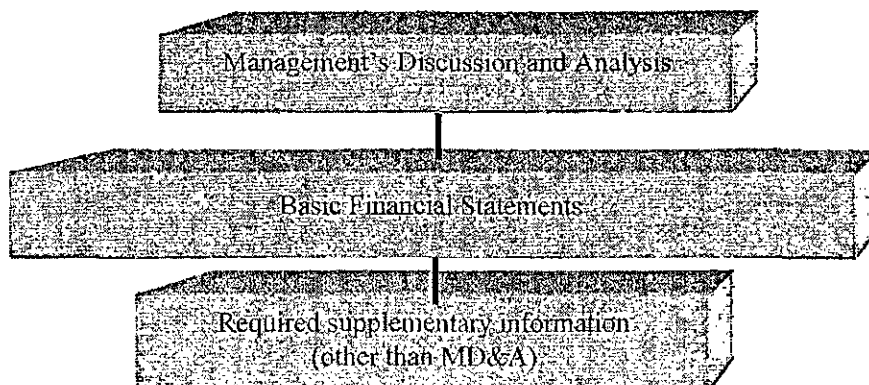
The Management's Discussion and Analysis of the East Feliciana Parish School Board's (the School Board) financial performance presents a narrative overview and analysis of the School Board's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information.

FINANCIAL HIGHLIGHTS

- ★ The East Feliciana Parish School Board's assets exceeded its liabilities at the close of fiscal year 2004 by \$15,328,881.
- ★ Revenues exceeded expenses by \$870,223 at the end of the year, indicating a net improvement in the financial position of the School Board over prior year.
- ★ State MFP funds decreased by approximately \$340,000 from prior year due to a decline in the number of students.
- ★ Capital Assets increased by approximately \$528,000 as a result of improvements made to Clinton Middle School, expenditures for athletic facilities, and other renovation projects.
- ★ Despite operating at a \$229,661 deficit for the fiscal year, the general fund has a fund balance of \$4,244,999, approximately 29% of current expenditures.
- ★ The Operations and Maintenance Fund which accounts for the proceeds of a 1% sales tax, has a fund balance of \$2,325,505, which can be used for a variety of operating purposes. The board has used this fund to provide salary supplements for the past several years.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to private sector business.

The *statement of net assets* presents information on all of the School Board's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (e.g., uncollected taxes and earned by unused sick leave).

Both of the government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School Board include regular and special education programs, support services, administration, maintenance, student transportation, and school food services. The School Board contains no other units of government (component units) nor is it contained as a component unit of any other level of local or state government.

Fund financial statements. A *fund* is grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

The School Board maintains dozens of individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, No Child Left Behind Act (NCLB) Fund, and the Sales Tax Operations and Maintenance Fund, all of which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The School Board adopts annual appropriated budgets for the General Fund and Special Revenue Funds. Budgets were not adopted for Capital Projects Funds and Debt Service Fund. As such, a budget to actual comparison was not prepared for those funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of outside parties such as students. Fiduciary funds are not reflected in the government-wide financial statements because of the resources of those funds are not available to support the School Board's programs. The School Board's fiduciary funds consist of the School Activity Fund, which contains monies belonging to the schools, their students, and clubs and other activities, and the Sales Tax Fund, which accounts for the collection and distribution of parish-wide sales taxes.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

FINANCIAL ANALYSIS OF THE ENTITY

Condensed Statement of Net Assets
as of June 30, 2004 and 2003

	2004	2003
Cash and other assets	\$ 7,613,705	\$ 7,848,963
Receivables	1,902,302	924,186
Prepaid expenses and other	306,786	490,626
Capital assets	8,244,618	7,716,995
Total assets	18,067,411	16,980,770
Accounts, salaries and other payables	2,012,674	1,782,809
Deferred revenues	188,850	198,701
Compensated absences payable	537,006	731,600
Total liabilities	2,738,530	2,713,110
Net assets:		
Invested in capital assets, net of debt	8,244,618	7,716,995
Restricted	1,054,064	749,957
Unrestricted	6,030,199	5,800,708
Total net assets	\$ 15,328,881	\$ 14,267,660

- Cash and cash equivalents have remained relatively constant and remain at a more than adequate level to meet current obligations. These assets, consisting of cash in local financial institutions comprise approximately 42% of total assets.
- Receivables have increased due to a combination of factors, including an increase in the number and dollar levels of grants received from the State Department of Education, as well as a change in the method of accounting for sales taxes. Under the new method of accounting for sales taxes, the tax revenue is recognized in the month the sale occurs, rather than when the tax is received, thus resulting in recognition of an asset to be received.
- Capital assets, which are reported net of accumulated depreciation, account for 45% of the total assets of the School Board for the most recent year ended.
- Total liabilities remained relatively constant, with salaries and related payables comprising 81% of amounts owed at year-end.

EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Condensed Statement Revenues and Expenses
for the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Program Revenues		
Charges for services	\$ 107,772	\$ 100,467
Operating grants	4,867,934	4,434,004
Capital grants	606,419	-
General revenues		
Property taxes	1,075,186	1,175,108
Sales taxes	2,800,892	2,056,200
Earnings on Investments	50,603	71,997
MFP	10,523,771	10,866,072
Other	381,633	275,409
	<u>20,414,210</u>	<u>18,979,257</u>
Expenses		
Regular education	7,109,298	6,963,768
Special education	1,944,280	1,943,702
Other education	1,655,965	1,562,750
Pupil support	905,692	880,689
Instructional staff	1,425,716	1,437,888
General administrative	581,419	524,174
School administrative	1,093,545	938,568
Business and central services	237,420	198,113
Plant operation and maintenance	1,541,024	1,330,659
Transportation	1,062,179	1,057,495
Food service	1,395,982	1,222,126
Community service programs	11,634	11,836
Claims expenses	184,000	-
Depreciation	395,833	429,844
	<u>19,543,987</u>	<u>18,501,612</u>
Excess of revenue over expenses	<u>\$ 870,223</u>	<u>\$ 477,645</u>

Change in Net Assets

- MFP, which accounts for 52% of total revenues, decreased approximately \$342,000 due to a decrease in the number of students.
- Sales taxes which account for 14% of total revenues increased \$744,692 due to settlements on disputed taxes received from several taxpayers, including one large settlement for \$403,146 from a single taxpayer.
- Grant revenues, comprising 27% of total revenues, increased as a result of increased Title One funding, Tobacco Settlement funding from the state, and the School Renovation Grant received for the purpose of Clinton Middle School Renovations.

EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Change in Net Assets (continued)

- Expenditures increased as a result of increases in the required contribution to the Teachers Retirement System, increases in health insurance premiums, and increased utility costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the East Feliciana Parish School Board had \$8,244,618 invested in a broad range of capital assets, including land, building, and equipment. (See Table below).

This amount represents a net increase (including additions and deductions) of \$527,623, or 7%, over last year.

	<u>2004</u>	<u>2003</u>
Land	\$ 847,658	\$ 847,658
Buildings and Improvements	6,571,929	5,833,398
Equipment	259,035	367,321
Construction-in-Progress	565,996	668,618
Totals	<u>\$ 8,244,618</u>	<u>\$ 7,716,995</u>

Long-term debt

At the end of the current fiscal year, the School Board had no bonded debt outstanding. Long-term liabilities consist solely of compensated absences payable.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The general fund budget was amended from the original projections to reflect a decrease in MFP revenues as a result of the official enrollment counts conducted in October 2003, increased health insurance costs and increased electricity costs.

The NCLB budgets were amended to reflect an increase in the award level from the State Department of Education.

The Operations and Maintenance Special Revenue fund's budget was amended to reflect higher than expected sales tax collections that were used to fund salary supplements as well as certain capital projects.

EAST FELICIANA PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The East Feliciana Parish School Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Property tax revenue will stay constant. However, this revenue could ultimately be higher than originally budgeted should the board decide to "roll forward" the millage rates to prior year levels.
- Enrollment will decrease by approximately 20 students, resulting in a moderate decrease in MFP funding.
- Sales tax revenue will drop back to a level more reflective of previous years collections, as no large settlements are expected to be received.
- Health insurance premiums and mandatory contributions to the Teachers Retirement System will continue to increase.
- The 2004-2005 general fund budget reflects an operating deficit of approximately \$44,000.

CONTACTING THE EAST FELICIANA PARISH SCHOOL BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the School Board's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Janice Betrece, Business Manager, East Feliciana Parish School Board, 12732 Silliman Street, P.O. Box 397, Clinton, LA 70722, (225) 683-8277.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

STATEMENT OF NET ASSETS

June 30, 2004

ASSETS

	<u>2004</u>
Cash and cash equivalents	\$ 7,613,705
Receivables:	
Accounts	2,524
Sales tax	314,830
Prepaid expenses	97,639
Due from governments	1,584,948
Due from external party (fiduciary fund)	193,213
Inventory	15,934
Capital Assets:	
Land and construction in progress	1,413,654
Buildings and equipment, net of accumulated depreciation	6,830,964
TOTAL ASSETS	<u>\$ 18,067,411</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts, salaries and other payables	\$ 2,012,674
Deferred revenues	188,850
Long-term liabilities	
Due within one year	233,206
Due in more than one year	303,800
TOTAL LIABILITIES	<u>\$ 2,738,530</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 8,244,618
Restricted for:	
Debt service	270,424
Grant Programs	762,177
Compensation	21,463
Unrestricted	6,030,199
TOTAL NET ASSETS	<u>\$ 15,328,881</u>

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, 2004

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Unit
Functions/Programs					
Instruction:					
Regular education programs	\$ 7,109,298	\$ -	\$ 1,824,895	\$ 606,419	\$ (4,677,984)
Special education programs	1,944,280	-	499,080	-	(1,445,200)
Other education programs	1,655,965	-	425,072	-	(1,230,893)
Support Services:					
Pupil support services	905,692	-	232,483	-	(673,209)
Instructional staff services	1,425,716	-	365,969	-	(1,059,747)
General administration services	581,419	-	149,245	-	(432,174)
School administration services	1,093,545	-	280,703	-	(812,841)
Business and central services	237,420	-	60,944	-	(176,476)
Plant operation and maintenance	1,541,024	-	395,567	-	(1,145,457)
Transportation	1,062,179	23,325	272,652	-	(766,202)
Food service	1,395,982	84,447	358,337	-	(953,199)
Central services	4,681	-	1,202	-	(3,479)
Community services	6,952	-	1,785	-	(5,168)
Claims expense	184,000	-	-	-	(184,000)
Depreciation	395,833	-	-	-	(395,833)
Total Governmental Activities	19,543,987	107,772	4,867,934	606,419	(13,961,862)
General Revenues					
Taxes:					
Ad-Valorem taxes					1,075,186
Sales and use taxes					2,800,892
State revenue sharing					91,609
Grants and contributions not restricted to specific purposes:					
Minimum Foundation Program					10,523,771
Interest and investment earnings					50,603
Miscellaneous					290,024
					14,832,085
					Total general revenues
					14,832,085
					Change in Net Assets
					870,223
					Net Assets - July 1, 2003 (See footnote 12)
					14,458,658
					Net Assets - June 30, 2004
					\$ 15,328,881

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2004

	General	NCLB	Operations and Maintenance	Other Governmental	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,695,041	\$ 503,330	\$ 2,084,453	\$ 1,330,881	\$ 7,613,705
Receivables:					
Accounts	2,524	-	-	-	2,524
Sales tax	157,415	-	157,415	-	314,830
Ad valorem tax	-	-	-	-	-
Prepaid expenses	97,639	-	-	-	97,639
Due from other funds	2,117,454	-	86,342	1,150	2,204,946
Due from other governments	83,056	595,035	-	906,857	1,584,949
Inventory	-	-	-	15,934	15,934
TOTAL ASSETS	\$ 6,153,129	\$ 1,098,365	\$ 2,328,210	\$ 2,254,822	\$ 11,834,526
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 25,347	\$ 37,071	\$ 2,705	\$ 265,522	\$ 330,645
Salaries and benefits payable	1,682,029	-	-	-	1,682,029
Due to other funds	106,898	1,046,487	-	858,348	2,011,733
Deferred revenues	93,856	-	-	94,994	188,850
TOTAL LIABILITIES	1,908,130	1,083,558	2,705	1,218,864	4,213,257
Fund balances:					
Reserved for inventory	-	-	-	8,622	8,622
Reserved for prepaid expenses	97,639	-	-	-	97,639
Reserved for debt service	-	-	-	270,424	270,424
Unreserved, reported in:					
General Fund:					
Undesignated	4,147,360	-	-	-	4,147,360
Special Revenue Fund	-	14,807	2,325,505	747,370	3,087,682
Capital Projects Fund	-	-	-	9,542	9,542
TOTAL FUND BALANCES	4,244,999	14,807	2,325,505	1,035,958	7,621,269
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,153,129	\$ 1,098,365	\$ 2,328,210	\$ 2,254,822	\$ 11,834,526

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, 2004

Total Fund Balances at June 30, 2004 - Governmental Funds		\$ 7,621,269
Cost of capital assets at June 30, 2004	\$ 16,835,264	
Less: Accumulated depreciation as of June 30, 2004:		
Buildings and construction in process	(7,554,317)	
Movable property	(1,036,329)	8,244,618
Long-term liabilities at June 30, 2004:		
Claims and judgements payable	(184,000)	
Compensated absences payable	(353,006)	(537,006)
Total Net Assets at June 30, 2004 - Governmental Activities		\$ 15,328,881

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, 2004

	<u>General</u>	<u>NCLB</u>	<u>Operations and Maintenance</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>REVENUES</u>					
Local sources:					
Ad valorem taxes	\$ 1,075,046	\$ -	\$ -	\$ 140	\$ 1,075,186
Sales and use tax	1,400,189	-	1,400,703	-	2,800,892
Earnings on investments	31,637	-	13,581	5,384	50,602
Other	253,781	-	2,500	84,447	340,728
State sources:					
Unrestricted grants-in-aid, MFP	10,353,507	-	-	170,264	10,523,771
Revenue sharing	91,609	-	-	-	91,609
Restricted grants-in-aid	123,423	-	-	861,095	984,518
Federal grants	135,288	2,063,823	-	2,290,724	4,489,835
TOTAL REVENUES	13,464,481	2,063,823	1,416,784	3,412,054	20,357,142
<u>EXPENDITURES</u>					
Current:					
Instruction:					
Regular education programs	6,410,635	312,809	-	573,457	7,296,901
Special education programs	1,788,145	-	-	215,643	2,003,788
Vocational education programs	348,589	-	-	24,753	373,342
Other education programs	328,989	899,459	-	75,894	1,304,342
Support:					
Pupil support services	628,000	123,559	-	174,562	926,121
Instructional staff services	617,601	539,393	-	286,669	1,443,663
General administration services	590,463	1,604	-	319	592,386
School administration services	1,115,516	5,932	-	7,324	1,128,772
Business and central services	244,454	-	-	-	244,454
Plant operation and maintenance	1,327,560	-	101,053	145,136	1,573,749
Transportation	973,617	73,208	-	33,962	1,080,787
Food services	310,946	-	-	1,088,772	1,399,718
Central services	4,681	-	-	-	4,681
Community services	6,952	-	-	-	6,952
Facility acquisition and construction	1,677	-	108,275	719,063	829,015
TOTAL EXPENDITURES	14,697,825	1,955,964	209,328	3,345,554	20,208,670
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,233,344)	107,859	1,207,456	66,500	148,471

(continued)

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, 2004

	<u>General</u>	<u>NCLB</u>	<u>Operations and Maintenance</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	\$ 1,003,683	\$ -	\$ -	\$ 267,064	\$ 1,270,747
Transfers out	-	(91,359)	(1,152,845)	(26,543)	(1,270,747)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,003,683</u>	<u>(91,359)</u>	<u>(1,152,845)</u>	<u>240,521</u>	<u>0</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>					
	(229,661)	16,500	54,611	307,021	148,471
Fund balances, June 30, 2003 (See Footnote 12)	<u>4,474,660</u>	<u>(1,693)</u>	<u>2,270,894</u>	<u>728,937</u>	<u>7,472,798</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 4,244,999</u>	<u>\$ 14,807</u>	<u>\$ 2,325,505</u>	<u>\$ 1,035,958</u>	<u>\$ 7,621,269</u> (concluded)

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 STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2004

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ 148,471
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 922,991	
Depreciation expense for year ended June 30, 2004	<u>(395,833)</u>	527,158
Long Term Debt:		
Claims expenditures incurred	(184,000)	
Change in compensated absences liability	<u>378,594</u>	<u>194,594</u>
Change in Net Assets - Governmental Activities		<u>\$ 870,223</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, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 529,369</u>
TOTAL ASSETS	<u>\$ 529,369</u>
<u>LIABILITIES</u>	
Due other funds	\$ 193,213
Amounts held for schools	146,966
Due to other governments	182,593
Sales tax escrow	<u>6,597</u>
TOTAL LIABILITIES	<u>\$ 529,369</u>

The accompanying notes are an integral part of this statement

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO 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 FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (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 current assets.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO 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 which is restricted to maintenance and operations.

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 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 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 in the general long-term debt account group.-

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 2004 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 2004 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 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 an open 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 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 includes cash on hand and cash on deposit with the fiscal agent bank. These deposits are stated at cost, which approximates market. 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 market 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 FINANCIAL STATEMENTS

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

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

All twelve-month employees earn ten days of cumulative vacation leave each year. Upon retirement or separation of employment, all unused accumulated vacation leave is paid to all eligible employees or to their estates. Any unused personal leave reverts into sick leave at the end of the year.

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 are to be used for the operation, 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 system.

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.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO FINANCIAL STATEMENTS

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

k. **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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

3. **Cash and Cash Equivalents**

At year end, the carrying amount of the School Board's deposits was \$ 7,613,705 and the bank balance was \$10,221,301. Of the bank balance, \$200,000 was secured by federal depository insurance and \$10,021,301 was secured by collateral held by the pledging bank but not in the School Board's name (GASB Category 3).

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO FINANCIAL STATEMENTS

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	\$ 2,117,454	\$ 106,898
Federal NCLB Funds	-	1,046,487
Operations and Maintenance	86,342	-
Non-major Governmental Funds	1,150	858,348
Agency Fund – Sales Tax Collections	<u>-</u>	<u>193,213</u>
Total	<u>\$ 2,204,946</u>	<u>\$ 2,204,946</u>

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2004 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, 2003	\$ 847,658	\$ 13,065,408	\$ 2,093,488	\$ 668,618	\$16,675,172
Additions	-	1,060,838	51,766	484,000	1,596,604
Deletions	(-)	(-)	(849,890)	(586,622)	(1,436,512)
Cost at June 30, 2004	<u>847,658</u>	<u>14,126,246</u>	<u>1,295,364</u>	<u>565,996</u>	<u>16,835,264</u>
Accumulated depreciation, June 30, 2003	(-)	(7,232,010)	(1,726,167)	(-)	(8,958,177)
Additions	(-)	(322,307)	(73,526)	(-)	(395,833)
Deletions	(-)	(-)	763,364	-	763,364
Accumulated depreciation, June 30, 2004	<u>-</u>	<u>(7,554,317)</u>	<u>(1,036,329)</u>	<u>(-)</u>	<u>(8,590,646)</u>
Capital assets, net of accumulated depreciation, at June 30, 2004	<u>\$ 847,658</u>	<u>\$ 6,571,929</u>	<u>\$ 259,035</u>	<u>\$ 565,996</u>	<u>\$ 8,244,618</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. General Long-term Debt

The following is a summary of the changes in general long-term debt for the year ended June 30, 2004:

	<u>Balance</u> <u>6-30-03</u>	<u>Additions</u>	<u>Net Adjustments</u> <u>and payments</u>	<u>Balance</u> <u>6-30-04</u>
Claims and Assessments	\$ -	\$ 184,000	\$ -	\$ 184,000
Compensated Absences	731,600	-	(378,594)	353,006
Total	<u>\$ 731,600</u>	<u>\$ 184,000</u>	<u>(\$ 378,594)</u>	<u>\$ 537,006</u>

In accordance with Louisiana Revised Statute 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, 2004, the net assessed value of taxable property for the parish was \$798,648,110, which would result in a \$199,662,028 long-term bonded debt limit.

7. Operating Lease

The School Board has leased school busses through a lease arrangement which qualifies as an operating lease. Lease payments in the amount of \$95,000 are schedule annually over a 5 year period ending September 30, 2006. Minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2004, are as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2005	\$95,000
2006	95,000
2007	95,000
	<u>\$ 285,000</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:

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO FINANCIAL STATEMENTS

8. Retirement Systems (continued)

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 7.5 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 13.8 percent 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.

The School Board's contributions to the TRS for the years ended June 30, 2004, 2003, and 2002, were \$1,361,407, \$1,281,210, and \$1,311,023, 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 8.5 percent for the year ended June 30, 2004. 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.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO FINANCIAL STATEMENTS

8. Retirement Systems (continued)

The School Board's contributions to the LSERS for the years ended June 30, 2004, 2003, and 2002 were \$82,701, \$0, and \$0, 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 \$689,682 for 2004.

10. Interfund Transfers

Interfund transfers for the year ended June 30, 2004, were as follows:

	<u>Transfers From:</u>				
	<u>General Fund</u>	<u>Federal NCLB Funds</u>	<u>Operations & Maintenance</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>Transfers To:</u>					
General Fund	\$ -	\$ 91,359	\$ 885,781	\$ 26,543	\$1,003,683
Non-major Governmental	-	-	267,064	-	267,064
Total	<u>\$ -</u>	<u>\$ 91,359</u>	<u>\$ 1,152,845</u>	<u>\$ 26,543</u>	<u>\$1,270,747</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.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NOTES TO FINANCIAL STATEMENTS

11. Litigation and Claims

The School Board is a defendant in a class action lawsuit entitled, M. Leroy Harvey, Lawrence Meares, Edgard S. Dawson and Diane Q. Wilson v. East Feliciana Parish School Board, filed by several current and retired teachers. The Board of Directors has approved the settlement of this case in the amount of \$184,000 subsequent to year end.

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 system.

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". Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the School Board's management believes that further examinations would not result in any material disallowed costs.

12. Change in Accounting Principle

As required under Governmental Accounting Standards Board Statement #33, the School Board applied a change in accounting principle. The effect of this change was to accrued sales tax collections for the month in which the underlying sale occurs as opposed to the date collected. As a result, fund balances and net assets have been restated in the financial statements as follows:

	<u>General Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Government-Wide Statements</u>
Fund Balance/Net Assets as of June 30, 2003	\$4,379,161	\$2,175,394	\$14,267,659
Sales Tax Accrual	<u>95,499</u>	<u>95,500</u>	<u>190,999</u>
Fund Balance/Net Assets as of June 30, 2003, as restated	<u>\$4,474,660</u>	<u>\$2,270,894</u>	<u>\$14,458,658</u>

COMBINING STATEMENTS
SUPPLEMENTAL INFORMATION

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

BUDGETARY COMPARISON SCHEDULES
MAJOR FUND DESCRIPTIONS
JUNE 30, 2004

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.

No Child Left Behind (NCLB) Fund

The objective of Title I, Part A of the No Child Left Behind Act (NCLB), is to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families. This program is federally funded by the U.S. Department of Education and passed through the Louisiana Department of Education.

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.

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Revenues:</u>				
Local sources:				
Taxes:				
Ad valorem	\$ 930,000	\$ 930,000	\$ 1,075,046	\$ 145,046
Sales and use	954,000	954,000	1,400,189	446,189
Earnings on investments	35,000	35,000	31,637	(3,363)
Other	73,200	73,200	253,781	180,581
State sources:				
Unrestricted grants-in-aid	10,546,089	10,197,217	10,353,507	156,290
Revenue sharing	55,000	55,000	91,609	36,609
Restricted grants-in-aid	87,104	87,104	123,423	36,319
Federal sources:				
Grants-in-aid - subgrants	85,000	85,000	135,288	50,288
Total revenues	<u>12,765,393</u>	<u>12,416,521</u>	<u>13,464,480</u>	<u>1,047,960</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	6,423,799	6,602,998	6,410,635	192,363
Special education programs	1,770,321	1,778,002	1,788,145	(10,143)
Vocational education programs	333,923	343,101	348,589	(5,488)
Other education programs	348,389	364,035	328,989	35,046
Support services:				
Pupil support services	552,586	575,085	628,000	(52,915)
Instructional staff services	637,143	670,479	617,601	52,879
General administration services	613,920	640,907	590,463	50,445
School administration services	926,503	951,594	1,115,516	(163,922)
Business administration services	191,261	224,011	244,454	(20,443)
Plant operation and maintenance	1,209,253	1,405,821	1,327,560	78,261
Transportation	974,105	977,605	973,617	3,988
Food services	156,942	156,942	310,946	(154,004)
Central services	6,541	6,806	4,681	2,125
Community services	7,200	7,200	6,952	248
Capital Outlay				
Facilities acquisition and construction	-	1,755	1,677	78
Total expenditures	<u>14,151,886</u>	<u>14,706,340</u>	<u>14,697,825</u>	<u>8,517</u>
Excess (deficiency) of revenues over expenditures	<u>(1,386,493)</u>	<u>(2,289,819)</u>	<u>(1,233,345)</u>	<u>\$ 1,056,477</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 790,981	\$ 790,981	\$ 1,003,683	\$ 212,702
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>790,981</u>	<u>790,981</u>	<u>1,003,683</u>	<u>212,702</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	(595,512)	(1,498,838)	(229,662)	1,269,176
Fund balances, June 30, 2003	<u>4,379,161</u>	<u>4,379,161</u>	<u>4,474,660</u>	<u>95,499</u>
FUND BALANCES, JUNE 30, 2004	<u>\$ 3,783,649</u>	<u>\$ 2,880,323</u>	<u>\$ 4,244,998</u>	<u>\$ 1,364,675</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NCLB ACT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>NCLB Act Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Federal sources:				
Grants-in-aid - subgrants	\$ 2,057,972	\$ 2,210,252	\$ 2,063,823	\$ (146,429)
Total revenues	<u>2,057,972</u>	<u>2,210,252</u>	<u>2,063,823</u>	<u>(146,429)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	275,654	296,878	312,809	(15,932)
Other education programs	990,814	990,814	899,459	91,355
Support services:				
Pupil support services	149,025	150,525	123,559	26,966
Instructional staff services	606,421	606,421	539,393	67,029
General administration services	913	913	1,604	(691)
School administration services	12,168	12,168	5,932	6,236
Transportation	72,350	72,350	73,208	(858)
Total expenditures	<u>2,107,345</u>	<u>2,130,069</u>	<u>1,955,964</u>	<u>174,105</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (49,373)</u>	<u>\$ 80,183</u>	<u>\$ 107,859</u>	<u>\$ 27,676</u>
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	<u>(80,183)</u>	<u>(80,183)</u>	<u>(91,359)</u>	<u>(11,176)</u>
Total other financing sources (uses)	<u>(80,183)</u>	<u>(80,183)</u>	<u>(91,359)</u>	<u>(11,176)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	(129,556)	-	16,500	16,500
Fund balances at beginning of year	<u>(1,693)</u>	<u>(1,693)</u>	<u>(1,693)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (131,249)</u>	<u>\$ (1,693)</u>	<u>\$ 14,807</u>	<u>\$ 16,500</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

OPERATION AND MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Operations and Maintenance Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Taxes:				
Sales and use	\$ 1,000,000	\$ 1,300,000	\$ 1,400,703	\$ 100,703
Earnings on investments	20,000	13,000	13,581	581
Other	-	-	2,500	2,500
Total revenues	<u>1,020,000</u>	<u>1,313,000</u>	<u>1,416,784</u>	<u>101,284</u>
<u>Expenditures:</u>				
Current:				
Support services:				
Plant operation and maintenance	30,000	113,700	101,053	12,647
Capital Outlay				
Facilities acquisition and construction	-	-	108,275	(108,275)
Total expenditures	<u>30,000</u>	<u>113,700</u>	<u>209,328</u>	<u>(95,628)</u>
 Excess (deficiency) of revenues over expenditures	 \$ 990,000	 \$ 1,199,300	 \$ 1,207,455	 \$ 5,655
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	<u>(990,000)</u>	<u>(1,377,000)</u>	<u>(1,152,845)</u>	<u>224,155</u>
Total other financing sources (uses)	<u>(990,000)</u>	<u>(1,377,000)</u>	<u>(1,152,845)</u>	<u>224,155</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	(177,700)	54,611	232,311
Fund balances, June 30, 2003	<u>2,372,627</u>	<u>2,372,627</u>	<u>2,270,894</u>	<u>(101,733)</u>
 FUND BALANCES, JUNE 30, 2004	 <u>\$ 2,372,627</u>	 <u>\$ 2,194,927</u>	 <u>\$ 2,325,505</u>	 <u>\$ 130,578</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

JUNE 30, 2004

Other Federal Funds

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

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 in the parish school system 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 grown socially and emotionally, to extend educationally 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 accumulates monies for payment of a \$5,445,000 bond issue, which is financed by a special property tax on property within the parish. Although the bonds for which these monies were accumulated to pay have been retired, the monies 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, 2004

	Special Revenue		
	Other Federal Funds	State Grants	School Food Service
<u>ASSETS</u>			
Cash and cash equivalents	\$ 336,537	\$ 24,970	\$ 604,013
Due from other funds	956	-	-
Due from other governments	467,919	233,601	-
Inventory	-	-	15,934
TOTAL ASSETS	\$ 805,411	258,571	\$ 619,947
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 20,319	\$ 40,892	\$ 1,066
Due to other funds	762,864	36,218	59,266
Deferred revenues	-	-	7,312
TOTAL LIABILITIES	783,183	77,110	67,644
Fund balances:			
Reserved for inventory	-	-	8,622
Reserved for debt service	-	-	-
Unreserved, reported in:			
General Fund:			
Designated for sales tax plan expenditures			
Designated for costs required under consent decree	-	-	-
Special Revenue Fund	22,228	181,461	543,681
Capital Projects Fund	-	-	-
TOTAL FUND BALANCES	22,228	181,461	552,303
TOTAL LIABILITIES AND FUND BALANCES	\$ 805,411	\$ 258,571	\$ 619,947

Debt Service	Capital Projects Funds		Total
	School Renovation Fund	Other Capital Projects	
\$ 358,106	\$ (2,092)	\$ 9,348	1,330,881
-	-	194	1,150
-	205,337	-	906,857
-	-	-	15,934
<u>\$ 358,106</u>	<u>\$ 203,245</u>	<u>\$ 9,542</u>	<u>\$ 2,254,822</u>
\$ -	\$ 203,245	\$ -	\$ 265,522
-	-	-	858,348
87,682	-	-	94,994
<u>87,682</u>	<u>203,245</u>	<u>-</u>	<u>1,218,864</u>
-	-	-	8,622
270,424	-	-	270,424
-	-	-	-
-	-	-	-
-	-	-	747,370
-	-	9,542	9,542
<u>270,424</u>	<u>-</u>	<u>9,542</u>	<u>1,035,957</u>
<u>\$ 358,106</u>	<u>\$ 203,245</u>	<u>\$ 9,542</u>	<u>\$ 2,254,821</u>

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, 2004

	Special Revenue Funds		
	Other Federal Funds	State Grants	School Food Service
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Earnings on investments	-	-	3,329
Other	-	-	84,447
State sources:			
Unrestricted grants-in-aid, MFP	-	-	170,264
Restricted grants-in-aid	-	861,095	-
Federal grants	699,911	27,329	957,065
TOTAL REVENUES	699,911	888,424	1,215,105
<u>EXPENDITURES</u>			
Current:			
Instruction:			
Regular education programs	12,525	560,932	-
Special education programs	215,211	432	-
Vocational education programs	24,753	-	-
Other education programs	68,236	7,658	-
Support:			
Pupil support services	166,917	7,645	-
Instructional staff services	145,537	127,187	13,945
General administration services	228	91	-
School administration services	7,144	180	-
Plant operation and maintenance	-	-	-
Transportation	30,009	3,953	-
Food services	-	-	1,088,772
Facility acquisition and construction	-	-	-
TOTAL EXPENDITURES	670,560	708,078	1,102,717
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	29,351	180,346	112,388

Debt Service	Capital Projects Funds		Total Other Governmental
	School Renovation Fund	Other Capital Projects	
\$ 140	\$ -	\$ -	\$ 140
1,817	-	238	5,384
-	-	-	84,447
-	-	-	170,264
-	-	-	861,095
-	606,419	-	2,290,724
<u>1,957</u>	<u>606,419</u>	<u>238</u>	<u>3,412,054</u>
-	-	-	573,457
-	-	-	215,643
-	-	-	24,753
-	-	-	75,894
-	-	-	174,562
-	-	-	286,669
-	-	-	319
-	-	-	7,324
-	-	145,136	145,136
-	-	-	33,962
-	-	-	1,088,772
-	606,419	112,644	719,063
-	<u>606,419</u>	<u>257,780</u>	<u>3,345,554</u>
<u>1,957</u>	-	<u>(257,542)</u>	<u>66,500</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, 2004

	Special Revenue		
	Other Federal Funds	State Grants	School Food Service
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	-
Transfers out	(26,543)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(26,543)	-	-
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>	2,808	180,346	112,388
Fund balances, June 30, 2004,	19,420	1,115	439,915
FUND BALANCES, JUNE 30, 2004	\$ 22,228	\$ 181,461	\$ 552,303

Debt Service	Capital Projects Funds		Total Other Governmental
	School Renovation Fund	Other Capital Projects	
-	-	267,064	267,064
-	-	-	(26,543)
-	-	267,064	240,521
1,957	-	9,522	307,021
268,467	-	20	728,937
<u>\$ 270,424</u>	<u>\$ -</u>	<u>\$ 9,542</u>	<u>\$ 1,035,958</u> (concluded)

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP BASIS) - OTHER FEDERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Other Federal Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Federal sources:			
Grants-in-aid - subgrants	\$ 863,515	\$ 699,911	\$ (163,604)
Total revenues	863,515	699,911	(163,604)
Expenditures:			
Current:			
Instruction:			
Regular education programs	35,391	12,525	22,866
Special education programs	282,634	215,211	67,423
Vocational education programs	40,147	24,753	15,394
Other education programs	27,647	68,236	(40,589)
Support services:			
Pupil support services	219,721	166,917	52,804
Instructional staff services	200,126	145,537	54,589
General administration services	140	228	(88)
School administration services	7,900	7,144	756
Transportation	15,550	30,010	(14,460)
Total expenditures	829,255	670,560	158,696
Excess (deficiency) of revenues over expenditures	\$ 34,260	\$ 29,351	\$ (4,908)
Other financing sources (uses):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	(34,260)	(26,543)	7,717
Total other financing sources (uses)	(34,260)	(26,543)	7,717
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	(0)	2,808	2,808
Fund balances at beginning of year	19,420	19,420	-
Fund balances at end of year	\$ 19,420	\$ 22,228	\$ 2,808

The accompanying notes are an integral part of this statement.

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (GAAP BASIS) - SCHOOL FOOD SERVICE

FOR THE YEAR ENDED JUNE 30, 2004

	School Food Service		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Local sources:			
Earnings on investments	\$ 5,000	\$ 3,329	\$ (1,671)
Other	87,300	84,447	(2,853)
State sources:			
Unrestricted grants-in-aid	170,264	170,264	-
Federal sources:			
Grants-in-aid - subgrants	805,700	957,065	151,365
Total revenues	<u>1,068,264</u>	<u>1,215,105</u>	<u>146,840</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff services	-	13,945	(13,945)
Food services	1,068,264	1,088,772	(20,508)
Total expenditures	<u>1,068,264</u>	<u>1,102,717</u>	<u>(34,453)</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ 112,388	\$ 112,387
Fund balances at beginning of year	<u>439,915</u>	<u>439,915</u>	-
Fund balances at end of year	<u>\$ 439,915</u>	<u>\$ 552,303</u>	<u>\$ 112,388</u>

EAST FELICIANA PARISH SCHOOL BOARD

Clinton, Louisiana

FIDUCIARY FUND TYPE - DESCRIPTIONS

JUNE 30, 2004

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, 2004

	<u>School Activity</u>	<u>Sales Tax</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 146,966	\$ 382,403	\$ 529,369
Total assets	<u>\$ 146,966</u>	<u>\$ 382,403</u>	<u>\$ 529,369</u>
<u>LIABILITIES</u>			
Due other funds	\$ -	\$ 193,213	\$ 193,213
Amounts held for schools	146,966	-	146,966
Due to other governments	-	182,593	182,593
Sales tax escrow	-	<u>6,597</u>	<u>6,597</u>
Total liabilities	<u>\$ 146,966</u>	<u>\$ 382,403</u>	<u>\$ 529,369</u>

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2004

Casey Barnett	\$ 6,400
Micheal Bradford	6,600
Miriam Charlet	3,200
Beth Dawson	6,600
Leon Franklin	6,600
Mitch Harrell	6,450
Henry Howell	6,450
Willie Jackson	6,550
Curtis Jelks	7,100
Matthew Peterson	3,250
Anthony Rouchon	6,550
Christopher Rouchon	6,550
Edward Williams	<u>6,550</u>
	<u>\$ 78,850</u>

EAST FELICIANA PARISH SCHOOL BOARD

REPORTS ON COMPLIANCE AND INTERNAL CONTROL
and PERFORMANCE MEASUREMENT DATA

JUNE 30, 2004



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REPORTS ON COMPLIANCE AND
INTERNAL CONTROL



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

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, 2004, and have issued our report thereon dated December 2, 2004. 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.

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is included in the accompanying schedule of findings and questioned costs as item 2004-3. Additionally, we noted certain instances of immaterial noncompliance that we have reported to management in a separate letter dated December 2, 2004.

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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in 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. The reportable conditions are described in the accompanying schedule of findings and questioned cost as item 2004-1 and 2004-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be 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. 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 2, 2004.

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.

Podlithwaich & Metterville

Baton Rouge, Louisiana
December 2, 2004





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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, 2004. 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, 2004. 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.

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 2004-5, 2004-8, and 2004-9.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with 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, 2004, and have issued our report thereon dated December 2, 2004. 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.

Peattharath & Metterville

Baton Rouge, Louisiana
December 2, 2004



EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>CFDA Number</u>	<u>Expenditures 2004</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>		
Pass-through program from Louisiana Department of Education		
School Lunch Program	10.555	\$ 649,804
School Breakfast Program	10.553	215,836
State Child Food Program - Food Distribution	10.550	69,709
Summer Food Service Program	10.559	21,714
		<u>957,063</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>		
Passed through Louisiana Department of Education:		
Title I Grants to Local Education Agencies	84.010	1,190,709
Title II - Improving Teacher Quality	84.367	243,690
Special Education - Grant to States	84.027	458,438
Special Education - Preschool Grants	84.173	2,600
Safe Drug-Free Schools and Communities Greatest Needs	84.186	28,674
Enhancing Education through technology	84.318	73,861
Adult Education - Federal Grant Program	84.002	47,537
Vocational Education - Basic Secondary	84.048	54,589
Twenty - First Century Community Learning Centers	84.287	446,590
Innovative Education Programs	84.298	22,017
Special Education - Positive Behavior	84.323	14,220
Comprehensive School Reform	84.332	110,676
School Renovation grants	84.352	606,418
Rural Education	84.358	70,058
		<u>3,370,077</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	93.558	28,306
Temporary Assistance for Needy Families - Pre GED Skills Option	93.558	27,329
		<u>55,635</u>
<u>UNITED STATES ARMY</u>		
R.O.T.C.	N/A	<u>87,752</u>
Total Expenditures of Federal Awards		<u>\$ 4,470,527</u>

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

EAST FELICIANA PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

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 general purpose 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, 2004, the organization had food commodities totaling \$ 11,999 in inventory. The value of commodities received and used during the period ended June 30, 2004 totaled \$ 69,708.

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, 2004 basic financial statements.

General Fund	\$ 135,288
Federal NCLB Funds	2,063,823
Other Federal Funds	699,911
School Food Service Fund	957,065
State Grants	27,329
School Renovation Grant	606,419
Excess of Revenue over Expenditures – NCLB fund	(16,500)
Excess of Revenue over Expenditures – Other Federal	(2,808)
	<u>\$ 4,470,527</u>

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

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? _____ x yes _____ 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. 287	Twenty-First Century Community Learning Centers
84.027 - 84.173	Special Education Cluster (IDEA)
84.010	Title I
84.352	School Renovation Grants

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- The East Feliciana Parish School Board did not qualify as a low-risk auditee.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

B. Findings – Financial Statement Audit

2004-1 Accounting, Reconciliation and Settlement of Interfund Advances.

- 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).
- 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 DOE. 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 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.

Management's Corrective Action Plan:

The federal funds accountant I is reimbursing the General Fund as the request for funds are received. There are still some old balances in the Federal Funds that were left in the account when the previous accountant I was employed. However, the current accountant I is working toward clearing up the interfund balances and has zeroed out several of the old fund balances and will strive on a monthly basis, to see that advances to and from all funds are reconciled. In addition, there will be a consolidation of several of the federal fund checking accounts with the general operating account, which will reduce the need for physical transfers of cash.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-2 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 central office records were not updated to reflect the physical inventory. Additionally, certain items purchased in 2003-04 were recorded at an estimated cost rather than actual invoiced cost.

Effect: If the central office records do not reflect the most recent inventory and actual costs, 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. Additionally, fixed assets should be recorded at invoiced cost. Additions to the records should be periodically reconciled to equipment expenditure accounts to ensure agreement.

Management's Corrective Action Plan:

In the Spring of 2003, the School Board hired American Appraisal Associates to conduct an inventory of all fixed asset items in the system. At that time, we were advised that an estimated value of items was acceptable, and the auditor agreed at that time. Since then, all items entered have been recorded at the exact invoice cost rather than an estimate. Additionally, as various departments have given exact costs of the previously entered items, the values were changed to reflect the invoice cost.

Efforts will be made in the 2004-05 school year to have the schools perform a physical inventory earlier in the school year, so that there will be additional time to match the property records with the physical inventory. Automation equipment has been received in 2004-05 to help with this process using the barcodes that have been placed on the items. This equipment, purchased for library automation, can be used with the appropriate software to keep in inventory.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-3 Public Bid Law

Criteria: LSA-RS 38:2212.1 states "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: During the year under audit several purchases were made and contracts let without the School Board submitting said purchases and contracts to the bid process. The following purchases of materials\supplies may have violated the aforementioned statute:

<u>Fund/Program</u>	<u>Purchases Made</u>	<u>Amount</u>
School Fund Services	General Food Purchases	\$ 127,420
General Fund	Janitorial Supplies	46,196
Capital Projects	JHS Band Uniforms	28,683
Capital Projects	Athletic Equipment (2 quotes instead of 3)	11,889
Educational Excellence	Scanners for reading test scores	<u>36,367</u>
Total		<u>\$ 250,555</u>

Effect: The School Board may be 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.

Management's Corrective Action Plan:

The current administration (Superintendent) became aware of the violation of La. R.S. 38:2212.1 shortly after taking office. Since then, the current Superintendent and the School Board have made every effort to adhere to statute La. R.S. 38:2212.1 for all purchases in excess of \$20,000. Additionally, the School Board has taken steps to correct this situation and has recently requested bids for school food service food and janitorial supplies. The Supervisor of School Food Service and others have been made aware of this violation, and have been advised that they are to adhere to bid procedures including the "advertising and letting by contract, to the lowest bidder who has bid according to the specifications as advertised, and that no such purchase shall be made except as provided by this part."

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

C. Findings and Questioned Costs – Major Federal Award Programs

2004-4 Procurement and Suspension and Debarment

All federal programs

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 School Board has not implemented procedures to document whether it has verified the suspension and debarment status of its vendors in accordance with federal regulations.

Effect: The School Board 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.

Management's Corrective Action Plan:

In the future the School Board will verify that vendors are not suspended or debarred from conducting business with programs with federal awards by checking the Excluded Parties List System or by accessing the website [htt://epls.arnet.gov](http://epls.arnet.gov).

2004-5 Allowable Costs

84.287

Twenty-First Century Community Learning Centers

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. Costs 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.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-5 Allowable Cost (continued)

Condition: Program management has not implemented procedures to compare the purchase receipt for goods against the goods received, thereby allowing for the misappropriation of purchases to occur undetected and to permit disallowed costs to be charged to the federal program.

Questioned costs: approximately \$2,200

Effect: An employee of the program charged disallowed personal items to a store credit account held by the School Board. Due to the lack of monitoring over goods purchased, these purchases were made undetected and charged to the federal program. The employee has been terminated and criminal charges are expected to be filed.

Recommendation: We recommend procedures be implemented in which the purchase of goods is verified against the purchase receipt by an individual other than the purchaser. Any costs determined to be disallowed should not be charged to the federal program.

Management's Corrective Action Plan:

In order to prevent the misappropriation of purchases to occur undetected, the current administration/Superintendent has implemented specific procedures to be followed by program management with regard to the purchase receipt for goods against the goods received. As a result, the purchase of goods is being verified against the purchase receipt by an individual other than the purchaser and any costs determined by the reviewer to be disallowed will not be charged to the federal program. In the event that the purchase was made by the director, the invoice will be submitted to the Superintendent's office for his initials before being paid. The issue of Allowable costs was detected by the Superintendent when it was discovered that an employee charged disallowable personal items to a credit card account. Said employee had access, with the approval of the program manager to the School Board credit card and made the purchases undetected. As a result the credit card and nine (9) others have been recalled by the Superintendent and a review of the purchases made on these various credit cards is underway and as verified by the auditors many purchases have been made of electronic equipment (boom boxes, walkman radios, small personal computers, etc.) that perhaps were not purchased for student instructional purposes, but perhaps for the benefit of teachers and administrators. A more thorough review is currently underway so as to ascertain if said purchases clearly indicated the educational purpose of the

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-5 Allowable Cost (continued)

purchase. If any misappropriations are discovered, the School Board will cooperate with law enforcement in the prosecution of any and all misappropriations.

2004-6 Allowable Costs

84.287

Twenty-First Century Community Learning Centers

Criteria: Under the cost allowability provisions of OMB Circular A-87, costs charged to federal grants must be authorized and not prohibited under State and local laws or regulations. Louisiana R.S. 42:1112(B) prohibits the participation by any public employee in any transaction in which a member of his immediate family has a substantial economic interest.

Condition: The Program Director's son was hired and employed on a part-time basis by the federal program as a student worker and was paid with federal program funds.

Questioned costs: \$3,144

Effect: The Program Director violated state law by hiring an immediate family member. The cost of the employee's wage was therefore an unallowable cost to the grant.

Recommendation: We recommend that the program comply with applicable state laws, including the prohibition on the hiring and employment of immediate family members.

Management's Corrective Action Plan:

In violation of La. R.S. 42:1112(B) (which prohibits the participation of any public employee in any transaction in which a member of his immediate family has a substantial economic interest), the Program Director of 21st Century Community Learning Centers hired her son and daughter and employed them, on a part-time basis, in the federal program as student workers and paid a total of \$3,143.57 with Federal program funds.

Inasmuch as the Program Director violated State Law by hiring immediate family members and the cost of the two employee wages are disallowed under federal regulations since they constituted a violation of State Law, the East Feliciana Parish School Board will seek to have said funds reimbursed to the program, by the Program Director, and hereafter comply with applicable State Laws, including the prohibition on the hiring and employment of immediate family members.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-7 Equipment
84.287

Twenty-First Century Community Learning Centers

- Criteria:** Property and equipment purchased by the school board should be utilized by the school board for its intended purpose.
- Condition:** Two lap top computers purchased with grant proceeds were stolen from the school district. The matter has been reported to the local authorities.
- Effect:** Public resources may have been misappropriated.
- Questioned Cost:** \$2,849
- Recommendation:** The School Board should continue to cooperate with law enforcement in prosecution of these misappropriations. Additionally, the school board should consider methods of strengthening internal controls over laptop computers and other portable equipment.

Management's Corrective Action Plan:

Due to the lack of adequate internal monitoring and control, two (2) laptops were stolen from a rolling cart which was stored at Clinton Middle School. Three similar rolling carts have remained secured at Clinton Elementary, Jackson Middle and Jackson Elementary Schools. As a precaution against further loss, the security of the laptops and portable equipment will be the responsibility of the Program Director/Supervisor and the Principal of the school. Together, they will be responsible for maintaining the loaning and securing of the equipment. Signed forms, to be completed by those checking out the computers, will be kept with the inventory roster in the administrative office of the Principal, and if further losses occur, a reimbursement to the program will be made by the individual who last had possession of said laptop.

2004-8 Allowable Activities\Costs
84.010

Title 1

- Criteria:** Costs charged to federal grants must meet the allowability provisions of OMB Circular A-87. One provision of allowability is the concept of allocability, that is, the program should only bear its fair share of costs in proportion to the benefits received.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-8 Allowable Activities\Costs (continued)

Condition: Certain costs charged to the program appear to be school administrative type costs. Such costs would indirectly benefit all students of a particular school, and not just Title One students. Costs in question include copiers, network servers, and materials and supplies.

Questioned Costs: \$ 16,667

Effect: The program may be bearing more than its fair share of costs.

Recommendation: We recommend that school administrative type costs be borne by the general fund. Costs charged to Title One should have direct instructional benefit to Title One eligible students.

Management's Corrective Action Plan:

Most of our students are identified for targeted assistance. However, to accommodate all students in the district, we have decided that the district will no longer be targeted assistance, but all schools will be Title I school-wide. A review will be made of school administrative type, and if such costs do not directly benefit students, then said costs will not be approved by the Superintendent and therefore will not be allowed.

2004-9 Eligibility
84.010

Title One

Criteria: Title One regulations require LEA's operating a targeted assistance program to identify and serve those students most at risk of substandard academic performance. Students should be selected for program participation according to established written criteria.

Condition: In our testing sample of 40 participating Title One students, 3 students were performing at levels above that set forth per the eligibility criteria and were thus technically ineligible. Documentation supporting eligibility was not provided for 3 of the 40 students tested.

Questioned Costs: Undetermined

Effect: The school district may not be concentrating its effort toward those students most at risk as required by Title One regulations for targeted assistance programs.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-9 Eligibility (continued)

Cause: The precise cause of this condition is not known, however contributing to this condition may be the lack of a central office control, approval and acceptance of eligible students. Eligibility is determined at each school, with the list of students served kept at each site.

Recommendation: If the district continues to operate as a targeted assistance program, only eligible students should receive Title One services. To strengthen internal controls over selection of eligible students, all identified students should be approved by central office staff and a centralized database should be kept containing pertinent demographic data and services received.

Management's Corrective Action Plan:

After reviewing the audit findings and carefully researching the response, students will be selected for targeted assistance according to the following criteria:

- *A student has failed one or more grades.*
- *Any child who has participated in Heat Start or our Title I preschool.*
- *Any child attending a community day program or living in a state or local institution for neglected or delinquent children.*
- *Any child who is homeless and attending any school serviced by our district.*
- *Any 3rd, 5th, 6th, 7th, 9th grade student who scores below the 35th percentile on the IOWA or ITED in ELA or Math.*
- *Any 4th, 8th, 10th, 11th grade student who scores unsatisfactory or approaching basic on the LEAP for the 21st Century or GEE 21.*
- *Any student who scores below level on the DRA.*
- *Teacher/parent/SBLC recommendation.*

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-10 Special Tests and Provisions

84.010 Title One

Criteria: All paraprofessional hired after January 8, 2002 must possess a high school diploma or equivalent and meet one of the following criteria:

- a. Have completed two years of study at an institution of higher education
- b. Possess an associates degree or higher
- c. Have met a rigorous standard of quality and can demonstrate through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, reading\language arts, writing, and math, or readiness in those areas.

Condition: One teacher hired after that date failed to meet the aforementioned criteria.

Questioned costs: Salary and benefits of approximately \$11,600.

Effect: Out of three paraprofessionals hired after January 8, 2002, one of them did not meet the required qualifications.

Recommendation: All paraprofessionals hired henceforth should possess the required qualifications.

Management's Corrective Action Plan:

At the time this person was hired, this person conformed to one of the three criteria that was given in order to be employed. The applicant completed two years of study in an institution of higher education. We requested verification of her two years experience in college. At the time of her hiring our central office had not been notified about the three new pathways and recommended courses to become highly qualified. Our district felt her two years college experience met the criteria at that time. Since notification of the new criteria, our district has not hired any paraprofessional without formal documentation which met all requirements.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-11 Allowable Costs
84.027

Special Education

- Criteria:** According to the general criteria set forth in OMB Circular A-87, costs must be reasonable and necessary for the execution of the program.
- Condition:** Cell phones were charged to the program without any reimbursement for personal calls.
- Questioned Costs:** \$6,252
- Effect:** Unnecessary costs may have been charged to the program.
- Recommendation:** Program should consider whether the cost of cell phones is necessary for execution of the program. Should they be deemed necessary, then personal calls should be reimbursed to the program.

Management's Corrective Action Plan:

Special education department funds pay for cell phones for 4 bus drivers and the coordinator of transportation. This is somewhat necessary because of the medical problems that many of our students have and therefore the need to access the supervisor during any emergency situation. In addition, there are cell phones for the supervisor and support staff. While our cell phones are not usually needed on an emergency basis, having access to the various staff members during the school day facilitates communication about non-emergent problem situations and enables staff members to complete activities more efficiently and quickly. Regarding the use of cell phones for personal use and the questioned cost of \$6,252 the various members of the special education department have indicated a willingness to conform with any policy about the cell phone usage for personal calls, including reimbursement for the calls. It is anticipated that a thorough review of cell phone possession and use will be closely examined and where possible, the number of cell phones will be reduced.

EAST FELICIANA PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

2004-12 Davis-Bacon Wage Compliance

84.352 School Renovation Grants – Clinton Middle School

Criteria: Recipients of federal grants involving construction activities must monitor the contractors' payrolls to ensure that workers are paid prevailing wage rates for the geographical region.

Condition: The School Board did not monitor contractor payrolls as required by the Davis-Bacon Act.

Questioned costs: Undetermined

Effect: The School Board is out of compliance with this regulation.

Recommendation: Contractor and subcontractor payrolls should be monitored for compliance with the regulation.

Management's Corrective Action Plan:

In keeping with the condition noted, the East Feliciana Parish School Board will adhere to the recommendation and abide with the provisions of the Davis-Bacon Wage Compliance, and thus monitor contractor and subcontractor payrolls in order to be in compliance with the regulation.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings - Financial Statement Audit

2003-1 Accounting, Reconciliation and Settlement of Interfund Advances.

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).

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 DOE. 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 to and from all funds be reconciled and settled on a monthly basis. There are several methods that can be employed to facilitate this process. The method that we recommend (preferred method) requires your accounting system to have the ability to post single cash disbursements to multiple funds. The preferred method would also allow the school district to operate from a minimal number of checking accounts, which in-turn reduces the inherent risk of misappropriation and reduces the administrative burdens associated with having numerous checking accounts. This method can also greatly simplify the due\to from reconciliation process. Please consult with your accounting software service providers to see if your system has this capability, and if so, we urge you to implement the preferred method.

Corrective Action: Condition still exists, finding repeated at 2004-1.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings and Questioned Costs – Major Federal Award Programs

2003-2 Allowable Cost

84.027 – 84.173 Special Education Cluster (IDEA)

Criteria: According to OMB Circular A-87, where employees are expected to work on multiple programs, compensation costs charged to the various programs will be supported by personnel activity reports which reflect an after-the fact distribution of actual time spent in each program.

Condition: The required personnel activity reports are not completed. Rather, a general estimate of time of the percentage of total time an employee devoted to any program is made twice a year. This estimate is the basis for charging compensation to the various programs.

Effect: The School Board is in technical violation of the allowability provisions of OMB Cost Circular A-87.

Recommendation: The required certifications on employees working solely for federal programs should be signed by the program supervisors on a semi-annual basis as required by OMB Circular A-87.

Corrective Action: Compensation charged to the Special Education Programs by multiple program employees is supported by personnel activity reports reflecting the hours worked on the special education program.

2003-3 Allowable Costs

84.027 – 84.173 Special Education Cluster (IDEA)

Criteria: According to OMB Circular A-87, where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. Said certifications must be signed by the employee or his/her supervisor.

Condition: The required signed certifications were not obtained. Despite the lack of these certifications, the School Board's finance staff does take steps to ensure that all workers charged to a federal program are in-fact assigned duties to that program through communications and correspondence.

Effect: The School Board is in technical violation of the allowability provisions of OMB Cost Circular A-87.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2003-3 (continued)

Recommendation: The required certifications on employees working solely for federal programs should be signed by the program supervisors on a semi-annual basis as required by OMB Circular A-87.

Corrective Action: The semi-annual certifications are now being obtained.

2003-4 Allowable Costs
84.010

Title 1

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. Costs charged 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.

Condition: The resource generally used to determine the allowability is the program budget, which is usually a component of the approved program application. We noted that OMB Circular A-87 is generally not used as a resource. While the budgets have been reviewed by the granting agency for allowability in accordance with A-87, the budget is broad and does not address many of the specific provisions of the Circular.

Effect: The School District's expenditure approval process for federal funds could potentially fail to detect material unallowable expenditures.

Recommendation: All federal program supervisors should have a direct working knowledge of OMB Circular A-87 and should exercise good judgment when determining cost allowability.

Corrective Action: The Title One Program Director maintains a working copy of OMB Circular A-87. Costs charged to the program are considered for compliance with the Circular as those costs are approved and during the budgeting process.

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2003-5 Fund Deficits- Federal Funds

84.186	Safe and Drug Free Schools
84.010	Title I
84.287	Twenty First Century Learning Centers
84.027-84.173	Special Education
94.006	Americorps

Criteria: Federal funds have been established for the purpose of accounting for the revenues and expenditures of the federal funds, in accordance with best practices for accounting for restricted revenues. Such funds can provide a meaningful report of the activity of a program and should serve as the basis for accumulating cost data that is used to request reimbursement from the grant providers. As these funds operate solely on a reimbursement basis, the revenue should equal the expense in each fund, thereby providing no net loss or profit to the school system.

Condition: Several of the federal funds reported operating deficits (net loss) or net fund deficits (liabilities exceeded assets) as of June 30, 2003. The funds for which this condition was present included the following:

- Fund 282 – Title VI carryover
- Fund 32 – Title I carryover.
- Fund 33 – Americorp Tutors
- Fund 383 – Drug Free Schools
- Fund 19 – 21st Century learning Centers.
- Fund 2 – Special Education

Additionally, amounts recorded as being due from the state as cost reimbursements were not properly monitored for collection.

Effect: For funds 2, 282, 32, and 33, the grant has expired as of June 30, 2003 and the school system is no longer eligible to make draws on these grants. Since no further requests of funds can be made, costs of \$26,681 were transferred to the general fund. For fund 383, the deficit appears to be a result of miscommunication regarding the funding source of the Drug-Free Program coordinator's salary and benefits. Those costs were coded to the incorrect fund. This cost of approximately \$ 30,000 was transferred to the general fund.

The effect of operating these deficits is that the general fund was charged with an additional \$57,000 of costs that it had not originally budgeted. For fund 19, the program was still on-going and the school system was eligible to make a draw to cover the deficit of \$70,000. (These amounts were in-fact drawn down by the program accountant upon notification from the auditor).

EAST FELICIANA PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2003-5 **Fund Deficits- Federal Funds (continued)**

- Cause:** At this juncture it is indeterminable as to whether the shortfall in revenues in funds 32, 33 and 2 is a result of failure to seek all allowable reimbursements by program staff, or if it is due to expenses having been erroneously posted to the funds. These conditions are a result of a lack of monitoring of the financial condition of the federal funds, which could have detected any unbilled costs, accounting errors and undeposited collections.
- Recommendation:** The general ledger (accounting records) should be reconciled to the cumulative reimbursement requests on a monthly basis to ensure congruency. Charges which may have been posted incorrectly to the fund should be reversed. When requests are sent, the program accountant should record an amount due from the grantor. Any amounts not received timely should receive follow-up. Furthermore, the overall financial condition of the fund should be monitored to ensure that all amounts due to the fund are in-fact billed and collected.
- Corrective Action:** The federal funds bookkeeper, under which these problems occurred, is no longer employed by the School Board. Efforts have been made by the Business Manager and the new federal funds bookkeeper to ensure that the accounting records of the federal funds are current and accurately reflect all transactions of the period.

PERFORMANCE MEASUREMENT DATA



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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 25 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 transactions that were inappropriately classified or were recorded at an inappropriate amount.

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 discrepancies existed 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

We noted no instances where the data in the aforementioned listing was incorrect.

Procedure # 8

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

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 role books for those classes and determined if the class was properly classified on the schedule. Additionally, we reconciled the school type classifications per the class size data report to schedule 3.

Results of Procedure # 9

Of the 10 classes selected the following discrepancies were noted:

	<u>Class size per Schedule 6</u>	<u>Class size per role books</u>
Class size discrepancy 1	18	20
Class size discrepancy 2	12	14
Class size discrepancy 3	18	16

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 Iowa 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.

Poothharath J. Mettenrich

December 2, 2004

EAST FELICIANA PARISH SCHOOL BOARD
CLINTON, LOUISIANA

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and non-certificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

Schedule 4 - Experience of Public Teachers and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 - The IOWA Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of 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, 2004**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities:	
Classroom Teacher Salaries	\$ 5,473,782
Other Instructional Staff Activities	748,688
Employee Benefits	2,223,299
Purchased Professional and Technical Services	121,218
Instructional Materials and Supplies	234,379
Instructional Equipment	27,716
Total Teacher and Student Interaction Activities	8,829,082
<i>Other Instructional Activities</i>	<i>67,997</i>
Pupil Support Activities	634,359
Less: Equipment for Pupil Support Activities	-
Net Pupil Support Activities	634,359
Instructional Staff Services	609,364
Less: Equipment for Instructional Staff Services	-
Net Instructional Staff Services	609,364
Total General Fund Instructional Expenditures	10,140,802
Total General Fund Equipment Expenditures	27,716

Certain Local Revenue Sources

Local Taxation Revenue:	
Constitutional Ad Valorem Taxes	183,520
Renewable Ad Valorem Tax	863,499
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	28,027
Sales and Use Taxes	1,400,189
Total Local Taxation Revenue	2,475,235
Local Earnings on Investment in Real Property:	
Earnings from 16th Section Property	2,606
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	2,606
State Revenue in Lieu of Taxes:	
Revenue Sharing - Constitutional Tax	71,667
Revenue Sharing - Other Taxes	16,598
Revenue Sharing - Excess Portion	3,344
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	91,609
Nonpublic Textbook Revenue	14,453
Nonpublic Transportation Revenue	-

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Education Levels of Public School Staff
As of October 1, 2003

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	0	0.00%	0	0.00%	0	0.00%	0	
Bachelor's Degree	68	64.76%	53	98.15%	0	0.00%	0	
Master's Degree	19	18.10%	1	1.85%	4	28.57%	0	
Master's Degree + 30	16	15.24%	0	0.00%	9	64.29%	0	
Specialist in Education	1	0.95%	0	0.00%	1	7.14%	0	
Ph. D. or Ed. D.	1	0.95%	0	0.00%	0	0.00%	0	
Total	105	100.00%	54	100.00%	14	100.00%	0	

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2004

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, 2003

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	1	1	4	7
Principals	0	0	0	0	1	3	3	7
Classroom Teachers	36	26	41	10	10	8	28	159
Total	36	26	42	10	12	12	35	173

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Public School Staff Data
For the Year Ended June 30, 2004

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	33,971.37	33,163.44
Average Classroom Teachers' Salary Excluding Extra Compensation	33,652.67	32,834.91
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	173.00	160.00

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Class Size Characteristics
As of October 1, 2003

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	49.62%	131	45.08%	119	5.30%	14	0.00%	0
Elementary Activity Classes	0.00%	0	0.00%	0	9.09%	1	90.91%	10
Middle/Jr. High	56.88%	91	38.75%	62	4.38%	7	0.00%	0
Middle/Jr. High Activity Classes	6.25%	1	18.75%	3	56.25%	9	18.75%	3
High	55.92%	118	26.54%	56	17.54%	37	0.00%	0
High Activity Classes	83.33%	45	11.11%	6	5.56%	3	0.00%	0
Combination	100.00%	15	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	100.00%	4	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, 2004
Grade 4

Schedule 7
1 of 2

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	5	2.72%	1	0.49%	3	1.38%	6	3.26%	4	1.95%	2	0.93%
Proficient	23	12.50%	17	8.29%	15	6.91%	15	8.15%	21	10.24%	15	6.94%
Basic	56	30.43%	80	43.90%	78	35.94%	49	26.63%	82	44.88%	79	36.57%
Approaching Basic	49	26.63%	63	30.73%	61	37.33%	53	28.80%	49	23.90%	67	31.02%
Unsatisfactory	51	27.72%	34	16.59%	40	18.43%	61	33.15%	39	19.02%	53	24.54%
Total	184	100.00%	205	100.00%	217	100.00%	184	100.00%	205	100.00%	216	100.00%

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	2	1.09%	1	0.49%	1	0.48%	2	1.09%	3	1.46%	1	0.46%
Proficient	20	10.87%	12	5.85%	10	4.61%	18	9.78%	13	6.34%	4	1.85%
Basic	59	32.07%	68	33.17%	71	32.72%	66	35.87%	80	39.02%	75	34.72%
Approaching Basic	66	35.87%	94	45.85%	94	43.32%	39	21.20%	68	32.20%	76	35.19%
Unsatisfactory	37	20.11%	30	14.63%	41	18.89%	59	32.07%	43	20.96%	60	27.76%
Total	184	100.00%	205	100.00%	217	100.00%	184	100.00%	205	100.00%	216	100.00%

EAST FELICIANA PARISH SCHOOL BOARD
 Clinton, Louisiana

Schedule 7
 2 of 2

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2004
Grade 8

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	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	0.47%	1	0.44%	1	0.50%
Proficient	11	5.50%	4	1.97%	8	4.30%	6	2.83%	8	2.62%	1	0.50%
Basic	51	25.50%	43	21.18%	25	13.44%	91	42.92%	72	31.44%	42	20.90%
Approaching Basic	88	44.00%	103	50.74%	99	53.23%	52	24.53%	63	27.51%	66	32.84%
Unsatisfactory	50	25.00%	53	26.11%	54	29.03%	62	29.25%	87	37.99%	91	45.27%
Total	200	100.00%	203	100.00%	186	100.00%	212	100.00%	229	100.00%	201	100.00%

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Proficient	11	5.85%	4	2.08%	2	1.14%	2	1.06%	1	0.52%	0	0.00%
Basic	61	32.45%	46	23.96%	18	10.23%	46	24.47%	44	22.92%	20	11.36%
Approaching Basic	59	31.38%	73	38.02%	62	35.23%	60	31.91%	71	36.88%	55	31.25%
Unsatisfactory	57	30.32%	69	35.94%	94	53.41%	80	42.55%	76	39.58%	101	57.39%
Total	188	100.00%	192	100.00%	176	100.00%	188	100.00%	192	100.00%	176	100.00%

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

For the Year Ended June 30, 2004
Grades 10 and 11

Schedule 8

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	0	0.00%	0	0.00%	1	0.52%	2	1.00%	1	0.47%	2	1.03%
Proficient	4	2.27%	2	1.03%	8	4.19%	9	4.48%	8	3.79%	8	4.10%
Basic	44	25.00%	29	14.95%	46	24.08%	64	31.84%	49	23.22%	45	23.08%
Approaching Basic	48	27.27%	70	36.08%	58	30.37%	42	20.90%	41	19.43%	45	23.08%
Unsatisfactory	80	45.45%	93	47.94%	78	40.84%	84	41.79%	112	53.08%	85	46.72%
Total	176	100.00%	194	100.00%	191	100.00%	201	100.00%	211	100.00%	195	100.00%

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	1	0.65%	0	0.00%	1	0.61%	0	0.00%	0	0.00%	0	0.00%
Proficient	4	2.60%	3	2.21%	3	1.83%	3	1.95%	3	1.94%	1	0.61%
Basic	35	22.73%	6	4.41%	21	12.80%	46	29.87%	51	32.80%	27	16.46%
Approaching Basic	48	31.17%	60	44.12%	36	21.95%	49	31.82%	46	29.68%	41	25.00%
Unsatisfactory	66	42.86%	67	49.26%	103	62.80%	56	36.36%	55	35.48%	95	57.93%
Total	154	100.00%	136	100.00%	164	100.00%	154	100.00%	155	100.00%	164	100.00%

EAST FELICIANA PARISH SCHOOL BOARD
Clinton, Louisiana

Schedule 9

The IOWA Tests
For the Year Ended June 30, 2004

	Composite			
	2004	2003	2002	2001
Test of Basic Skills (ITBS)				
Grade 3	45	37	39	36
Grade 5	48	41	38	34
Grade 6	36	33	38	29
Grade 7	36	35	29	28
Tests of Educational Development (ITED)				
Grade 9	35	27	28	31

EAST FELICIANA PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2004



EAST FELICIANA PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2004





Postlethwaite & Netterville

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

December 2, 2004

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, 2004, 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 2, 2004, on the financial statements of the School Board.

A. Timing of sick and annual leave postings

Condition: Payroll personnel post employee leave time in the payroll period subsequent to the period the leave was taken. This method of posting could allow an employee to receive pay for absences in excess of what he\she has accrued. While any such overpayment will likely be corrected on a subsequent paycheck for ongoing employees, this condition could pose a problem if the employee were to be terminated in mid-year.

Recommendation: Leave should be posted to the accrued leave records in the payroll period in which the leave was actually taken.

Management's Response:

With reference to the timing of sick and annual leave postings, there is a hold back of payroll for all 9-11 month employees hired. Only 12 month employees could be overpaid. It is crucial that their leave be posted and turned in weekly. Also any other employees who are due to be out for a period greater than five days should be reported to payroll/personnel office. Payroll will remind the schools of these procedures.

B. Security of blank checks

Condition: Finance personnel maintain blank check stock in a vault. Currently, no check log is used to account for the removal of checks from the vault. Additionally, at times, the vault may remain unlocked or even open.

Recommendation: The Finance department should employ the use of a check logs for each series of checks. As checks are removed from the vault, they should be logged in with the signature of the individual taking the checks. Additionally, the vault should remain locked at all times.

Management's Response:

The finance department will create a check log for each series of checks that are stored in the vault. As each check is removed from the vault, it will be logged in with the signature of the individual taking the check. In the future, the vault will remain locked at all times and only a selected number of employees, with proper authorization from the Superintendent, will have a key and access to the vault.

C. Approval of disbursements at the program supervisor level.

Condition: Evidence of supervisor approval for payment is not indicated on invoices.

Recommendation: Supervisors' signature approval should appear on all invoices\ receiving reports as documentation of approval for payment. Such signature implies that the supervisor has acknowledged satisfactory receipt of the goods\service in accordance with the original specifications.

Management's Response:

A memo was sent out on July 15, 2004, by the Business Manager informing each department head/supervisor/principal that they are to approve and sign all invoices before submitting them for payment. Obviously, many individuals have not followed that request. In the future, any invoices that are received for payment that have not been signed will be returned to the Supervisor/Principal for their approval and signature, thus acknowledging satisfactory receipt of the goods/services in accordance with the original specifications. (Memo of July 15, 2004 attached).

D. Establishing new vendors in the accounts payable system

Condition: The accounts payable system is structured to allow each program supervisor to establishment his\her own vendors. For optimal internal control, the authority to establish new vendors should be restricted to a select few individuals, and those individuals should not be involved in the bill paying process.

Recommendation: We recommend restricting vendor set-up capabilities to someone an individual not involved in the bill paying process. Additionally, high level authority should be required for each vendor established.



Management's Response:

In order to have optimal internal control with regard to new vendors, a memo was sent out on July 20, 2004, by the Business Manager informing each department that the Business Manager would be the only person entering new vendors in the system. This will eliminate duplicate vendors being entered and any other possible situations that could exist as a result of each department being able to set up vendors (memo attached).

E. Organizational structure of the accounting\finance department

Condition: The federal funds bookkeeper position reports directly to the Title One Director. This structure does not allow for proper review of the bookkeeper's work by the Business Manager.

Recommendation: We recommend that the federal funds bookkeeper report directly to the Business Manager.

Management's Response:

In order to allow for proper review of the bookkeeper's work, in the future the federal funds bookkeeper will report directly to the Business Manager and the Business Manager will report directly to the Chief Executive Officer, the Superintendent.

F. Internal financial reports - Title One

Condition: Budget reports are currently prepared by the Title One program administrative assistant from a spreadsheet prepared from reimbursement requests. Use of spreadsheets without reconciliation to the accounting system can result in inaccurate financial reports.

Recommendation: Budget to actual expenditure reports should be reconciled to, if not directly produced by the general ledger (accounting system). Additionally, the accounting department may want to employ the use of location codes to assist in the process of producing budget to actual reports for each school.

Management's Response:

Currently budget reports are prepared from reimbursements that are directly gathered from the Accounting System used by the East Feliciana Parish School Board, Procomm Plus. Each item that is listed on the request for reimbursements comes directly from the general ledger. All items are verified by the federal funds bookkeeper. In the future, the supervisor of the Title I department will not use spreadsheets without reconciliations since such procedures could result in inaccurate financial reports. Therefore, in the future personnel in the Title I office will work with the federal funds bookkeeper to execute the recommendations made by the auditor.



G. Budgets

Condition: A number of small (relative) individual funds have been established to account for the proceeds of various state grants. We noted that the budgets for these funds were not entered into the accounting system. Grant managers generally utilize spreadsheets to track expenditures against the budget.

Recommendation: To ensure accurate financial reporting and to provide enhanced budgetary control, each individual grant budget should be entered into the accounting system. If spreadsheets are to be the main budgetary control, then those spreadsheets should be reconciled to the accounting system to ensure accuracy.

Management's Response:

Inasmuch as budgets for some state grants have not been entered into the accounting system, in the future, in order to ensure accurate financial reporting and to provide enhanced budgetary control, each individual budget grant will be entered into the accounting system.

H. Violation of Louisiana Budget Law

Condition: Several small grant (special revenue) fund budgets were not approved by the board in accordance with LSA-RS 39:1305. Additionally, the budgets that were approved did not contain a budget message.

Recommendation: School board staff should ensure that all special revenue funds come before the board for approval. Additionally, a signed budget message should accompany the budgets displayed for public inspection.

Management's Response:

Since it was determined that several small grant (special revenue) fund budgets were not approved by the Board in accordance with LSA-RS 39:1305, in the future, all special revenue funds received will go before the Board when they are received, for approval. Also, a signed budget message will accompany the budgets displayed for public inspection.

I. Alleged misappropriation

Condition: An alleged misappropriation occurred at a 2003 Clinton High School football game. The start-up cash for the admission booth was never deposited back into the school activity account. The matter has been reported to the Clinton Police Dept.

Recommendation: The internal auditor of school accounts detected the missing cash. This indicates that the School Board's internal controls were operating effectively by allowing for timely detection of the misappropriation. The administration may want to consider additional controls to help prevent such future occurrences, such as requiring two-person close-out of admission booths and concession stands.



Management's Response:

Due to an alleged misappropriation that occurred at Clinton High School in 2003, the administration will initiate a policy of at least two people handling funds at all times. Inventory, ticket sale, and stipend payment forms will also be completed and signed and sent to the internal auditor for review.

J. Dormant funds

Condition: Several dormant funds remain in the accounting system that were once used to account for federal/state grants.

Recommendation: The presence of dormant inactive funds creates opportunities for mispostings, accounting errors and even misappropriation. Such funds should be closed out and inactivated in the system.

Management's Response:

In order to avoid the possibility for mispostings, accounting errors and misappropriation, the School Board will contact a representative of Methods, Inc. that handles the system's software so as to advise them to assist in closing out and/or inactivating any dormant funds that are in the system.

K. Pre-Approval of purchases

Condition: In our testing of disbursements of Title One funds, we noted several disbursements made to schools as reimbursement of costs which had already been paid out of school activity funds. We have the following concerns regarding this practice:

- a. This practice indicates that the cost charged to Title One were not being pre-approved by the superintendent and the Title One director. Approval of these costs by the superintendent and the Title One director came after the fact.
- b. Potential inappropriate use of school activity fund cash. These funds are generally restricted for student activity purposes, not for the benefit of schoolteachers and administrators.

Recommendation: School Activity funds should be disbursed only for their intended purpose. All costs to be charged to the Title One program should be properly requisitioned to the central office and pre-approved by the Title One Director and Superintendent in accordance with School Board Policy.

Management's Response:

It is agreed that the practice of reimbursing of costs which had already been paid out of school activity funds is not an acceptable procedure. Therefore, a correction to that practice was initiated this Fall that provides that all costs being charged to Title I must now be pre-approved by the Title I Director and thereafter reviewed by the Superintendent and if found to be an allowable cost is approved and signed by the Superintendent. The examination and approval by the Superintendent will assure that



all school activity funds are disbursed only for their intended purpose, that they are restricted for student activity purposes, not for the benefit of school teachers and administrators.

L. Separation of Duties

Condition: As noted in our previous audit, the same individual processes payroll, distributes paychecks and sets up employees in the accounting system.

Recommendation: We recommend assignment of the duties of employee set-up into the payroll system be initiated by the personnel department. Computer security should be programmed to disallow the payroll accountant access to such initiation. Such a procedure would help ensure that all employees are duly hired through the personnel director in accordance with established school board procedures.

Management's Response:

In keeping with the discovery and recommendation of the auditor, the assignment of the duties of employee set-up into the payroll system will be delegated to the personnel department. Computer security will be programmed to disallow the payroll accountant access to such initiation. In doing so, the new procedure will help to ensure that all employees are duly hired through the personnel director in accordance with established School Board procedures.

M. Settlement of Interfund Balances

Condition: Interfund balances appear to be unnecessarily high. This condition is due at least in part to delays in reimbursements of grant funds.

Recommendation: We recommend that grant funds be reimbursed timely, and the corresponding advance from the general fund be settled.

Management's Response:

With regard to the settlement of Interfund balances, in the future all grant funds will be reimbursed timely and the corresponding advance, from the general fund, settled.

N. Credit Card Purchases

Condition: An account has been established at Walmart in the name of the East Feliciana Parish School Board for the purchases materials and supplies. Several departments have access to the account through separately issued credit cards. During the course of our testing, we noted the following with respect to purchases through the credit cards:

- a. Lack of supervisory review of the invoice.
- b. Account statements were not received, reviewed and kept on file.
- c. Purchases of electronic equipment (boom boxes, walkman radios, small personal computer totaling approximately \$900.).
- d. Invoices for two purchases could not be located; one for \$149.76, and one for \$64.03.



- e. An outstanding balance remains on the account of approximately \$1500-\$2,000.

Recommendation: We recommend that the invoices on all purchases be reviewed by the program supervisor. Additionally, account statements should be reviewed once a month to ensure that all payment were properly posted to the account and that no unauthorized purchases were made on the account. Finally, the purchase order should clearly indicate the educational purpose of the purchase.

Management's Response:

As pointed out and described in the audit for 2003-2004, the credit card account established at Walmart, in the name of the East Feliciana Parish School Board, was not only one that lacked supervisory review, but also adequate oversight, management, control and accountability. As a result, some account statements were not received by the supervisor, reviewed and kept on file. In addition, in most cases little or no planning was done in preparation for purchasing and therefore many purchases were made of specific, electronic equipment (boom boxes, VCR's, TV's, walkman radios, small personal computers, food, candy, cooking utensils, recorders, micro waves, refrigerators, videos, etc.) that perhaps were not purchased for students' instructional purposes, but perhaps for the benefit of teachers, program managers/supervisors and administrators since many of the purchase orders did not clearly indicate the educational purpose of the purchase.

When the current administration (Superintendent) became aware of such practices and the absence of proper purchasing and accountability procedures, the ten (10) credit cards were recalled and no purchases have been made on said credit cards since October 2004. Because of the potential for abuse and past history regarding the use of the Walmart credit cards, it is unlikely that the ten (10) cards will be re-issued. Therefore, at the present time all requests for expenditures must: (1) indicate the educational purpose of the purchase, (2) be approved and signed by the program supervisor and (3) be reviewed, approved and signed by the Superintendent. Also, all invoices with detailed listing receipts on all purchases are being reviewed by the program supervisor and the Superintendent. In the future, account statements will be reviewed once a month to ensure that all payments were properly posted to the account and that no unauthorized purchases were made on the account.

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.

Podlithwait & Mettrick



East Feliciana Parish School Board

DAISY F. SLAN, Ed.D
Superintendent

J. CURTIS JELKS
President

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MITCHELL HARRELL
Vice President

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225-683-5378

FAX
225-683-3320

SUPERINTENDENT'S
OFFICE
225-683-3040

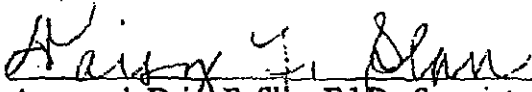
July 15, 2004

TO: Central Office and Pupil Appraisal Staff

FROM: Janice Betrece *JTB*
Business Manager

RE: Invoices

Effective immediately please approve and initial all invoices before submitting them for payment. Any invoices that are submitted for payment and have not been approved and initialed will be returned. The reason for this request is to verify that the goods are received before payment is issued.



Approved: Daisy F. Slan, Ed.D., Superintendent

"An Equal Opportunity Employer"

(ATTACHMENT)

PUPIL APPRAISAL

SPECIAL EDUCATION
225-683-3318

IASA TITLE I
225-683-6936

East Feliciana Parish School Board

DAISY F. SLAN, Ed.D
Superintendent

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225-683-3320

SUPERINTENDENT'S
OFFICE
225-683-3040

July 20, 2004

TO: Central Office Staff and 21st Century
FROM: Janice Betrece *JB*
Business Manager
RE: Vendor List Assignment

There has been a problem with duplicate vendors in the accounts payable menu. Having duplicate vendors in the system allows for the chance of a vendor being paid twice for the same invoice. To ensure that this problem is alleviated in the future, I will be the only person entering new vendors in the system.

When requesting a new vendor to be added to the menu, please be sure that you have the correct name and remittance address.

cc: Daisy F. Slan, Ed.D.
Superintendent

"An Equal Opportunity Employer"

PUPIL APPRAISAL
225-683-8529 225-683-8582

SPECIAL EDUCATION
225-683-3318

IASA TITLE I
225-683-6936

(ATTACHMENT)