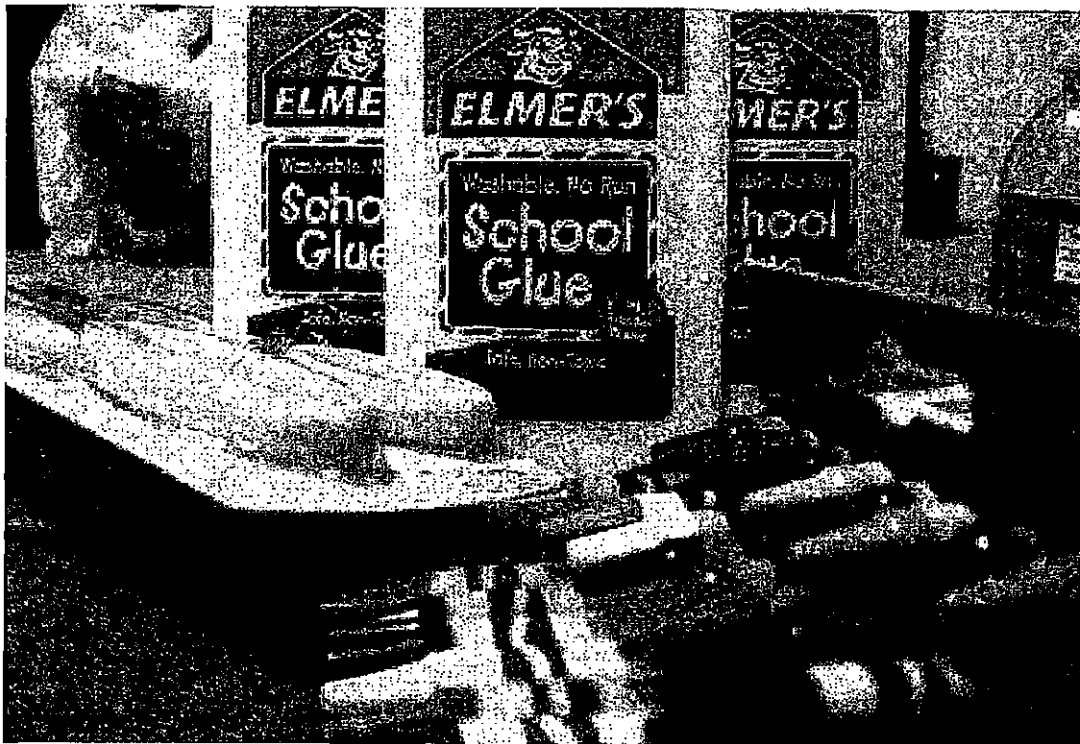


East Carroll Parish School Board

Lake Providence, Louisiana



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 JAN 25 2012

Annual Financial Report

As of and for the year ended June 30, 2011

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2011**

**East Carroll Parish School Board
Annual Financial Report**

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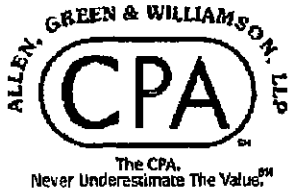
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**East Carroll Parish School Board
Annual Financial Report**

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(Concluded)



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INDEPENDENT AUDITORS' REPORT

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Carroll Parish School Board, as of and for the year ended June 30, 2011, 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 opinions 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

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 School Board as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2011 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Schedules, and Schedule of Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplemental 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 supplemental 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 School Board's basic financial statements. The accompanying information identified in the table of contents as supplemental information and the Schedule of Expenditures of Federal Awards, as required by the OMB Circular A-133 are presented for the purpose of additional analysis and are 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as other information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the School Board. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2011

REQUIRED SUPPLEMENTAL INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011

Our discussion and analysis of East Carroll Parish School Board's financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the School Board's financial statements that follow this Management's Discussion and Analysis. Amounts presented in the MD&A are in thousands unless otherwise noted.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS The primary resources available to the School Board are local revenues, which are primarily tax receipts, state revenues that are primarily minimum foundation funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursement grants. Net assets decreased this year by \$1,618 due mainly to the accrual of other post retirement benefits as required by GASB 45, *Accounting for Other Post Retirement Benefits*.

FUND FINANCIAL STATEMENTS Total revenues for all governmental funds decreased \$2,917. The fund balances of all governmental funds increased \$1,108. The fund balance of the general fund decreased \$43. Total expenditures in the general fund decreased 1,745 mainly because of budget cuts and implementation of reduction in force.

The Title I fund balances neither increased nor decreased since it is a cost-reimbursement fund.

The Capital Projects Fund balance increased \$1,175 mainly because of the new QSCB bond issued in 2011.

Other governmental fund balance decreased \$24.

USING THIS ANNUAL REPORT The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the General Fund, Title I, and Capital Projects. The remaining statement - the Statement of Fiduciary Assets and Liabilities presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

**East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011**

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Government-wide
Financial Statements**



**Fund
Financial Statements**

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Supplemental Information

**Nonmajor Funds Combining Statements
Agency Funds Statements/Schedules
Schedule of Compensation Paid Board Members**

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Reporting the School Board as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the School Board as a whole begins with the government-wide financial statements. One of the most important questions asked about the School Board is, "Is the School Board as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the School Board's financial statements, report information on the School Board as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011

These two statements report the School Board's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net assets - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School Board's operating results. However, the School Board's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

The Statement of Net Assets and Statement of Activities report the following activity for the School Board:

Governmental activities - All of the School Board's services are reported here, including instruction, plant services, school administration, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities.

Reporting the School Board's Most Significant Funds

Fund Financial Statements

The School Board's fund financial statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes (like child nutrition) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the School Board receives from the U.S. Department of Education). The School Board's governmental funds use the following accounting approach:

Governmental funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on Statements D and F.

The School Board as Trustee

Reporting the School Board's Fiduciary Responsibilities

The School Board is the trustee, or fiduciary, for its student activities funds, and the retirement insurance fund. All of the School Board's fiduciary activities are reported in the Statements of Fiduciary Assets and Liabilities. We exclude these activities from the School Board's other financial statements because the School Board cannot use these assets to finance its operations. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011

THE SCHOOL BOARD AS A WHOLE The School Board's net assets were \$2,174 at June 30, 2011. Of this amount \$(4,014) was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets, (Table 1) and the change in net assets (Table 2) of the School Board's governmental activities.

Table 1
Net Assets
June 30

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Current and other assets	\$ 5,029	\$ 4,177	\$ 852
Capital assets	6,848	7,358	(510)
Total assets	<u>11,877</u>	<u>11,535</u>	<u>342</u>
Current and other liabilities	1,183	1,440	(257)
Long-term liabilities	8,520	6,303	2,217
Total liabilities	<u>9,703</u>	<u>7,743</u>	<u>1,960</u>
Net assets			
Invested in capital assets, net of debt	5,660	6,065	(405)
Restricted	528	3,069	(2,541)
Unrestricted	<u>(4,014)</u>	<u>(5,342)</u>	<u>1,328</u>
Total net assets	<u>\$ 2,174</u>	<u>\$ 3,792</u>	<u>\$ (1,618)</u>

The \$(4,014) in unrestricted net assets of governmental activities represents accumulated results of all past year's operations. The increase in unrestricted net assets deficit this year is mainly due to the recognition of OPEB costs as required by GASB 45.

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities. Table 2 on the next page, takes the information from that statement and rearranges it slightly so that readers can see total revenues for the year.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011

Table 2
Changes in Net Assets
For the Year Ended June 30

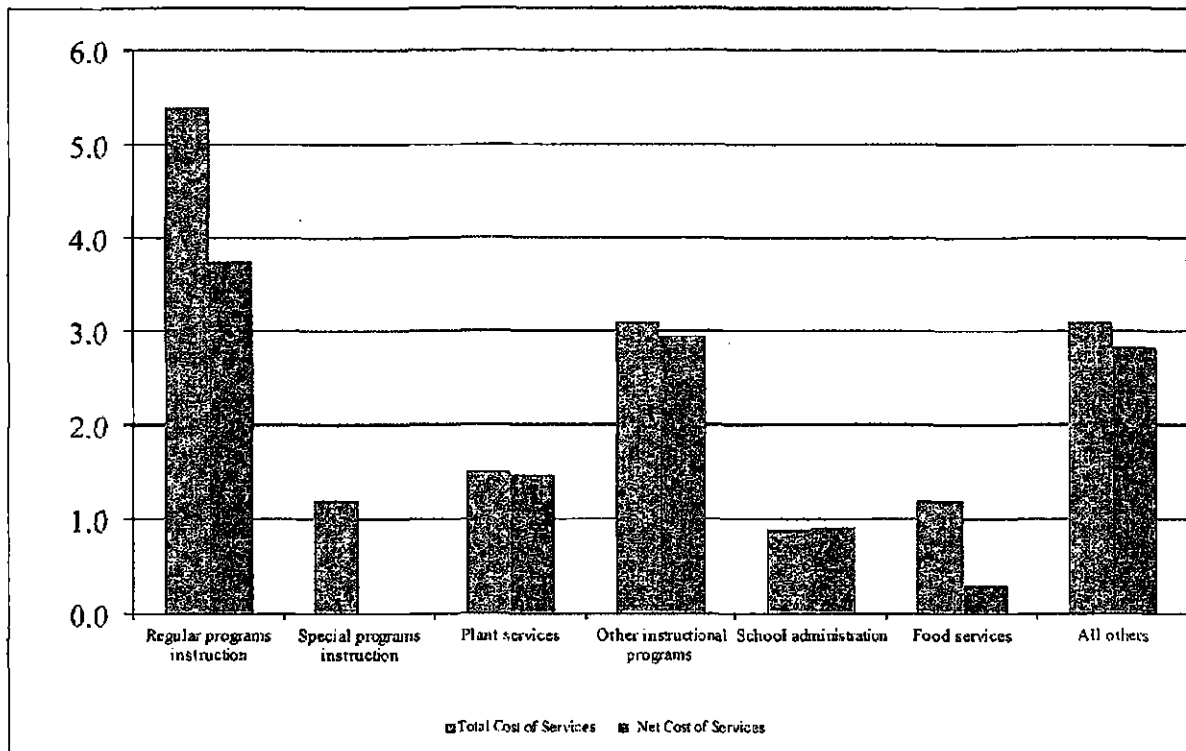
	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Revenues:			
Program revenues			
Charges for services	\$ 18	\$ 25	\$ (7)
Federal grants	3,758	5,474	(1,716)
State grants and entitlements	295	521	(226)
General Revenues			
Ad valorem taxes	582	577	5
Sales taxes	1,541	1,571	(30)
State minimum foundation program	7,487	8,650	(1,163)
Other general revenues	1,006	787	219
Total revenues	<u>14,687</u>	<u>17,605</u>	<u>(2,918)</u>
Functions/Program Expenses:			
Instruction			
Regular programs	5,437	7,509	(2,072)
Special programs	1,154	1,534	(380)
Other instructional programs	3,024	3,200	(176)
Support services			
Student services	702	911	(209)
Instructional staff support	723	765	(42)
General administration	572	585	(13)
School administration	914	1,324	(410)
Business services	433	531	(98)
Plant services	1,475	1,634	(159)
Student transportation services	651	893	(242)
Food Services	1,157	1,292	(135)
Community Services	4	70	(66)
Interest and bank charges	59	59	-
Total expenses	<u>16,305</u>	<u>20,307</u>	<u>(4,002)</u>
Changes in net assets	<u>(1,618)</u>	<u>(2,702)</u>	<u>1,084</u>
Net Assets - beginning	3,792	6,494	(2,702)
Net Assets - ending	<u>\$ 2,174</u>	<u>\$ 3,792</u>	<u>\$ (1,618)</u>

**East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011**

In the table below we have presented the cost of each of the School Board's six largest functions - regular programs, special programs, other instructional programs, plant services, school administration and food services as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	<u>Year Ended June 30,</u> <u>Governmental Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Regular programs instruction	\$ 5,437	\$ 3,749	\$ 7,509	\$ 6,612
Special programs instruction	1,154	12	1,534	1,032
Other instructional programs	3,024	2,955	3,200	608
School administration	914	914	1,324	1,306
Plant services	1,476	1,466	1,634	1,237
Food services	1,157	295	1,292	372
All others	3,143	2,843	3,814	3,120
Totals	<u>\$ 16,305</u>	<u>\$ 12,234</u>	<u>\$ 20,307</u>	<u>\$ 14,287</u>

**2011 Total Cost of Services
Versus
Net Cost of Services
(in millions)**



**East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011**

THE SCHOOL BOARD'S FUNDS As we noted earlier, the School Board uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the School Board is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School Board's overall financial health.

General Fund Budgetary Highlights As mentioned earlier the School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the School Board's original and final budgets compared with actual results is provided in the required supplemental information section of this report.) The final budgeted revenues were decreased \$660 due mainly to unexpected loss of funding. The final budgeted expenditures were decreased \$1,049 due to budget cuts spread over several functions.

Final results compared to the final amended budget is a difference in revenue of \$(108) and is the result of unexpected decrease in e-rate revenue. The difference of \$224 in actual expenditures compared to final amended budget is a result of conservative spending by the School Board.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets At June 30, 2011, the School Board had \$6,849 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of just over \$509 or 7%, from last year.

Capital Assets at June 30, 2011

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Land	\$ 318	\$ 318	\$ -
Construction in progress	-	-	-
Buildings and improvements	5,831	6,142	(311)
Furniture and equipment	700	898	(198)
Totals	<u>\$ 6,849</u>	<u>\$ 7,358</u>	<u>\$ (509)</u>

The addition for the year was for cafeteria equipment. See Note 6 to the financial statements for more detailed information on capital assets.

Debt Administration At June 30, 2011, the School Board had \$1,188,000 in a certificate of indebtedness outstanding maturing in 2020 with a 5.375% interest rate. In 2011, the School Board financed a QSCB bond for school renovations. The balance as of June 30, 2011 was \$1,200,000 with an interest rate of 1.25% and maturing in 2023. See Note 12 to the financial statements for more detailed information on long term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES The major changes anticipated in the 2011-2012 year are retirement rate increases, decrease in MFP and loss of state and federal funding.

**East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2011**

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Theresa Thomas, Business Manager, at East Carroll Parish School Board, P. O. Box 972, Lake Providence, Louisiana 71254-0792, telephone number (318) 559-2222.

East Carroll Parish School Board

BASIC FINANCIAL STATEMENTS:

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

EAST CARROLL PARISH SCHOOL BOARD

STATEMENT OF NET ASSETS

June 30, 2011

Statement A

GOVERNMENTAL
ACTIVITIES

ASSETS

Cash and cash equivalents	\$ 3,387,250
Investments	196,103
Receivables, net	1,345,487
Inventory	3,543
Prepaid item	97,442
Capital assets:	
Land and construction in progress	318,180
Depreciable capital assets, net of depreciation	<u>6,530,385</u>

TOTAL ASSETS 11,877,390

LIABILITIES

Accounts, salaries and other payables	1,126,087
Interest payable	53,845
Deferred revenue	3,343
Long-term liabilities	
Due within one year	563,629
Due in more than one year	<u>7,956,465</u>

TOTAL LIABILITIES 9,703,369

NET ASSETS

Invested in capital assets, net of related debt	5,680,565
Restricted for:	
Salary enhancements	495,843
Construction and maintenance	28,467
School Food Service	3,543
Unassigned	<u>(4,014,397)</u>

TOTAL NET ASSETS \$ 2,174,021

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	REVENUE AND CHANGES IN NET ASSETS
<i>Governmental activities:</i>			
<i>Instruction:</i>			
Regular programs	\$ 5,437,251		\$ (3,749,406)
Special programs	1,154,407		(12,161)
Other instructional programs	3,023,563		(2,954,859)
<i>Support services:</i>			
Student services	702,017		(655,683)
Instructional staff support	722,521		(482,347)
General administration	571,611		(571,611)
School administration	913,854		(913,854)
Business services	432,798		(432,798)
Plant services	1,475,549		(1,465,571)
Student transportation services	651,520		(538,533)
Food services	1,156,944	\$ 17,761	(294,887)
Community service programs	3,864		(3,864)
Interest and bank charges	58,762		(58,762)
Total Governmental Activities	16,304,661	17,761	(12,234,336)

General revenues:

<i>Taxes:</i>	
Property taxes, levied for general purposes	582,471
Sales taxes, levied for general purposes	1,541,463
State revenue sharing	18,408
<i>Grants and contributions not restricted to specific programs</i>	
Minimum Foundation Program	7,487,275
Education Jobs Grant	340,208
Interest and investment earnings	9,943
Miscellaneous	637,020
Total general revenues	10,516,788
Changes in net assets	(1,617,548)
Net assets - beginning	3,791,569
Net assets - ending	\$ 2,174,021

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

East Carroll Parish School Board

BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

EAST CARROLL PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2011**

Statement C

	GENERAL	TITLE I	CAPITAL PROJECT	OTHER GOVERNMENTAL	TOTAL
ASSETS					
Cash and cash equivalents	\$ 2,053,334	\$ 0	\$ 1,228,467	\$ 105,449	\$ 3,387,250
Investments	195,103	0	0	0	195,103
Receivables	244,606	596,839	0	504,042	1,345,487
Interfund receivables	775,465	0	0	0	775,465
Inventory	0	0	0	3,543	3,543
Prepaid item	97,442	0	0	0	97,442
TOTAL ASSETS	3,385,950	596,839	1,228,467	613,034	5,804,290
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries and other payables	694,450	162,980	0	268,657	1,126,087
Interfund payable	0	433,859	0	341,606	775,465
Deferred revenue	0	0	0	3,343	3,343
Total Liabilities	694,450	596,839	0	613,606	1,904,895
Fund Balances:					
Nonspendable	97,442	0	0	3,543	100,985
Restricted	495,843	0	1,228,467	0	1,724,310
Unassigned	2,078,215	0	0	(4,115)	2,074,100
Total Fund Balances	2,671,500	0	1,228,467	(572)	3,899,395
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,365,950	\$ 596,839	\$ 1,228,467	\$ 613,034	\$ 5,804,290

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2011

Statement D

Total fund balances - governmental funds \$ 3,899,395

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 14,410,988	
Depreciation expense to date	<u>(7,562,423)</u>	
		6,848,565

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at June 30, 2011 are:

Interest payable	(53,845)	
Long-term liabilities		
Certificate of indebtedness	(1,188,000)	
QSCB liability	(1,200,000)	
OPEB liability	(5,667,321)	
Compensated absences payable	<u>(464,773)</u>	
		<u>(8,573,939)</u>

Net Assets - Governmental Activities \$ 2,174,021

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2011**

					Statement E
	GENERAL	TITLE I	CAPITAL PROJECTS	OTHER GOVERNMENTAL	TOTAL
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ 582,471	\$ 0	\$ 0	\$ 0	\$ 582,471
Sales and use	1,541,463	0	0	0	1,541,463
Interest earnings	9,082	0	853	8	9,943
Food services	0	0	0	17,761	17,761
Other	631,500	0	0	5,520	637,020
State sources:					
Equalization	7,415,917	0	0	71,358	7,487,275
Other	119,242	0	0	193,830	313,072
Federal sources	0	1,890,897	0	2,207,211	4,098,108
Total Revenues	10,299,675	1,890,897	853	2,495,688	14,687,113
EXPENDITURES					
Current:					
Instruction:					
Regular programs	4,126,407	360	0	601,703	4,728,470
Special programs	732,188	0	0	315,244	1,047,432
Other instructional programs	687,880	1,590,762	0	479,445	2,758,087
Support services:					
Student services	584,298	0	0	46,833	631,131
Instructional staff support	393,948	193,213	0	69,110	656,271
General administration	386,758	91,447	25,438	38,901	542,544
School administration	798,152	0	0	0	798,152
Business services	412,263	0	0	0	412,263
Plant services	1,401,744	7,678	0	1,801	1,411,223
Student transportation services	548,204	7,437	0	5,550	561,191
Food services	82,804	0	0	974,527	1,057,331
Community services	3,374	0	0	0	3,374
Capital outlay	7,160	0	0	0	7,160
Debt Service:					
Principal	105,000	0	0	0	105,000
Interest and bank charges	59,017	0	0	0	59,017
Total Expenditures	10,329,197	1,890,897	25,438	2,533,114	14,778,646
EXCESS (Deficiency) OF					
REVENUES OVER EXPENDITURES	\$ (29,522)	\$ 0	\$ (24,585)	\$ (37,426)	\$ (91,533)

(CONTINUED)

EAST CARROLL PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 2011

					Statement E
	GENERAL	TITLE I	CAPITAL PROJECTS	OTHER GOVERNMENTAL	TOTAL
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 0	\$ 0	\$ 0	\$ 54,756	\$ 54,756
Transfers out	(13,848)	0	0	(40,908)	(54,756)
Bond proceeds	0	0	1,200,000	0	1,200,000
Total Other Financing Other Uses	(13,848)	0	1,200,000	13,848	1,200,000
Net Change in Fund Balances	(43,370)	0	1,175,415	(23,578)	1,108,467
FUND BALANCES - BEGINNING	2,714,870	0	53,052	23,006	2,790,928
FUND BALANCES - ENDING	\$ 2,671,500	\$ 0	\$ 1,228,467	\$ (572)	\$ 3,899,395

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2011**

Statement F

Total net change in fund balances - governmental funds \$ 1,108,467

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the period:

Depreciation expense	\$	(516,777)	
Capital outlay additions		<u>7,160</u>	(509,617)

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned \$289,107 was less than the amounts used \$353,629 by \$64,522 64,522

Proceeds of new debt is revenue in the governmental funds, but is a long-term liability in the Statement of Net Assets. (1,200,000)

In the Statement of Activities, certain operating expenses-other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the annual required contribution of \$1,664,605 exceeded the amounts paid \$478,430 by \$1,186,175. (1,186,175)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 105,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 255

Change in net assets of governmental activities \$ (1,617,548)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2011

	Statement G
	AGENCY FUND
	<hr/>
ASSETS	
Cash and cash equivalents	<u>\$ 218,836</u>
Total assets	<u><u>218,836</u></u>
LIABILITIES	
Deposits due others	<u>218,836</u>
Total liabilities	<u><u>\$ 218,836</u></u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011**

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East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying basic financial statements of the East Carroll Parish School Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The East Carroll Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within East Carroll 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 comprised of nine members who are elected from nine districts for terms of four years.

The School Board operates four schools within the parish with a total enrollment of approximately 1,230 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

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.

B. FUNDS The accounts of the School Board are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds of the School Board are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general capital assets. The School Board reports the following major governmental funds:

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

Title I This program is designed to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Services supplement, not supplant, those normally provided by state and local educational agencies.

Capital Project This fund is used to account for school renovations financed by the QSCB 2011 bond.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the School Board.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. They are used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

School activities fund - accounts for assets held by the School Board as an agent for the individual schools and school organizations.

Retirement insurance fund - accounts for assets held by the School Board as an agent for individual retirees of the School Board.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

Allocation of indirect expenses 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. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Other indirect expenses are not allocated.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem and sales taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

Substantially all other expenditures are recognized when the related liability has been incurred.

Other financing sources (Uses) Capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011**

E. INVESTMENTS Investments are limited by R.S. 33:2955 and the School Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The investments are reflected at quoted market prices except for the following which are permitted per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

G. INVENTORIES Inventories of the governmental fund type financial statements are recorded as expenditures as purchased except for inventory of the child nutrition fund.

Inventory of the child nutrition special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. Unused commodities at June 30, 2011, are reported as deferred revenue. All purchased inventory items are valued at cost (first in, first out) and commodities are assigned values provided by the United States Department of Agriculture.

H. CAPITAL ASSETS Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives (including salvage value). The capitalization threshold is \$5,000 for all assets except intangibles – software that has a capitalization threshold of \$250,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 10 years
Intangibles – software	3 years

I. DEFERRED REVENUES The School Board reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

J. COMPENSATED ABSENCES The School Board has the following policies for vacation and sick leave:

All 12-month employees earn 10 days of vacation leave each year. Vacations must be taken during the fiscal year or otherwise forfeited. All School Board employees earn 10 days of sick leave each year. Sick leave may be

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

accumulated and carried forward to succeeding years without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

The School Board's recognition and measurement criterion for compensated absences follows:

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when both of the following conditions are met:

- A. The employees' rights to receive compensation are attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

K. RESTRICTED NET ASSETS For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, then restricted resources as they are needed. Restricted net assets reported in the statement of net assets is restricted through enabling legislation.

L. FUND EQUITY OF FUND FINANCIAL STATEMENTS

The School Board adopted GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended June 30, 2011. GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the School Board's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the School Board or motions were passed at a School Board meeting committing the funds. The motions passed are usually the result of budget revisions.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

Assigned: Fund balance that is constrained by the School Board's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board or Finance Committee.

Unassigned: Fund balance that is the residual classification for the general fund.

The School Board reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

M. INTERFUND TRANSACTIONS Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as deductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. SALES TAXES The East Carroll Parish School Board has three sales tax ordinances as follows:

The School Board has a one-percent parish-wide sales and use tax as authorized in a special election held December 1967. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used exclusively to supplement the payment of salaries for teachers in the public elementary and secondary schools of the parish and/or for the expenses of operating the schools. Such operating expenses include payment of salaries of other personnel employed by the School Board.

The School Board also has an additional one percent sales and use tax as authorized in a special election held July 17, 1993. In accordance with the proposition approved by voters of the Parish, the net proceeds of the tax are to be used for the purpose of salary enhancement for teachers and other employees of the School Board, to be divided annually on an equal basis among all employees.

In October 1998, voters approved a new one-percent sales and use tax. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used for salary enhancements for teachers and other employees of the School Board to be divided annually on an equal basis among all employees.

O. BUDGETS

General Budget Practices The School Board follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds' budgets that are not grant oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the governor. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

**East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011**

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Board.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

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

Q. ELIMINATIONS AND RECLASSIFICATIONS In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT FUND BALANCE

The following individual funds had a deficit fund balance at June 30, 2011:

	Deficit Fund Balance
Other miscellaneous	\$ 441
Summer Feeding	2,570

The deficit fund balance will be cleared by a transfer from the general fund.

NOTE 3 - LEVIED TAXES The School Board levies taxes on real and business personal property located within East Carroll Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the East Carroll Parish Tax Assessor and approved by the state of Louisiana Tax Commission.

The East Carroll Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

**East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011**

Property Tax Calendar

Millage rates adopted	September 7, 2010
Levy date	September 7, 2010
Tax bills mailed	On or about November 1, 2010
Due date	December 31, 2010
Lien date	January 1, 2011

Assessed values are established by the East Carroll Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2008. Total assessed value was \$42,086,542 in calendar year 2010. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$5,710,751 of the assessed value in calendar year 2010.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are 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.

All property taxes are recorded in the general fund. Revenues are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year-end.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the 2010 property taxes occurs in December, and January and February of the next year. As a result, no property taxes receivable for 2010 taxes is included on the accompanying balance sheet because it is not available within 60 days of the School Board's year-end.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional	7.96	7.96	Statutory
Maintenance and operation	7.99	7.99	2018

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS At June 30, 2011, the School Board has cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits:	
Statement A - Cash	\$ 3,387,250
Statement A - Investments (Time Deposits)	195,103
Statement G	218,836
Total deposits	3,801,189
Less: Time deposits classified as investments	195,103
Total cash and cash equivalents	\$ 3,606,086

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Interest Rate Risk: The School Board's policy does not address interest rate risk.

Credit Rate Risk: The School Board's investments are in Certificates of Deposits, which do not have credit ratings; however, the School Board's policy does not address credit rate risk.

Custodial Credit Risk-Deposits and Investments: At year-end, the School Board's carrying amount of deposits was \$3,801,189 (including \$195,103 in certificates of deposit classified as investments) and the bank balance was \$4,654,838. Of the bank balance, \$1,036,864 was covered by federal depository insurance and the remainder was covered by collateral held by the School Board's agent but not in the School Board's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposed a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 day of being notified by Tax Agency the fiscal agent has failed to pay deposited funds upon request. The School Board's policy does not address custodial risk.

NOTE 5 - RECEIVABLES The receivables at June 30, 2011, are as follows:

	General	Title I	Other Governmental	Total
Taxes:				
Ad Valorem	\$ 992	\$ -	\$ -	\$ 992
Sales tax	143,530	-	-	143,530
Intergovernmental -				
Federal	-	596,839	452,118	1,048,957
State	10,845	-	51,924	62,769
Other	89,239	-	-	89,239
Total	\$ 244,606	\$ 596,839	\$ 504,042	\$ 1,345,487

The School Board expects to collect these balances in full; therefore, no allowance for doubtful accounts was established.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

NOTE 6 - CAPITAL ASSETS Capital asset balances and activity for the year ended June 30, 2011 is as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 318,180	\$ -	\$ -	\$ 318,180
Construction in progress	-	-	-	-
Total Capital assets not being depreciated	<u>318,180</u>	<u>-</u>	<u>-</u>	<u>318,180</u>
Capital assets, being depreciated:				
Buildings and improvements	10,539,370	-	-	10,539,370
Furniture and equipment	3,547,878	7,160	1,600	3,553,438
Total capital assets being depreciated.	<u>14,087,248</u>	<u>7,160</u>	<u>1,600</u>	<u>14,092,808</u>
Less accumulated depreciation				
Buildings	4,397,209	311,502	-	4,708,711
Furniture and equipment	2,650,037	205,275	1,600	2,853,712
Total accumulated depreciation	<u>7,047,246</u>	<u>516,777</u>	<u>1,600</u>	<u>7,562,423</u>
Depreciable capital assets, net	<u>7,040,002</u>	<u>(509,617)</u>	<u>-</u>	<u>6,530,385</u>
Governmental activities, capital assets, net	<u>\$7,358,182</u>	<u>\$ (509,617)</u>	<u>\$ -</u>	<u>\$ 6,848,565</u>

Depreciation expense was charged to governmental activities as follows:

	<u>Amount</u>
Regular programs	\$ 350,656
Special programs	14,028
Other instructional programs	21,251
Instructional Staff Support	106
General Administration	754
School administration	26,186
Business services	171
Plant services	5,738
Student transportation services	53,360
Food services	40,066
Student services	4,461
Total depreciation expense	<u>\$ 516,777</u>

NOTE 7 - RETIREMENT SYSTEMS

Plan description Substantially all School Board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature.

Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the system.

**East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011**

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with five years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Under the Teachers' Retirement System Plan A, normal retirement is generally at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service and at age 60 with at least 10 years of creditable service. The retirement benefit formula is generally three percent times the years of creditable service times the average salary of the 36 highest successive months plus \$24 per year of service.

Employees participating in the School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55 or after 10 years of service at age 60. The maximum retirement allowance is computed at 3 1/3 percent times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Both TRS and LSERS issue annual financial reports. The reports can be obtained by telephoning or writing to the following:

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44516
Baton Rouge, Louisiana 70804
(225) 925-6484

Funding Policy Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The School Board's employer contribution for the TRS, as provided by state law, is funded through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the School Board. For the LSERS, the School Board's employer contribution is funded by annual appropriations.

In addition, the employer does not remit to the Teachers' Retirement System, Regular Plan or Plan A, the employer's contribution for the professional improvement program (PIP) portion of payroll. The PIP contribution is made directly to the Retirement System by the state of Louisiana.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2011, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System:		
Regular	8.0%	20.2%
Plan A	9.1%	20.2%
Louisiana School Employees' Retirement System	7.5%	24.3%

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan A, and LSERS for the year ended June 30, 2011, amounted to \$6,727,050, \$31,266, and \$467,837, respectively. Employer contributions for the year ended June 30, 2011, and each of the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>TRS</u>	<u>LSERS</u>
June 30, 2009	\$ 1,296,750	\$ 115,284
June 30, 2010	1,264,109	97,116
June 30, 2011	1,363,208	113,596

The required contributions were made.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS Effective with the fiscal year ended June 30, 2009, the School Board implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45).

Plan description - In accordance with state statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees on a pay-as-you-go basis. The School Board OPEB plan is a single-employer defined benefit "substantive plan" as understood by past practices of the School Board and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. Also no stand-alone report was prepared. 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 and similar benefits for active employees are provided through the Office of Group Benefits, whose monthly premiums are paid jointly by the employee and the School Board.

Funding Policy - The contribution requirements of plan members and the School Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a rate schedule. Contribution amounts are approximately 25% retiree/75% employer of the stated costs of healthcare coverage.

The plan is currently financed on a "pay as you go basis", with the School Board contributing \$478,430 for 76 retirees for the year ended June 30, 2011.

Annual Other Post Employment Benefit Cost and Liability - The School Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which was implemented for the year ended June 30, 2009. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period of thirty years. A 30 year amortization period (the maximum amortization period allowed by GASB 45) was used for post employment benefits. The total ARC for fiscal year 2011 is \$1,754,286 as set forth below:

Normal Cost	\$ 704,062
30-year UAL amortization amount	1,050,224
Annual required contribution (ARC)	<u>\$ 1,754,286</u>

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

The following table presents the School Board's OPEB Obligation for fiscal year 2011:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Beginning Net OPEB Obligation July 1,	\$ 4,481,146	\$ 2,342,899	\$ None
Annual required contribution	1,754,286	2,526,451	2,620,167
Interest on prior year Net OPEB Obligation	179,246	93,716	-
Adjustment to ARC	<u>(268,927)</u>	<u>-</u>	<u>-</u>
Annual OPEB Cost	1,664,605	2,620,167	2,620,167
Less current year retiree premiums	<u>478,430</u>	<u>481,920</u>	<u>277,268</u>
Increase in Net OPEB Obligation	<u>1,186,175</u>	<u>2,138,247</u>	<u>2,342,899</u>
Ending Net OPEB Obligation at June 30,	<u>\$ 5,667,321</u>	<u>\$ 4,481,146</u>	<u>\$ 2,342,899</u>

Utilizing the pay as you go method, the School Board contributed 28.7% of the annual post employment benefits cost during 2011, 18.4% for 2010, and 10.6% for 2009.

Funded Status and Funding Progress - Since the plan is not funded, the School Board's entire actuarial accrued liability of \$17,499,960 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 17,499,960
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 17,499,960
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$ 7,993,299
UAAL as a percentage of covered payroll	218.93%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation for the East Carroll Parish School Board, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% rate of return on investments. The trend rate assumptions for medical and pharmacy costs and retiree premiums was based on Pre-Medicare and Medicare eligibility graduated down from 6.7% to an ultimate annual rate of 4.4%. The RP 2000 system table using Scale AA was used in making actuarial assumptions in regards to mortality rates. The withdrawal rates for employees ranged between 4.0% to 13.0% dependent upon the participants age. The disability rates ranged from .01% to age 23 up to 80% at age 60 back down to 20% for participants over the age of 65. The retirement rates range from 2% at age 38 to 100% for participants over the age of 69. The inflation rate, which is a subset of the trend rate, was assumed to be 2.75%.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

The remaining amortization period at June 30, 2011 for other post employment benefits (OPEB) was twenty-seven years. The level dollar amortization method was used.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at June 30, 2011, are as follows:

	General	Title I	Capital Projects	Other Governmental	Total
Salaries	\$ 661,112	\$ 162,980	\$ -	\$ 236,279	\$ 1,060,371
Accounts	33,338	-	-	32,378	65,716
Total	<u>\$ 694,450</u>	<u>\$ 162,980</u>	<u>\$ -</u>	<u>\$ 268,657</u>	<u>\$ 1,126,087</u>

NOTE 10 - COMPENSATED ABSENCES At June 30, 2011, employees of the School Board have accumulated and vested \$464,773 of employee leave benefits, including \$6,643 of salary-related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

NOTE 11 - AGENCY FUND DEPOSITS DUE OTHERS A summary of changes in agency fund deposits due others follows:

	Balance, Beginning	Additions	Reductions	Balance, Ending
Agency funds:				
School activities fund	\$ 164,313	\$ 168,340	\$ 148,492	\$ 184,161
Retirement insurance fund	39,156	125,594	130,075	34,675
Total	<u>\$ 203,469</u>	<u>\$ 293,934</u>	<u>\$ 278,567</u>	<u>\$ 218,836</u>

NOTE 12 - LONG-TERM LIABILITIES The following is a summary of the long-term obligation transactions for the year ended June 30, 2011:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within
Governmental Activities					
Revenue Bonds Payable:					
Certificate of indebtedness	\$1,293,000	\$ -	\$ 105,000	\$1,188,000	\$ 110,000
QSCB 2011	-	1,200,000	-	1,200,000	100,000
Other liabilities:					
Compensated absences	529,295	289,107	353,629	464,773	353,629
OPEB liability	4,481,146	1,664,605	478,430	5,667,321	-
Governmental Activities					
Long-term liabilities	<u>\$6,303,441</u>	<u>\$ 3,153,712</u>	<u>\$937,059</u>	<u>\$8,520,094</u>	<u>\$ 563,629</u>

The compensated absences and OPEB liabilities attributable to the governmental activities will be liquidated 100% by the General Fund.

In December 2004, the School Board issued \$1,782,000 in Certificates of Indebtedness to construct, acquire and improve energy facilities and equipment as part of an energy retrofit project. The debt is paid from the General Fund from the energy cost savings resulting from the project.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

In February 2011, the School Board issued \$1,200,000 in taxable Qualified School Construction Bonds (QSCB) to finance the renovation and repair of public school facilities. The School Board has pledged, as security for the bonds, a portion of the 7.96 mills Constitutional ad valorem tax. The bonds are payable solely from constitutional tax collected and are payable through 2023. Annual principal and interest payments are expected to require less than 48% of the tax revenues. Total principal and interest remaining to be paid on the bonds is \$1,379,417. No principal and interest payments were made for the current year.

The individual bond issues are as follows:

<u>Bond Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Certificate of Indebtedness, Series 2004 Revenue Bonds	\$ 1,782,000	5.375%	2020	\$ 287,402	\$ 1,188,000
QSCB, Series 2011 Revenue Bonds	1,200,000	1.250%	2023	179,417	1,200,000

All principal and interest requirements are funded with general operating funds of the General Fund. The certificates are due as follows:

<u>Year ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2012	\$ 210,000	\$ 68,651	\$ 278,651
2013	215,000	64,235	279,235
2014	220,000	58,968	278,968
2015	225,000	53,485	278,485
2016	231,000	47,787	278,787
2017-2021	1,087,000	143,693	1,230,693
2022-2023	200,000	30,000	230,000
Total	<u>\$ 2,388,000</u>	<u>\$ 466,819</u>	<u>\$ 2,854,819</u>

In accordance with the Louisiana Revised Statutes 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2011, the statutory limit was \$14,730,290 and the outstanding net bonded debt totaled \$0.

NOTE 13 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title I	\$ 433,859
General	Other governmental	341,606
Total		<u>\$ 775,465</u>

The purpose of interfund receivable/payables between the general fund, Title I, and other governmental is to cover expenditures on cost reimbursement programs until reimbursements are received.

**East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011**

Transfers during the year were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Other governmental	General Fund	\$ 13,848
	Other Governmental	40,908
		<u>\$ 54,756</u>

Transfers were made from the General fund to the Other Governmental funds to clear out a negative fund balance and close out the fund as well as close out inactive funds.

NOTE 14 - RISK MANAGEMENT The School Board is at risk for property damage, liability and theft which are covered by insurance policies. The School Board is also fully insured for workers' compensation.

NOTE 15 - LITIGATION AND CLAIMS

Litigation At June 30, 2011, the School Board was involved in various litigation. It is the opinion of the legal advisor for the School Board that the potential loss to the Board would not be material to the financial statements.

Grant Disallowance The School Board participates in a number of state and federally assisted grant programs. These programs are subject to compliance audits under the single audit approach. Such audits could lead to request for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants. School Board management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Energy Performance Contract The School Board entered into an energy performance contract with TAC Americas, Inc. in November 2004. The contract includes a stipulated operational savings. The Louisiana Attorney General recently issued an opinion (A.G. Opinion No. 07-0002) regarding a similar contract with another School Board and concluded that some of these contracts may not meet the statutory definition of a performance based energy contract. The School Board is in discussion with TAC Americas, Inc. to amend the contract to eliminate the clause which may not meet the requirements of state law.

NOTE 16 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The State of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$15,014. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

NOTE 17 - ECONOMIC DEPENDENCY Statement of Financial Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entities revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$7,487,275 to the School Board, which represents approximately 50.98% of the School Board's total revenue for the year.

NOTE 18 - CHANGES IN PRESENTATION For fiscal year end June 30, 2010, the General Fund and Title I were reported as major funds; however, for the fiscal year end June 30, 2011, the General Fund, Title I, and Capital Project are major funds.

East Carroll Parish School Board
Notes to the Basic Financial Statements
June 30, 2011

NOTE 19 - FUND BALANCE CLASSIFICATION DETAILS The following are details of the fund balance classifications.

	<u>General</u>	<u>Title 1</u>	<u>Capital Project</u>	<u>Other Governmental</u>	<u>Total</u>
Non spendable:					
Inventory	\$ -	\$ -	\$ -	\$ 3,543	\$ 3,543
Prepaid item	97,442				97,442
Restricted for:					-
School Construction	-	-	1,228,467	-	1,228,467
Salary	495,843	-	-	-	495,843
Unassigned	2,078,215	-	-	(4,115)	2,074,100
Total	<u>\$ 2,671,500</u>	<u>\$ -</u>	<u>\$ 1,228,467</u>	<u>\$ (572)</u>	<u>\$ 3,899,395</u>

NOTE 20 - SUBSEQUENT EVENTS In August 2011 and December 2011, the School Board entered into two construction contracts for \$96,739 and \$363,350, respectively, totaling \$460,089 for the renovation and repair of school facilities.

REQUIRED SUPPLEMENTAL INFORMATION

East Carroll Parish School Board

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFIT PLAN
JUNE 30, 2011**

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>(b-a/c) UAAL as a Percentage of Covered Payroll</u>
2009	7/1/2008	\$ -	\$22,614,371	\$22,614,371	0%	\$9,458,586	239.09%
2010	7/1/2008	-	22,614,371	22,614,371	0%	9,164,453	246.76%
2011	7/1/2010	-	17,499,960	17,499,960	0%	7,993,299	218.93%

**East Carroll Parish School Board
Budgetary Comparison Schedules**

General Fund and Major Special Revenue Funds With Legally Adopted Annual Budgets

GENERAL FUND The general fund accounts for all activities of the School Board except those that are accounted for in other funds.

TITLE I This program is designed to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Services supplement, not supplant, those normally provided by state and local educational agencies.

EAST CARROLL PARISH SCHOOL BOARD

GENERAL FUND
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2011

Exhibit 1-1

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ 2,712,922	\$ 2,714,870	\$ 2,714,870	\$ 0
Resources (inflows)				
Local sources:				
Ad valorem taxes	456,170	545,000	582,471	37,471
Sales and use taxes	1,300,000	1,300,000	1,541,463	241,463
Interest earnings	225,030	229,311	9,082	(220,229)
Other	523,972	546,972	631,500	84,528
State sources:				
Equalization	8,429,640	7,478,132	7,415,917	(62,215)
Other	134,502	308,358	119,242	(189,116)
Amounts available for appropriations	13,782,236	13,122,643	13,014,545	(108,098)
Charges to appropriations (outflows)				
Instruction:				
Regular programs	5,281,387	4,303,036	4,126,407	176,629
Special education programs	807,721	734,964	732,188	2,776
Other instructional programs	599,635	761,009	687,880	73,129
Support services:				
Student services	814,680	1,061,290	584,298	476,992
Instructional staff support	340,268	326,926	393,948	(67,022)
General administration	193,330	288,756	386,758	(100,002)
School administration	1,092,933	793,251	798,152	(4,901)
Business services	475,831	376,723	412,263	(35,540)
Plant services	1,266,136	1,175,384	1,401,744	(226,360)
Student transportation services	523,832	496,586	548,204	(51,618)
Food services	0	42,828	82,804	(39,976)
Community service programs	2,700	2,700	3,374	(674)
Capital Outlay	39,000	26,388	7,160	19,228
Debt service:				
Principal retirement	105,000	108,026	105,000	1,026
Interest and bank charges	59,017	59,017	59,017	0
Total charges to appropriations	11,601,470	10,552,884	10,329,197	223,687
BUDGETARY FUND BALANCES, ENDING	\$ 2,180,766	\$ 2,569,759	\$ 2,685,348	\$ 115,589

EAST CARROLL PARISH SCHOOL BOARD

TITLE I
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2011

Exhibit 1-2

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ 0	\$ 0	\$ 0
Resources (inflows)				
Federal sources	2,317,498	2,041,619	1,890,897	150,722
Amounts available for appropriations	2,317,498	2,041,619	1,890,897	150,722
Charges to appropriations (outflows)				
Instruction:				
Regular programs	360	360	360	0
Other instructional programs	2,017,363	1,764,281	1,590,762	173,519
Support services:				
Instructional staff support	193,213	193,213	193,213	0
General administration	91,447	76,874	91,447	(14,573)
Plant services	7,678	6,891	7,678	(787)
Student transportation services	7,437	0	7,437	(7,437)
Total charges to appropriations	2,317,498	2,041,619	1,890,897	150,722
BUDGETARY FUND BALANCES, ENDING	\$ 0	\$ 0	\$ 0	\$ 0

**East Carroll Parish School Board
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2011**

A. BUDGETS

General Budget Practices The School Board follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds' budgets that are not grant oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the governor. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Board.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting All budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

EAST CARROLL PARISH SCHOOL BOARD

**Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2011**

Note B - Budget to GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>TITLE I</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 13,014,545	\$ 1,890,897
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	0	0
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(2,714,870)</u>	<u>0</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>10,299,675</u>	<u>1,890,897</u>
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	10,329,197	1,890,897
Transfer to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>0</u>	<u>0</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,329,197</u>	<u>\$ 1,890,897</u>

East Carroll Parish School Board

**SUPPLEMENTAL INFORMATION:
COMBINING
NONMAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE**

East Carroll Parish School Board

Nonmajor Special Revenue Funds

TITLE II This program was designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

TITLE IV This program was designed to establish state and local programs of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

IDEA These grants to states assist the School Board in providing a free appropriate education to all children with disabilities.

PRESCHOOL These grants to states assist the School Board in providing a free appropriate public education to preschool disabled children aged three through five years.

READING FIRST This program focuses on putting proven methods of early reading instruction in classrooms to ensure that all children learn to read well by the end of the third grade.

SUMMER FEEDING This program was established to ensure continued availability of high-quality meals during the summer months similar to those provided during the school year.

RURAL EDUCATION ACHIEVEMENT This program was designed to provide high-poverty, rural local educational agencies with teacher professional development and educational technology.

VOCATIONAL EDUCATION Basic Grants to States- This program was designed to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.

JAG This is a division of the TANF grant which delivers services to at-risk and disadvantaged youth to aid them in pursuing a post secondary education and ensure participants an opportunity to enter the workforce in quality job.

LA4 The purpose of this grant is to provide access to universal high quality, developmentally appropriate prekindergarten classes, before and after school enrichment programs, and summer programs to four-year-old children who are eligible to enter public school kindergarten the following year.

§ (g) The purpose of this fund is to account for various state programs designed to provide enhancement to elementary, secondary, and vocational programs.

EDUCATION EXCELLENCE This grant is to enhance instructional programs approved by the legislature for students of pre-kindergarten through twelfth grade with proceeds received from tobacco settlement monies.

CHILD NUTRITION The basic goals of the Child Nutrition Programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influence to homes of school children, and to provide learning experiences that will improve the children's food habits with the ultimate goal of physically fit adults.

OTHER MISCELLANEOUS This fund accounts for various small state and federal grants for which the expenditures are legally restricted to specified purposes.

(Continued)

East Carroll Parish School Board

Nonmajor Special Revenue Funds

ENHANCING EDUCATION THRU TECHNOLOGY This grant is to improve student academic achievement through the use of technology in schools; assist all students in becoming technologically literate by the end of the eighth grade; and encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.

EDUCATION JOBS This grant is to provide funds to States to assist local educational agencies in saving or creating education jobs during the 2010-2011 school year.

(Concluded)

EAST CARROLL PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2011

	TITLE II	TITLE IV	IDEA	PRESCHOOL
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0
Receivables	129,435	0	93,694	3,018
Inventory	0	0	0	0
TOTAL ASSETS	129,435	0	93,694	3,018
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	39,028	0	21,813	0
Interfund payable	90,407	0	71,881	3,018
Deferred revenue	0	0	0	0
Total Liabilities	129,435	0	93,694	3,018
Fund Balances:				
Nonspendable	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 129,435	\$ 0	\$ 93,694	\$ 3,018

Exhibit 2

READING FIRST	SUMMER FEEDING	RURAL EDUCATION ACHIEVEMENT	VOCATIONAL EDUCATION	JAG
\$ 22,536	\$ 3,624	\$ 0	\$ 0	\$ 0
18,101	633	21,046	17,596	41,604
0	0	0	0	0
<u>40,637</u>	<u>4,257</u>	<u>21,046</u>	<u>17,596</u>	<u>41,604</u>
33,016	6,827	0	81	15,310
7,621	0	21,046	17,515	26,294
0	0	0	0	0
<u>40,637</u>	<u>6,827</u>	<u>21,046</u>	<u>17,596</u>	<u>41,604</u>
0	0	0	0	0
0	(2,570)	0	0	0
0	(2,570)	0	0	0
<u>\$ 40,637</u>	<u>\$ 4,257</u>	<u>\$ 21,046</u>	<u>\$ 17,596</u>	<u>\$ 41,604</u>

(Continued)

EAST CARROLL PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2011

	LA 4	8 (g)	EDUCATIONAL EXCELLENCE	CHILD NUTRITION
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 344	\$ 69,094
Receivables	23,161	40,284	0	2,028
Inventory	0	0	0	3,543
TOTAL ASSETS	23,161	40,284	344	74,665
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	8,385	22,639	344	66,855
Interfund payable	14,776	17,645	0	2,028
Deferred revenue	0	0	0	3,343
Total Liabilities	23,161	40,284	344	72,226
Fund Balances:				
Nonspendable	0	0	0	3,543
Unassigned	0	0	0	(1,104)
Total Fund Balances	0	0	0	2,439
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,161	\$ 40,284	\$ 344	\$ 74,665

Exhibit 2

OTHER MISCELLANEOUS	ENHANCING EDUCATION THRU TECHNOLOGY	EDUCATION JOBS	TOTAL
\$ 9,851	\$ 0	\$ 0	\$ 105,449
8,482	0	104,960	504,042
0	0	0	3,543
<u>18,333</u>	<u>0</u>	<u>104,960</u>	<u>613,034</u>
9,547	0	44,812	268,657
9,227	0	60,148	341,606
0	0	0	3,343
<u>18,774</u>	<u>0</u>	<u>104,960</u>	<u>613,606</u>
0	0	0	3,543
(441)	0	0	(4,115)
(441)	0	0	(572)
<u>\$ 18,333</u>	<u>\$ 0</u>	<u>\$ 104,960</u>	<u>\$ 613,034</u>

(CONCLUDED)

EAST CARROLL PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2011**

	<u>TITLE II</u>	<u>TITLE IV</u>	<u>IDEA</u>	<u>PRESCHOOL</u>
REVENUES				
Local sources:				
Interest earnings	\$ 0	\$ 0	\$ 0	\$ 0
Food services	0	0	0	0
Other	0	0	0	0
State sources: Equalization	0	0	0	0
Other	0	0	5,279	0
Federal sources	<u>307,695</u>	<u>6,287</u>	<u>379,771</u>	<u>14,143</u>
 Total revenues	 <u>307,695</u>	 <u>6,287</u>	 <u>385,050</u>	 <u>14,143</u>
 EXPENDITURES				
Current:				
Instruction:				
Regular programs	0	0	27,155	3,500
Special programs	0	0	294,391	9,905
Other instructional programs	276,778	0	0	0
Support services:				
Student services	0	1,000	1,158	0
Instructional staff support	22,149	5,287	40,487	0
General administration	8,768	0	19,224	738
Plant services	0	0	595	0
Student transportation services	0	0	2,062	0
Food services	0	0	0	0
 Total expenditures	 <u>307,695</u>	 <u>6,287</u>	 <u>385,050</u>	 <u>14,143</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
 Total Other Financing Sources (Uses)	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Net Change in Fund Balances	 0	 0	 0	 0
 FUND BALANCES AT BEGINNING OF YEAR	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 FUND BALANCES AT END OF YEAR	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

Exhibit 3

READING FIRST	SUMMER FEEDING	RURAL EDUCATION ACHIEVEMENT	VOCATIONAL EDUCATION	JAG
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
22,934	23,062	48,638	26,448	98,049
<u>22,934</u>	<u>23,062</u>	<u>48,638</u>	<u>26,448</u>	<u>98,049</u>
927	0	2,841	0	84,256
0	0	0	0	0
0	0	43,233	26,208	7,211
22,007	0	0	0	0
0	0	0	0	1,207
0	0	2,564	0	4,591
0	1,206	0	0	0
0	2,333	0	240	784
0	21,588	0	0	0
<u>22,934</u>	<u>25,127</u>	<u>48,638</u>	<u>26,448</u>	<u>98,049</u>
<u>0</u>	<u>(2,065)</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0
0	(40,908)	0	0	0
<u>0</u>	<u>(40,908)</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	(42,973)	0	0	0
<u>0</u>	<u>40,403</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ (2,570)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

EAST CARROLL PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2011**

	<u>LA 4</u>	<u>8 (g)</u>	<u>EDUCATIONAL EXCELLENCE</u>	<u>CHILD NUTRITION</u>
REVENUES				
Local sources:				
Interest earnings	\$ 0	\$ 0	\$ 0	\$ 8
Food services	0	0	0	17,761
Other	0	0	0	1,720
State sources: Equalization	0	0	0	63,358
Other	4,252	118,005	28,918	0
Federal sources	58,916	0	0	824,773
Total revenues	63,168	118,005	28,918	907,620
EXPENDITURES				
Current:				
Instruction:				
Regular programs	58,715	4,700	19,438	0
Special programs	0	0	0	0
Other instructional programs	1,894	91,003	0	0
Support services:				
Student services	0	22,171	0	0
Instructional staff support	0	0	0	0
General administration	2,559	0	0	0
Plant services	0	0	0	0
Student transportation services	0	131	0	0
Food services	0	0	0	952,939
Total expenditures	63,168	118,005	19,438	952,939
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	9,480	(45,319)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	13,848	40,908
Transfers out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	13,848	40,908
Net Change in Fund Balances	0	0	23,328	(4,411)
FUND BALANCES AT BEGINNING OF YEAR	0	0	(23,328)	6,850
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 2,439

Exhibit 3

OTHER MISCELLANEOUS	ENHANCING EDUCATION THRU TECHNOLOGY	EDUCATION JOBS	TOTAL
\$ 0	\$ 0	\$ 0	\$ 8
0	0	0	17,761
3,800	0	0	5,520
8,000	0	0	71,358
37,376	0	0	193,830
48,262	8,025	340,208	2,207,211
97,438	8,025	340,208	2,495,688
95,322	0	304,849	601,703
0	0	10,948	315,244
1,139	7,568	24,411	479,445
499	0	0	46,833
0	0	0	69,110
0	457	0	38,901
0	0	0	1,801
0	0	0	5,550
0	0	0	974,527
96,960	8,025	340,208	2,533,114
478	0	0	(37,426)
0	0	0	54,756
0	0	0	(40,908)
0	0	0	13,848
478	0	0	(23,578)
(919)	0	0	23,006
\$ (441)	\$ 0	\$ 0	\$ (572)

(Concluded)

East Carroll Parish School Board

Agency Funds

SCHOOL ACTIVITIES FUND The activities of the various individual school accounts are accounted for in the school activities agency fund. Although the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

RETIREMENT INSURANCE FUND The monthly receipt and payment of funds for the retirees' insurance benefits are accounted for in the retiree insurance fund. Although the account is under the supervision of the School Board, it belongs to the retirees and is not available for use by the School Board.

EAST CARROLL PARISH SCHOOL BOARD

AGENCY FUNDS

Combining Schedule of Assets and Liabilities
June 30, 2011

Exhibit 4

	<u>SCHOOL ACTIVITIES FUND</u>	<u>RETIREMENT INSURANCE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	<u>\$ 184,161</u>	<u>\$ 34,675</u>	<u>\$ 218,836</u>
TOTAL ASSETS	<u>184,161</u>	<u>34,675</u>	<u>218,836</u>
LIABILITIES			
Deposits due others	<u>184,161</u>	<u>34,675</u>	<u>218,836</u>
TOTAL LIABILITIES	<u>\$ 184,161</u>	<u>\$ 34,675</u>	<u>\$ 218,836</u>

EAST CARROLL PARISH SCHOOL BOARD

AGENCY FUNDS
 Statement of Changes in Fiduciary Assets and Liabilities
 For the Year Ended June 30, 2011

Exhibit 5

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
*****SCHOOL ACTIVITIES FUND*****				
ASSETS				
Cash and cash equivalents	\$ 164,313	\$ 168,340	\$ 148,492	\$ 184,161
	<u>164,313</u>	<u>168,340</u>	<u>148,492</u>	<u>184,161</u>
LIABILITIES				
Deposits due others	<u>164,313</u>	<u>168,340</u>	<u>148,492</u>	<u>184,161</u>
	<u>164,313</u>	<u>168,340</u>	<u>148,492</u>	<u>184,161</u>
RETIREMENT INSURANCE FUND				
ASSETS				
Cash and cash equivalents	<u>39,156</u>	<u>125,594</u>	<u>130,075</u>	<u>34,675</u>
	<u>39,156</u>	<u>125,594</u>	<u>130,075</u>	<u>34,675</u>
LIABILITIES				
Deposits due others	<u>39,156</u>	<u>125,594</u>	<u>130,075</u>	<u>34,675</u>
	<u>39,156</u>	<u>125,594</u>	<u>130,075</u>	<u>34,675</u>
*****TOTAL AGENCY FUNDS*****				
ASSETS				
Cash and cash equivalents	<u>203,469</u>	<u>293,934</u>	<u>278,567</u>	<u>218,836</u>
	<u>203,469</u>	<u>293,934</u>	<u>278,567</u>	<u>218,836</u>
LIABILITIES				
Deposits due others	<u>203,469</u>	<u>293,934</u>	<u>278,567</u>	<u>218,836</u>
	<u>\$ 203,469</u>	<u>\$ 293,934</u>	<u>\$ 278,567</u>	<u>\$ 218,836</u>

EAST CARROLL PARISH SCHOOL BOARD

SCHOOL ACTIVITIES AGENCY FUND
 Schedule of Changes in Deposits Due Others
 For the Year Ended June 30, 2011

Exhibit 6

SCHOOL	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Lake Providence Junior High	\$ 72,476	\$ 34,806	\$ 27,402	\$ 79,880
Lake Providence Senior High	36,418	81,953	67,653	50,718
Monticello High	5,815	7	0	5,822
Northside Elementary	13,889	13,787	16,106	11,570
Southside Elementary	35,715	37,787	37,331	36,171
Total	<u>\$ 164,313</u>	<u>\$ 168,340</u>	<u>\$ 148,492</u>	<u>\$ 184,161</u>

East Carroll Parish School Board

Exhibit 7

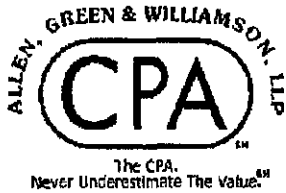
**Schedule of Compensation Paid Board Members
For The Year Ended June 30, 2011**

The schedule of compensation paid School Board members is in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$650 per month and the president receives \$50 per month for performing the duties of his/her office. Members received an additional \$50 for an extra meeting that was held during the year.

<u>Board Member</u>	<u>Actual Salary</u>
Georjean Jackson, President	\$ 8,100
Marion Carraway, Vice President	4,550
Ralph Coleman	7,800
Harriet Bridges	7,800
Glenn Dixon	3,550
Gene Edmondson	7,800
Evangelia Fields	3,250
Jacqueline Folks	4,550
Arlean Hampton	4,550
Fannie Hawkins	3,250
Tommy McKeel	3,250
Roger Shoemaker	7,800
Carolyn Ward	4,550
Total	<u>\$70,800</u>

East Carroll Parish School Board

SINGLE AUDIT INFORMATION



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Cindy Thomason, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Carroll Parish School Board as of and for the year ended June 30, 2011, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 31, 2011. 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 of America.

Internal Control Over Financial Reporting

Management of East Carroll Parish School Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-F1 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 11-F2, 11-F3, 11-F4, 11-F5, 11-F6, 11-F7 and 11-F8 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

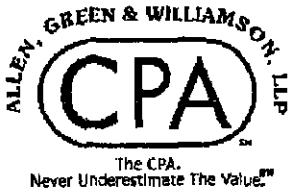
The School Board's responses to the findings identified in our audit are described in the accompanying corrective action plan for current year findings and questioned costs. We did not audit the School Board's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2011



ALLEN, GREEN & WILLIAMSON, LLP

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Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board Members

East Carroll Parish School Board
Lake Providence, Louisiana

Compliance

We have audited the compliance of the East Carroll Parish School Board with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The 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 each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the 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 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 on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-F9 and 11-F10.

Internal Control Over Compliance


Management of the 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 School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 11-F9 and 11-F10. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Board's responses to the findings identified in our audit are described in the accompanying corrective action plan for current year findings and questioned costs. We did not audit the School Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.


ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2011

**East Carroll Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

Exhibit 8

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass Through Grantor No.	Expenditures
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
Child Nutrition Cluster (non cash-commodities):			
National School Lunch Program	10.555	NONE	\$ 43,707
Child Nutrition Cluster (cash):			
National School Lunch Program	10.555	NONE	486,678
School Breakfast Program	10.553	NONE	231,504
Summer Feeding Program for Children	10.559	NONE	23,062
Fresh Fruit and Vegetable Program:	10.582	NONE	62,884
Total United States Department of Agriculture			<u>847,835</u>
United States Department of Education			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies			
Basic Grant Program	84.010A	28-11-T1-18	1,515,608
		28-10-TA-18	107,661
		28-09-TA-18	1,570
Title I ARRA	84.389A	28-09-A1-18	256,286
Special Education Cluster:			
Grants to States (Part B)	84.027A	28-11-B1-18	186,482
		28-10-PD-18	48,639
Preschool Grants	84.173A	28-11-P1-18	10,432
Grants to States (Part B)- ARRA	84.391A	28-09-A1-18	116,242
Preschool Grants- ARRA	84.392A	28-09-AP-18	3,711
Title II (Improving Teacher Quality State Grants)	84.367A	28-11-50-18	307,695
Title IV (Safe and Drug Free Schools)	84.186A	28-10-70-18	6,287
Technology Literacy Challenge(EETT)	84.318X	28-10-49-18	8,025
Education Jobs Fund- ARRA	84.410A	28-11-EJ-18	170,730
		28-11-EM-18	169,478
School Improvement Fund 1003(g)	84.377A	28-09-TC-18	9,772
Vocational Education: Basic Grants to States	84.048	28-11-02-18	24,590
		28-10-02-18	1,858
Rural Education Achievement Program (REAP)	84.358B	28-11-RE-18	32,547
		28-10-RE-18	16,091
LASIG Family Facilitator	84.323A	28-10-FF-18	28,408
Reading First State Grants	84.357A	28-09-RF-18	7,813
		28-08-R8-18	15,121
Math and Science Partnership	84.366B	28-10-MP-34	48,262
Total United States Department of Education			<u>3,093,308</u>
Department of Health and Human Services			
Passed Through the Louisiana Department of Education			
Temporary Assistance for Needy Families	93.558	28-11-36-18	58,916
		28-11-JS-18	98,049
TOTAL FEDERAL AWARDS			<u>\$ 4,098,108</u>

East Carroll Parish School Board
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the East Carroll Parish School Board. The East Carroll Parish School Board's (the "School Board") reporting entity is defined in note 1 to the School Board's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 1 to the School Board's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards are reported in the School Board's basic financial statements as follows:

	<u>Federal Sources</u>
Title I	\$ 1,890,897
Other governmental:	
Title II	307,695
Title IV	6,287
IDEA	379,771
Preschool	14,143
Reading First	22,934
Summer Feeding	23,062
Rural Education Achievement	48,638
Vocational Education	26,448
JAG	98,049
LA 4	58,916
Child Nutrition	824,773
Other Miscellaneous	48,262
Enhancing Education Thru Technology	8,025
Education Jobs	340,208
Total	\$ 4,098,108

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - NONCASH PROGRAMS The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2011**

PART I- Summary of the auditors' results

Financial statement audit

- i. The type of audit report issued was unqualified.
- ii. There were eight significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States. One significant deficiency is considered to be a material weakness.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were two significant deficiencies required to be disclosed by OMB Circular A-133.

The significant deficiencies were not considered to be a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed two audit findings which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal programs are:

Title I Cluster:

CFDA #84.010A	Title I - Basic Grants Program
CFDA #84.389A	Title I - ARRA

Special Education Cluster:

CFDA #84.027A	Grant to States (Part B)
CFDA #84.391A	Grants to States (Part B) - ARRA
CFDA #84.173A	Preschool Grants
CFDA #84.392A	Preschool Grants - ARRA

CFDA #84.367A	Title II (Improving Teacher Quality State Grants)
CFDA #84.410A	Education Jobs - ARRA

- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: 11-F1 Payroll Disbursements

Criteria or specific requirement: Proper internal controls over payroll disbursements require that proper documentation is kept in personnel files to determine existence of employment, proper classifications and salaries of employees based upon experience and education levels and that direct deposit authorization is kept. In addition, time cards or sheets should be kept for part time employees and signed by the employee as well as the supervisor or principal. Employees who resign, retire or are terminated should be terminated in the payroll system. Extra pay amounts for extra duties should be documented, approved and be assigned to the position not the employee.

Condition found: In the regular audit testing of 59 payroll disbursements the following exceptions were noted:

- Two employees did not have I9's or other proof of existence in their files.
- There was no support for extra pay paid from the general fund for two special education bus aides.
- There were two exceptions where neither time cards nor time sheets could be provided for two subs.
- There was one exception where there was no salary schedule provided for a federal program coordinator. Salary was based on a negotiated rate.
- There was one exception where an employee was overpaid for one pay period.
- There was one exception where an employee received a raise in the year although there was a pay freeze.
- There was one exception where the experience level of the employee did not match the appropriate step on the salary schedule resulting in an under payment.
- There was one exception where there was no direct deposit authorization on file.
- Two employees are being paid extra amounts for duties that they no longer perform.

In the special extra testing of 59 payroll changes performed, the following exceptions were noted:

- Ten employees were not terminated in the system after their employment stopped.
- Two employees received raises while there was a pay freeze in effect due to being put on the wrong step on the appropriate salary schedule.
- One exception where the employee master had the wrong years of experience in the current position.
- One exception where an employee was underpaid due to being in the wrong salary step.
- One exception where an employee was underpaid for extra coaching duties.
- One exception where the employee master file lists a bachelor's degree and should be masters plus 30.
- One exception where the employee terminated after receiving her monthly check but before the end of the month so was overpaid for 6 days. This employee was paid a supplement in May of 2011 but was not docked for the earlier overpayment of 6 days salary.
- Two exceptions where the employee's years of experience are wrong on the master file.

In testing attendance and leave records for one pay period which included 88 employees the following exceptions were noted:

- Nine instances where an employee had an incorrect balance for sick or vacation on the employee leave taken history.
- Two instances where the supervisor did not approve, in writing, the attendance and leave of all employees.
- Two instances where the employee did not document their daily attendance and leave.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Possible asserted effect (cause and effect):

Cause: There is a lack of procedures for monitoring and review in the payroll area.

Effect: There are errors in some pay calculations and a lack of documentation for some salaries and extra pay. Some employees' attendance and leave records and balance are not accurate.

Recommendations to prevent future occurrences: The School Board and management should establish proper policies and procedures in the payroll area to ensure that employee personnel files are accurate, salary schedules are complete and current, extra pay is properly approved and documented, attendance and leave records and balances are accurate, payroll changes are reviewed and approved, time cards for subs are signed by the employee and supervisor and retained, there is adequate proof of existence in all employees personnel files and that authorizations for direct deposits are retained.

Reference # and title: **11-F2** **Accounts Payable Disbursements**

Criteria or specific requirement: Proper internal controls require that purchase orders have proper approval and be prepared and approved before the purchase is made. In addition, invoices should be properly approved, be paid timely and match the amount of the check written for their payment. Also, expenses should be recorded to the correct general ledger code.

Condition found: In the testing of 86 accounts payable checks, the following exceptions were noted:

- Four exceptions where the invoice was not paid timely.
- One exception where the purchase order was prepared after the purchase was made.
- Two purchase orders were missing the proper approval.
- Three invoices were missing the proper approval.
- One check did not match the amount invoiced.
- One exception where the expense was recorded to the wrong general ledger code.

Possible asserted effect (cause and effect):

Cause: Accounts payable clerk not verifying support before processing.

Effect: There is a risk that improper payments could be made.

Recommendations to prevent future occurrences: The controls over accounts payable should be reviewed and strengthened to ensure payments are made timely and have all the required approvals.

Reference # and title: **11-F3** **Bank Reconciliations**

Criteria or specific requirement: Bank statements should be reconciled timely to ensure that any errors are detected and corrected before the next month's statement is received.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Condition found: In the testing of six bank reconciliations, two were found that were not performed timely. The August 10, 2010, General Fund statement was reconciled October 22, 2010. The January 11, 2011 statement was reconciled March 4, 2011.

Possible asserted effect (cause and effect):

Cause: Clerk has to call in the fee accountant when she is unable to reconcile a statement herself.

Effect: The School Board does not have adequate cash management.

Recommendations to prevent future occurrences: The School Board and management should ensure that all bank statements are reconciled before the next statement is received.

Reference # and title: **11-F4** **Computer Systems Access**

Criteria or specific requirement: Proper internal controls of employee access to the computer systems require that access be limited to those with “need” to access the modules pertaining to their job functions. Certain critical areas such as payroll, accounts payable and bank reconciliations should be limited to as few employees as possible.

Condition found: In the testing of internal controls over system access the following exceptions were noted:

- Eleven exceptions where an employee had been terminated and their user accounts were not deleted.
- Four exceptions were noted where an employee had access to a module out of their assigned job function. Three of these exceptions relate to access to an employee having access to the “extra pay” module within the payroll program even though their job duties are not in the payroll area. The fourth is an employee who has access to the accounts payable and bank reconciliation modules yet her job duties are not in these areas.
- There were two exceptions where the same person had two user accounts. When their original sign-on had a problem, a new sign-on was provided, but the old one was not deleted.
- There was one exception where an employee changed positions to one where she did not need any access to the computer system, yet her user name was not deleted.

Possible asserted effect (cause and effect):

Cause: There are poor internal controls over the access to the system.

Effect: There is a risk of fraudulent use of the computer system.

Recommendations to prevent future occurrences: The School Board and management should develop proper policies and procedures to ensure that employees only have access to what they need and that there is a process of approval for new accounts. In addition, an employee’s access should be immediately removed upon termination or change to another position where access is not needed.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **11-F5** **Cash Receipts**

Criteria or specific requirement: Proper internal controls require that monies received be deposited in the bank in a timely manner.

Condition found: In testing 40 cash receipts it was noted that 15 were not deposited timely. AGW considers within three days of receipt to be timely.

Possible asserted effect (cause and effect):

Cause: Multiple staff are involved in cash receipts and are not adhering to procedures.

Effect: There is a risk of funds being lost or stolen before they are deposited.

Recommendations to prevent future occurrences: Procedures should be put in place to ensure that received funds are deposited daily or within three days of receipt.

Reference # and title: **11-F6** **Student Activity Funds**

Criteria or specific requirement: Proper internal controls over student activity funds require that the accounting for student activity funds be current and accurate. Invoices should be paid timely and supported by purchase orders. Only allowable expenses should be paid from school funds. Principals should sign the monthly financials after their review. As the School Board is exempt from sales tax, sales tax on invoices should not be paid or reimbursed. Purchase orders should be prepared and approved before purchases are made. Ticket reconciliations should be prepared for all athletic events. Outstanding checks over 90 days should be reviewed to determine the cause.

Condition found: The Business Manager reviewed four schools. At each school she tested 15 cash receipts, 25 accounts payable disbursement, two bank reconciliations and the monthly financials through December 2010. The following exceptions noted:

Receipts:

- Unable to track some receipts from deposits to collection sheets and receipt log as sponsor was not properly recording her receipts.
- One deposit had no receipt nor was it recorded in receipt log.
- Three issued receipts that were not recorded in the receipt log but were deposited.
- One exception where the receipt book was lost and therefore unable to track deposits.
- One exception where money was held four days before being deposited.

Disbursements:

- Two exceptions where invoices were not paid timely.
- Four exceptions where late fees were paid due to previous bill being paid late.
- One exception where school funds were used to give 2 retirement parties.
- Three exceptions where payment was made off a statement instead of an invoice.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

- One instance of purchase orders not being used by a school for two different months.
- One instance of a bank reconciliation having four outstanding checks dating back to 2008.
- One exception where the financials were not signed at the school level.
- One exception where the ticket reconciliation was not prepared for a football game.
- Several instances of purchase orders being written after invoice date.
- Several instances of invoices not being signed by the principal.
- Several instances of sales taxes on an invoice being paid.

Possible asserted effect (cause and effect):

Cause: Principals and school secretaries are not following procedures established by the Business Manager.

Effect: Internal controls over student activity funds are weakened.

Recommendations to prevent future occurrences: Management should continue to provide guidance to school bookkeepers and principals on the importance of proper record keeping.

Reference # and title: **11-F7** **Credit Cards**

Criteria or specific requirement: Proper internal controls require that credit card receipts be matched to the appropriate invoice and that the invoices are matched to the monthly statement before payment is made. Credit cards should be paid timely and in full to avoid finance charges and/or late fees.

Condition found: Credit card receipts are not being matched to credit card invoices or statements when the invoices are paid. Credit card statements are not paid timely and/or not paid in full resulting in finance charges and/or late fees.

Possible asserted effect (cause and effect):

Cause: Proper procedures for handling credit card payments have not been established.

Effect: There are poor internal controls over credit card usage.

Recommendations to prevent future occurrences: Procedures should be established to match credit card receipts to the appropriate invoice and the invoices to the monthly statements before payment is made. Credit cards should be paid timely and/or in full to avoid finance charges and or late fees.

Reference # and title: **11-F8** **Contracts**

Criteria or specific requirement: Proper internal controls require that all contracts be signed by the Superintendent and that a copy of all signed contracts be kept in the central accounting office.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Condition found: The Superintendent is not receiving all contracts to sign and keep a copy of. Contracts are sometimes signed by Supervisors or Directors without the Superintendent's knowledge. There is no centralized file of all signed contracts.

Possible asserted effect (cause and effect):

Cause: Newly hired or promoted Supervisors are not properly trained concerning contracts.

Effect: There are poor internal controls over contracts.

Recommendations to prevent future occurrences: Procedures should be established to ensure that all contracts are approved and signed by the Superintendent and that copies of all signed contracts are kept in a central office file.

East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011

Part III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Section (a):

Reference # and title: 11-F9 Reporting of Financial Data

Entity-Wide or program/department specific: This finding relates to the Title I Cluster programs, CFDA #84.010A and CFDA #84.389A (ARRA), Title II CFDA #84.367A, Special Education Cluster programs CFDA #84.027A, CFDA #84.173A, CFDA #82.391A (ARRA) and CFDA #82.392A (ARRA) for Federal Award Year 2011, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Criteria or specific requirement: The expenses reported on the reimbursement requests and on the periodic expense reports should be accurate and tie to the expenses recorded in the general ledger. The indirect cost reported on these reports should be based upon the indirect cost rate approved by the state.

Condition found: The data on the reimbursement requests and the periodic expense reports are not being tied to the general ledger for accuracy before being submitted to the State. The indirect costs reported on Title I and Title II reports are not based on the approved state indirect cost rate.

Possible asserted effect (cause and effect):

Cause: Personnel are not verifying their data to the general ledger before submitting the reports.

Effect: The reporting of the expenditures of federal funds is incorrect.

Recommendations to prevent future occurrences: Procedures should be established to ensure that the expenditures reported on reimbursement requests and periodic expense reports match the expenditures recorded in the general ledger before the reports are submitted to the state. Also procedures should be established to ensure that the amount of indirect cost reported is based upon the indirect cost rate approved by the state.

Reference # and title: 11-F10 Disbursements

Entity-Wide or program/department specific: This finding relates to the Title I Cluster programs, CFDA #84.010A and CFDA #84.389A (ARRA) and Special Education Cluster programs CFDA #84.027A, CFDA #84.173A, CFDA #82.391A (ARRA) and CFDA #82.392A (ARRA) for Federal Award Year 2011, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Criteria or specific requirement: Proper internal controls require that purchase orders have proper approval and be prepared and approved before the purchase is made. In addition, invoices should be properly approved, be paid timely and match the amount of the check written for their payment. Also, expenses should be recorded to the correct general ledger code. Proper internal controls over payroll disbursements require that proper documentation is kept in personnel files to determine existence of employment, proper classifications and salaries of employees based upon experience and education levels. In addition, time cards or sheets should be kept for part time employees and signed by the employee as well as the supervisor or principal.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
June 30, 2011**

Part III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Section (a):

Condition found: In the testing of 40 Title I disbursements the following exceptions were noted:

- There was one exception where there was no salary schedule provided for a federal program coordinator. Salary is based on a negotiated rate.
- There was one exception where the experience level of the employee did not match the appropriate step on the salary schedule resulting in an underpayment.
- One exception where the timesheet supporting substitute pay could not be provided.

In the testing of 40 Special Education disbursements the following exceptions were noted:

- Three exceptions were noted where invoices were missing the proper approval.
- Two exceptions were noted where purchase orders were missing the proper approval.
- One exception was noted where an employee was overpaid for one pay period.

Possible asserted effect (cause and effect):

Cause: There is a lack of procedures for monitoring and review of disbursements in vendor and payroll areas.

Effect: There is a risk that improper payments could be made.

Recommendations to prevent future occurrences: The controls over vendor disbursements should be reviewed and strengthened to ensure purchase orders and invoice have all the required approvals. The School Board and management should establish proper policies and procedures in the payroll area to ensure that employee personnel files are accurate, salary schedules are complete and current, extra pay is properly approved and documented, payroll changes are reviewed and approved, time cards for subs are signed by the employee and supervisor and retained, there is adequate proof of existence in all employees personnel files and that authorizations for direct deposits are retained.

East Carroll Parish School Board

OTHER INFORMATION

**East Carroll Parish School Board
Summary Schedule of Prior Audit Findings
June 30, 2011**

Reference # and title: **10-F1** **Payroll Disbursements**

Date Originated: June 30, 2009.

Condition: Proper internal controls over payroll disbursements require that proper documentation is kept in personnel files to determine existence of employment, proper classifications and salaries of employees based upon experience and education levels and that direct deposit authorization is kept. In addition workers compensation classifications of employees should be correct for their position, time cards or sheets should be kept for part time employees and signed by the employee, as well as contracts should be kept up to date for contract workers. Good controls over payroll require that there be procedures for setting up a new employee in the system.

Out of 73 payroll disbursements tested the following discrepancies were noted:

- Two employees did not have proper documentation in their personnel file. The 19's were missing and there were no other forms of identification in their files.
- Three employees did not have direct deposit authorizations in their files.
- No time sheets or cards were being kept for one part time employee.
- Two contracted employees did not have accurate current contracts that served as their semi-annual certification.

During the course of testing payroll records, it was noted that the School Board has set up approximately 28 employees in the payroll system that were not actual individuals working for the School Board. These "generic" identifications are set up at the beginning of each year and then terminated at the end of each year. There was no indication found that these "generic" identifications received any payroll checks during the year. It appears that these "generic" identifications are strictly used for coding substitute employees. The School Board is currently using these "generic" identifications when assigning substitutes at the school level. Each time a substitute is entered into the system, the School Board has to assign that substitute to the employee that the substitute was filling in for. Unless the School Board distinguishes that the employee was out on professional leave when the substitute was used, the employee will be docked for sick leave or personal leave. Also, due to the closure of Monticello High School at the end of the 2009-2010 school year and the fact that several teachers left at the end of the prior year, the School Board had several classrooms without a teacher. To prevent hiring new teachers, the School Board chose to use substitutes to fill these positions and coded these substitutes to the "generic" identifications detailed above. Additionally, through testing substitute pay it was noted that one substitute was paid twice for the same day of work and both were coded to a "generic" identification. A sample of 40 of these substitute transactions was selected for testing. Documentation such as a sign in sheet was not provided for 12 of these transactions. The School Board has the capability of coding leave time for an employee that is out for professional development purposes as professional leave. However, the School Board is not properly using these capabilities in the substitute employee process.

When testing fringe benefits we noted that one of the twenty one employees selected had the wrong workers compensation rate. The rate used was .58% and should have been 6.03% due to the higher risk of that employee's job position.

In tracing one employee's check for \$181.10 to clearing in the bank account, it was noted that the check had not cleared the bank but had been accidentally been removed from the outstanding check list.

When testing a sample of administrative salaries, it was noted that one employee is being paid for duties they are no longer performing. Also, it was noted that one employee was underpaid according to the terms of their contract.

**East Carroll Parish School Board
Summary Schedule of Prior Audit Findings
June 30, 2011**

Corrective action planned: See current year finding 11-F1.

Reference # and title: **10-F2** **Capital Assets**

Date Originated: June 30 2008.

Condition: Good internal controls over capital assets require procedures to be implemented, to ensure additions and deletions are properly recorded on the capital asset listing, per the School Board's approved capitalization policy. The capital assets on the listing should be inspected annually, to determine that the capitalized assets are still in existence and being utilized. All capital assets should be properly tagged, to determine that the asset is property of the School Board and to provide an audit trail for annual inspections.

While testing expenditures for capital assets through the general ledger, it was noted that five assets were not added to the capital asset listing. These assets (which include two school buses, a driver's education car, an audio sound console, and reading software) were not tagged and the total cost of these assets was \$213,394.

While performing a test of inspections of capital assets at two schools it was noted that three of the ten assets selected to trace back to the listing at one particular school could not be located on the listing. All three of these assets were not tagged, therefore, could not be traced to the capital asset listing.

In testing four asset deletions, it was noted that none of the four asset deletion forms were signed as approved by either the school principal or designated supervisor.

Corrective action taken: The Inventory Clerk reviews the general ledger codes 600 through 730 to ensure that all assets are accounted for and listed on Capital Asset report. The clerk also makes sure all deletions reports are properly completed and signed by appropriate personnel.

Reference # and title: **10-F3** **Student Activity Funds**

Date Originated: June 30 2008.

Condition: Proper internal controls over student activity funds require that the accounting for student activity funds be current and accurate. Financials should be prepared on a regular basis and provided to the School Board for review.

In reviewing seven school audits completed by the School Board Business Manager the following exceptions were noted:

Receipts:

- Deposits do not always equal the receipts/teacher log showed
- Receipts are not always issued for concessions.
- Receipt logs are not always up to date and deposits cannot always be traced to receipts.
- Principal do not always sign off on receipts in log books.
- Game concession sheets are filled out improperly and game ticket recons are not always prepared.
- Documentation for fund raisers is not always kept.

**East Carroll Parish School Board
Summary Schedule of Prior Audit Findings
June 30, 2011**

Disbursements:

- Checks are being written out of numerical order.
- Blank checks with signatures only or no signatures are being taken from the schools for purchases.
- Checks are being written without proper support.
- Disbursements that should be made by the Central Office are being made at the schools.
- Checks are written without the proper approval of invoices or purchase orders.
- Checks are being written with no invoices or tickets (paid from purchase order only)

Financials:

- Financials are not always up to date, nor bank statements reconciled timely.

Corrective action planned: See current year finding 11-F6.

Reference # and title: **10-F4** **Reporting of Financial Data**

Date Originated: June 30 2010.

Entity-Wide or program/department specific: This finding relates to the Title I Cluster program, Title I CFDA #84.010A and Title I ARRA CFDA #84.389A for Federal Award Year 2010, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Condition: The financial reports that are filed with the State should be accurate and the amounts reported tie to the general ledger records of the School Board.

Periodic Expense reports #3 and #4 for both Title I ARRA and regular Title I contained variances from the general ledger records. For the Title 1 ARRA grant, a variance of \$16,518 was noted on Periodic Expense report #3 and \$1,228 was noted on Periodic Expense report #4. For the Title 1 grant a variance of \$1,221 was noted on Periodic Expense report #4.

Corrective action planned: See current year finding 11-F9.

Reference # and title: **10-F5** **Private School Involvement**

Date Originated: June 30 2010.

Entity-Wide or program/department specific: This finding relates to the Title I Cluster program, Title I CFDA #84.010A and Title I ARRA CFDA #84.389A for Federal Award Year 2010, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Condition: Federal guidelines require that all private schools in the parish be offered Title I funding assistance each year.

The Title I Department could not provide documentation that Title I services were offered to the private school for the 2009-2010 school year.

**East Carroll Parish School Board
Summary Schedule of Prior Audit Findings
June 30, 2011**

Corrective action taken: There was a change in administration mid-year and documents could not be found, but the new Title I Director is aware that services should be offered to the private school and will do so accordingly.

Reference # and title: **10-F6** **Cash Management of Federal Awards**

Date Originated: June 30 2010.

Entity-Wide or program/department specific: This finding relates to the Title I Cluster program, Title I CFDA #84.010A and Title I ARRA CFDA #84.389A for Federal Award Year 2010, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Condition: Reimbursement requests for Title I funds should be requested after the expenses are paid except for payroll expenses which may be requested up to one month in advance.

Reimbursement request number 2 for Title I School Improvement was requested before any expenses were incurred. Reimbursement request number 2 was dated 9/16/09 and included a request for \$120,283. However, the invoices for these purchases were not paid until 10/13/09 and 10/29/09.

Corrective action taken: There were extenuating circumstances that caused this mishap. We did not want to lose federal dollars. The Title I Clerk is aware that claims should not be made until expenses are incurred. This has always been the practice of the District.

Reference # and title: **10-F7** **Suspension and Debarment**

Date Originated: June 30 2010.

Entity-Wide or program/department specific: This finding relates to the Title I Cluster program, Title I CFDA #84.010A and Title I ARRA CFDA #84.389A and Special Education Cluster programs CFDA #84.027, CFDA #84.391, CFDA #84.173 and CFDA #84.392 for Federal Award Year 2010, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Condition: Recipients of federal grants are required to ensure that they do not make payments to vendors who are either suspended or debarred from receiving federal awards. This applies to all vendors expected to be paid \$25,000 in total during the year.

The Title I and Special Education programs do not have controls in place to ensure that payments are not made to vendors who are either suspended or debarred.

Corrective action taken: Both Title I and Special Ed Directors have been made aware of this requirement and both will follow federal guidelines.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

Reference # and title: **11-F1** **Payroll Disbursements**

Condition: In the regular audit testing of 59 payroll disbursements the following exceptions were noted:

- Two employees did not have I9's or other proof of existence in their files.
- There was no support for extra pay paid from the general fund for two special education bus aides.
- There were two exceptions where neither time cards nor time sheets could be provided for two subs.
- There was one exception where there was no salary schedule provided for a federal program coordinator. Salary was based on a negotiated rate.
- There was one exception where an employee was overpaid for one pay period.
- There was one exception where an employee received a raise in the year although there was a pay freeze.
- There was one exception where the experience level of the employee did not match the appropriate step on the salary schedule resulting in an under payment.
- There was one exception where there was no direct deposit authorization on file.
- Two employees are being paid extra amounts for duties that they no longer perform.

In the special extra testing of 59 payroll changes performed, the following exceptions were noted:

- Ten employees were not terminated in the system after their employment stopped.
- Two employees received raises while there was a pay freeze in effect due to being put on the wrong step on the appropriate salary schedule.
- One exception where the employee master had the wrong years of experience in the current position.
- One exception where an employee was underpaid due to being in the wrong salary step.
- One exception where an employee was underpaid for extra coaching duties.
- One exception where the employee master file lists a bachelor's degree and should be masters plus 30.
- One exception where the employee terminated after receiving her monthly check but before the end of the month so was overpaid for 6 days. This employee was paid a supplement in May of 2011 but was not docked for the earlier overpayment of 6 days salary.
- Two exceptions where the employee's years of experience are wrong on the master file.

In testing attendance and leave records for one pay period which included 88 employees the following exceptions were noted:

- Nine instances where an employee had an incorrect balance for sick or vacation on the employee leave taken history.
- Two instances where the supervisor did not approve, in writing, the attendance and leave of all employees.
- Two instances where the employee did not document their daily attendance and leave.

Corrective action planned: Management will review current policy for payroll procedures and submit updated policies for approval by the School Board in order to ensure proper payroll procedures are followed. It is the responsibility of the payroll department to ensure that personnel files, which are being reorganized, are equipped with all relevant information pertaining to employee.

In addition to any changes to the payroll would be authorized by the Superintendent and/or Business Manager and logged with reason. All substitutes will be required to sign in at every location and documented at the central office to ensure the accuracy of payroll processing.

Care will be taken during the input of leave data so as to avoid balance miscalculations. The importance of recording daily attendance by all employees has been stressed. All leave will be approved by Superintendent or designee.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

Person responsible for corrective action:

Dr. Voleria Millikin, Superintendent Telephone: (318) 559-2222
East Carroll Parish School Board Fax: (318) 559-3864
P. O. Box 792
Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F2** **Accounts Payable Disbursements**

Condition: Proper internal controls require that purchase orders have proper approval and be prepared and approved before the purchase is made. In addition, invoices should be properly approved, be paid timely and match the amount of the check written for their payment. Also, expenses should be recorded to the correct general ledger code.

In the testing of 86 accounts payable checks, the following exceptions were noted:

- Four exceptions where the invoice was not paid timely.
- One exception where the purchase order was prepared after the purchase was made.
- Two purchase orders were missing the proper approval.
- Three invoices were missing the proper approval.
- One check did not match the amount invoiced.
- One exception where the expense was recorded to the wrong general ledger code.

Corrective action planned: All employees are being in-serviced on procedures for handling accounts payable disbursements, purchase orders and using the LAUGH guide as a reference tool when questions arise concerning general ledger codes.

Person responsible for corrective action:

Dr. Voleria Millikin, Superintendent Telephone: (318) 559-2222
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P. O. Box 792
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Anticipated completion date: June 30, 2012.

Reference # and title: **11-F3** **Bank Reconciliations**

Condition: Bank statements should be reconciled timely to ensure that any errors are detected and corrected before the next month's statement is received.

In the testing of six bank reconciliations, two were found that were not performed timely. The August 10, 2010, General Fund statement was reconciled October 22, 2010; the January 11, 2011 statement was reconciled March 4, 2011.

Corrective action planned: Clerk is being trained to research discrepancies as they occur without having to wait for assistance. Timely completion of reconciliations will be monitored by Business Manager.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

Person responsible for corrective action:

Dr. Vleria Millikin, Superintendent Telephone: (318) 559-2222
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P. O. Box 792
Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F4** **Computer Systems Access**

Condition: Proper internal controls of employee access to the computer systems require that access be limited to those with “need” to access the modules pertaining to their job functions. Certain critical areas such as payroll, accounts payable and bank reconciliations should be limited to as few employees as possible.

In the testing of internal controls over system access the following exceptions were noted:

- Eleven exceptions where an employee had been terminated and their user accounts were not deleted.
- Four exceptions were noted where an employee had access to a module out of their assigned job function. Three of these exceptions relate to access to an employee having access to the “extra pay” module within the payroll program even though their job duties are not in the payroll area. The fourth is an employee who has access to the accounts payable and bank reconciliation modules yet her job duties are not in these areas.
- There were two exceptions where the same person had two user accounts. When their original sign-on had a problem, a new sign-on was provided, but the old one was not deleted.
- There was one exception where an employee changed positions to one where she did not need any access to the computer system, yet her user name was not deleted.

Corrective action planned: Business Manager has received authorization from software vendor and has been given access to be able to maintain user of the system. Adding and deleting users are functions of the software vendor. Business Manager will notify software vendor via e-mail when a user should be added or terminated.

Person responsible for corrective action:

Dr. Vleria Millikin, Superintendent Telephone: (318) 559-2222
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P. O. Box 792
Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F5** **Cash Receipts**

Condition: Proper internal controls require that monies received be deposited in the bank in a timely manner.

In testing 40 cash receipts it was noted that 15 were not deposited timely. AGW considers within three days of receipt to be timely.

Corrective action planned: Procedures have been changed so that receipts are deposited no later than three days after received.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

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Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F6** **Student Activity Funds**

Condition: Proper internal controls over student activity funds require that the accounting for student activity funds be current and accurate. Invoices should be paid timely and supported by purchase orders. Only allowable expenses should be paid from school funds. Principals should sign the monthly financials after their review. As the School Board is exempt from sales tax, sales tax on invoices should not be paid or reimbursed. Purchase orders should be prepared and approved before purchases are made. Ticket reconciliations should be prepared for all athletic events. Outstanding checks over 90 days should be reviewed to determine the cause.

The Business Manager reviewed four schools. At each school she tested 15 cash receipts, 25 accounts payable disbursement, two bank reconciliations and the monthly financials through December 2010. The following exceptions noted:

Receipts:

- Unable to track some receipts from deposits to collection sheets and receipt log as sponsor was not properly recording her receipts.
- One deposit had no receipt nor was it recorded in receipt log.
- Three issued receipts that were not recorded in the receipt log but were deposited.
- One exception where the receipt book was lost and therefore unable to track deposits.
- One exception where money was held four days before being deposited.

Disbursements:

- Two exceptions where invoices were not paid timely.
- Four exceptions where late fees were paid due to previous bill being paid late.
- One exception where school funds were used to give 2 retirement parties.
- Three exceptions where payment was made off a statement instead of an invoice.
- One instance of purchase orders not being used by a school for two different months.
- One instance of a bank reconciliation having four outstanding checks dating back to 2008.
- One exception where the financials were not signed at the school level.
- One exception where the ticket reconciliation was not prepared for a football game.
- Several instances of purchase orders being written after invoice date.
- Several instances of invoices not being signed by the principal.
- Several instances of sales taxes on an invoice being paid.

Corrective action planned: Policies and procedures are being reviewed as well as on-going in-service trainings.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

Person responsible for corrective action:

Dr. Voleria Millikin, Superintendent Telephone: (318) 559-2222
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P. O. Box 792
Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F7** **Credit Cards**

Condition: Proper internal controls require that credit card receipts be matched to the appropriate invoice and that the invoices are matched to the monthly statement before payment is made. Credit cards should be paid timely and in full to avoid finance charges and/or late fees.

Credit card receipts are not being matched to credit card invoices or statements when the invoices are paid. Credit card statements are not paid timely and/or in full resulting finance charges and/or late charges.

Corrective action planned: Procedures have been put in place and in-service has been conducted to all staff on credit card use and statement reconciliation.

Person responsible for corrective action:

Dr. Voleria Millikin, Superintendent Telephone: (318) 559-2222
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Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F8** **Contracts**

Condition: Proper internal controls require that all contracts be signed by the Superintendent and that a copy of all signed contracts be kept in the central accounting office.

The Superintendent is not receiving all contracts to sign and keep a copy of. Contracts are sometimes signed by Supervisors or Directors without the Superintendent's knowledge. There is no centralized file of all signed contracts.

Corrective action planned: All contracts are being signed by appropriate personnel and filed in a centralized location.

Person responsible for corrective action:

Dr. Voleria Millikin, Superintendent Telephone: (318) 559-2222
East Carroll Parish School Board Fax: (318) 559-3864
P. O. Box 792
Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

Reference # and title: **11-F9** **Reporting of Financial Data**

Entity-Wide or program/department specific: This finding relates to the Title I Cluster programs, CFDA #84.010A and CFDA #84.389A, Title II CFDA #84.367A, Special Education Cluster programs CFDA #84.027A, CFDA #84.173A, CFDA #82.391A and CFDA #82.392A for Federal Award Year 2011, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Condition: The expenses reported on the reimbursement requests and on the periodic expense reports should be accurate and tie to the expenses recorded in the general ledger. The indirect cost reported on these reports should be based upon the indirect cost rate approved by the state.

The data on the reimbursement requests and the periodic expense reports are not being tied to the general ledger for accuracy before being submitted to the State. The indirect costs reported on Title I and Title II reports are not based on the approved state indirect cost rate.

Corrective action planned: Procedures have been established to ensure that request for funds and the subsequent quarterly periodic expense reports are accurate and agree with the expenses recorded in the general ledger.

Person responsible for corrective action:

Dr. Voleria Millikin, Superintendent Telephone: (318) 559-2222
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Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2012.

Reference # and title: **11-F10** **Disbursements**

Entity-Wide or program/department specific: This finding relates to the Title I Cluster programs, CFDA #84.010A and CFDA #84.389A and Special Education Cluster programs CFDA #84.027A, CFDA #84.173A, CFDA #82.391A and CFDA #82.392A for Federal Award Year 2011, received from Federal Agency U.S. Department of Education passed through the Louisiana Department of Education.

Condition: Proper internal controls require that purchase orders have proper approval and be prepared and approved before the purchase is made. In addition, invoices should be properly approved, be paid timely and match the amount of the check written for their payment. Also, expenses should be recorded to the correct general ledger code. Proper internal controls over payroll disbursements require that proper documentation is kept in personnel files to determine existence of employment, proper classifications and salaries of employees based upon experience and education levels. In addition, time cards or sheets should be kept for part time employees and signed by the employee as well as the supervisor or principal.

In the testing of 40 Title I disbursements the following exceptions were noted:

- There was one exception where there was no salary schedule provided for a federal program coordinator. Salary is based on a negotiated rate.
- There was one exception where the experience level of the employee did not match the appropriate step on the salary schedule resulting in an underpayment.

East Carroll Parish School Board
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2011

- One exception where the timesheet supporting substitute pay could not be provided.

In the testing of 40 Special Education disbursements the following exceptions were noted:

- Three exceptions were noted where invoices were missing the proper approval.
- Two exceptions were noted where purchase orders were missing the proper approval.
- One exception was noted where an employee was overpaid for one pay period.

Corrective action planned: All employees are being in-serviced on procedures for handling vendor disbursements, purchase orders and using the LAUGH guide as a reference tool when questions arise concerning general ledger codes.

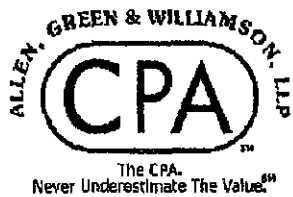
Management will review current policy for payroll procedures and submit updated policies for approval by the School Board in order to ensure proper payroll procedures are followed. It is the responsibility of the payroll department to ensure that personnel files, which are being reorganized, are equipped with all relevant information pertaining to employee.

In addition to any changes to the payroll would be authorized by the Superintendent and/or Business Manager and logged with reason. All substitutes will be required to sign in at every location and documented at the central office to ensure the accuracy of payroll processing.

Person responsible for corrective action:

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Anticipated completion date: June 30, 2012.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES ON PERFORMANCE AND STATISTICAL DATA

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the East Carroll Parish School Board, Lake Providence, Louisiana, 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 the 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). This agreed-upon procedures engagement was performed in accordance with attestation 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 reports. 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)

1. We 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 on the schedule:
 - Total General Fund Instructional 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, and
 - Nonpublic Transportation Revenue.

Comment: No exceptions were noted as result of applying agreed upon procedures.

Education Levels of Public School Staff (Schedule 2)

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.

Comment: There was one exception noted when reconciling Schedule 2 and Schedule 4 to the supporting payroll records. The client reported a total of 99 classroom teachers on Schedule 2 and 4 and the supporting payroll records are only showing a total of 98 classroom teachers.

Management's Response: Schedule 2 and 4 were completed using October 1, PEP report as submitted to state. PEP report and payroll records will be thoroughly reviewed for accuracy in reporting.

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.

Comment: No exceptions were noted as result of applying agreed upon procedures.

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 and determine if the individual's education level was properly classified on the schedule.

Comment: No exceptions were noted as result of applying agreed upon procedures.

Number and Type of Public Schools (Schedule 3)

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 to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555)

Comment: No exceptions were noted as result of applying agreed upon procedures.

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

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 and determined if the individual's experience was properly classified on the schedule.

Comment: No exceptions were noted as result of applying agreed upon procedures.

Public Staff Data (Schedule 5)

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 equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Comment: Twenty exceptions were noted as a result of applying agreed upon procedures. Seven were noted in which extended time worked was included in extra compensation instead of base pay. Three exceptions were noted in which extra compensation was miscalculated. Ten exceptions were noted related to calculation of full-time

equivalents. Nine instances full-time equivalents were calculated as more than one. One exceptions was noted in which no leave was noted; however FTE is less than one.

Management's Response: Care will be taken by payroll clerk when recording and computing extra pay.

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

Comment: No exceptions were noted as result of applying agreed upon procedures.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of ten classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Comment: No exceptions were noted as result of applying agreed upon procedures.

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

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 School Board.

Comment: No exceptions were noted as result of applying agreed upon procedures.

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

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 School Board.

Comment: No exceptions were noted as result of applying agreed upon procedures.

The Iowa Tests (Schedule 9)

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 School Board.

Comment: No exceptions were noted as result of applying agreed upon procedures.

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 the East Carroll 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.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2011

**General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year ended June 30, 2010-2011**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	3,539,288	
Other Instructional Staff Activities	320,458	
Employee Benefits	1,689,309	
Purchased Professional and Technical Services	73,823	
Instructional Materials and Supplies	116,434	
Instructional Equipment	4,332	
Total Teacher and Student Interaction Activities	<u>5,743,644</u>	5,743,644
Other Instructional Activities		91,137
Pupil Support Activities	606,823	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	<u>606,823</u>	606,823
Instructional Staff Services	399,384	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<u>399,384</u>	399,384
School Administration	805,596	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<u>805,596</u>	805,596
Total General Fund Instructional Expenditures		<u>7,646,354</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>26,933</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		270,544
Renewable Ad Valorem Tax		268,451
Debt Service Ad Valorem Tax		
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		42,475
Sales and Use Taxes		1,397,933
Total Local Taxation Revenue		<u>1,980,403</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		228,311
Earnings from Other Real Property		
Total Local Earnings on Investment in Real Property		<u>228,311</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		9,204
Revenue Sharing - Other Taxes		9,204
Revenue Sharing - Excess Portion		
Other Revenue in Lieu of Taxes		
Total State Revenue in Lieu of Taxes		<u>18,408</u>
Nonpublic Textbook Revenue		<u>4,838</u>
Nonpublic Transportation Revenue		<u> </u>

SCHEDULE 2

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Education levels of Public School Staff
As of October, 2010

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								
Bachelor's Degree	58	54.21%						
Master's Degree	14	13.08%						
Master's Degree + 30	26	24.30%			5	4.82%		
Specialist in Education	1	0.93%			3	2.89%		
Ph. D. or Ed. D.								
Total	99	92.52%	0	0.00%	8	7.71%		

SCHEDULE 3

**EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana**

**Number and Type of Public Schools
For the Year Ended June 30, 2011**

Type	Number
Elementary	2
Middle/Jr. High	1
Secondary	1
Combination	
Total	4

Schedule 4

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October, 2010

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals					1		2	3
Principals							5	5
Classroom Teachers	7	1	13	7	9	12	50	99
Total	7	1	13	7	10	12	57	107

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Public School Staff Data: Average Salaries
For the Year Ended June 30, 2011

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$42,477.00	\$42,168.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$41,711.00	\$41,845.00
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	114.42	84.83

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Class Size Characteristics
As of October 1, 2010

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	57%	81	38%	54	4%	6		
Elementary Activity Classes	50%	10	45%	9	5%	1		
Middle/Jr. High	60%	63	19%	20	20%	21	1%	1
Middle/Jr. High Activity Classes	74%	14	16%	3	5%	1	5%	1
High	82%	121	15%	22	1%	2	1%	1
High Activity Classes	90%	18			5%	1	5%	1
Combination								
Combination Activity Classes								

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students												
Grade 4												
Advanced	3	3	3	3	4	4			5	5		
Mastery	25	27	23	23	28	27	22	24	19	19	9	9
Basic	42	46	55	54	49	48	55	60	46	46	61	59
Approaching Basic	15	16	13	13	14	14	12	13	12	12	17	17
Unsatisfactory	7	8	8	8	8	8	3	3	18	18	16	15
Total	92		102		103		92		100		103	

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students												
Grade 4												
Advanced			2	2					1	1		
Mastery	9	10	11	11	14	14	17	18	23	23	18	17
Basic	58	63	35	34	55	53	53	58	54	53	55	53
Approaching Basic	20	22	35	34	20	19	13	14	9	9	18	17
Unsatisfactory	5	5	20	19	14	14	9	10	14	14	12	12
Total	92		103		103		92		101		103	

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students												
Grade 8												
Advanced	1	1					4	5	1	1	7	6
Mastery	13	17	5	7	8	6	5	7	3	4	9	7
Basic	43	57	34	47	70	56	60	80	56	77	80	63
Approaching Basic	17	23	33	45	40	32	4	5	11	15	22	17
Unsatisfactory	1	1	1	1	8	6	2	3	2	3	8	6
Total	75		73		126		75		73		126	

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students												
Grade 8												
Advanced	2	3									1	1
Mastery	8	11	3	4	7	6	21	28	4	5	2	1
Basic	26	35	25	32	45	36	51	68	58	75	53	42
Approaching Basic	23	31	32	42	61	48	2	3	13	17	50	40
Unsatisfactory	16	21	17	22	13	10	1	1	2	3	20	16
Total	75		77		126		75		77		126	

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced											1	2
Mastery	7	8	2	2	6	10	28	31	1	1	3	5
Basic	34	38	30	34	26	43	48	54	49	56	26	44
Approaching Basic	28	31	38	44	17	28	8	9	21	24	14	24
Unsatisfactory	20	22	17	20	11	18	5	6	16	18	15	25
Total	89		87		60		89		87		59	

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	1	1										
Mastery	4	6	2	5	2	3	1	1	0	0	0	0
Basic	26	36	4	10	14	22	33	46	8	20	20	31
Approaching Basic	14	19	14	34	25	38	15	21	19	46	22	34
Unsatisfactory	27	38	21	51	24	37	23	32	14	34	23	35
Total	72		41		65		72		41		65	

/Leap Tests
For Year Ended June 30, 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	13	15	3	3	3	3	1	1
Mastery	10	12	12	14	14	16	13	15
Basic	32	37	32	37	21	24	36	44
Approaching Basic	13	15	19	22	34	40	17	20
Unsatisfactory	18	21	20	23	14	16	17	20
Total	86		86		86		86	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	2	3	2	3	2	2	0	0
Mastery	13	16	7	9	5	6	17	20
Basic	38	48	37	47	40	47	42	49
Approaching Basic	15	19	17	22	25	29	10	12
Unsatisfactory	11	14	18	20	14	16	17	20
Total	79		79		86		86	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0	1	1			2	2
Mastery	10	12	3	4	10	12	4	5
Basic	45	54	47	56	43	51	46	55
Approaching Basic	15	18	7	8	20	24	15	18
Unsatisfactory	14	17	26	31	11	13	17	20
Total	84		84		84		84	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced								
Mastery	7	9	3	4	1	1	3	4
Basic	31	39	18	23	14	18	23	29
Approaching Basic	21	26	28	35	28	35	28	35
Unsatisfactory	21	26	31	39	37	46	26	33
Total	80		80		80		80	

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 3								
Advanced	3	3	0	0	0	0	3	3
Mastery	19	20	8	8	5	5	16	17
Basic	32	34	43	45	45	47	42	44
Approaching Basic	24	25	21	22	36	38	18	19
Unsatisfactory	17	18	23	24	9	9	16	17
Total	95		95		95		95	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 5								
Advanced	10	11	0	0			2	2
Mastery	27	31	14	16	18	21	23	26
Basic	21	24	42	48	35	40	30	34
Approaching Basic	20	23	10	11	24	28	17	20
Unsatisfactory	9	10	21	24	10	11	15	17
Total	87		87		87		87	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 6								
Advanced	1	1	1	1				
Mastery	11	11	3	3	5	5	3	3
Basic	36	37	34	35	27	28	29	30
Approaching Basic	24	25	21	21	35	36	36	40
Unsatisfactory	25	26	39	40	31	32	27	28
Total	97		98		98		98	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 7								
Advanced			0	0				
Mastery	6	7	1	1	0	0	5	6
Basic	48	59	31	38	25	30	45	55
Approaching Basic	19	23	21	26	43	52	22	27
Unsatisfactory	8	10	28	35	14	17	10	12
Total	81		81		82		82	

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
	Number	Percent	Number	Percent
Students				
Grade 9				
Advanced				
Mastery	2	2	3	3
Basic	32	27	37	32
Approaching Basic	50	43	18	15
Unsatisfactory	33	28	59	50
Total	117		117	

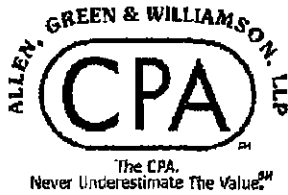
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	1	1	1	1	1	1	1
Mastery	13	12	8	7	16	15	24	22
Basic	44	41	41	38	40	37	37	34
Approaching Basic	28	26	19	18	29	27	23	21
Unsatisfactory	22	20	39	36	22	20	23	21
Total	108		108		108		108	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	1	1	1				
Mastery	25	24	9	9	10	10	19	18
Basic	45	44	47	46	51	50	61	59
Approaching Basic	18	17	15	15	32	31	15	15
Unsatisfactory	14	14	31	30	10	10	8	8
Total	103		103		103		103	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced			1	1				
Mastery	24	27	8	9	8	9	7	8
Basic	37	41	48	53	33	37	47	52
Approaching Basic	21	23	13	14	31	34	23	26
Unsatisfactory	8	9	20	22	18	20	13	14
Total	90		90		90		90	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced			3	3				
Mastery	5	6	3	3	2	2	4	5
Basic	24	27	29	33	35	40	39	44
Approaching Basic	38	43	26	30	32	36	33	38
Unsatisfactory	21	24	27	31	19	22	12	14
Total	88		88		88		88	

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced				
Mastery			1	1
Basic	31	26	33	28
Approaching Basic	64	54	30	25
Unsatisfactory	23	19	54	46
Total	118		118	



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES AS REQUIRED BY THE LOUISIANA LEGISLATIVE AUDITOR

School Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below as they are a required part of the audit engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the East Carroll Parish School Board is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the School Board and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the School Board compliance with certain laws and regulations during the year ended June 30, 2011 included in the *Louisiana Attestation Questionnaire*.

This agreed-upon procedures engagement was performed in accordance with attestation 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 this 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.

Financial Management

1. Determine if management (chief executive and board members) was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons on funds (General Fund, Special Revenue Fund, Utility Fund, etc.) of the entity, during the year under examination.

Comment: The Board was not presented with timely and accurate monthly financial statements.

Management's response: The Board is now receiving monthly detailed budgets.

2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan.

Comment: There is no formal/written plan to eliminate deficit spending.

Management's response: A written plan to eliminate deficit spending is forthcoming by the Superintendent and the Board.

3. Determine if there are adequate written policies and procedures for the financial/business functions of the entity (e.g., budgeting, receipts, purchasing, disbursements, etc.).

Comment: There are adequate written policies on budgeting, acquiring bids and quotes, and school funds. There are either no or else inadequate written policies and procedures for purchasing and the disbursement and receipt of school board funds.

Management's response: Management will re-evaluate written policies and procedures and make changes accordingly.

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

[Note: The PSB has three types of credit cards: (1) general (Capital One VISA), (2) store (Wal Mart, Office Depot, and Lowe's); and (3) gasoline (Chevron and Exxon)].

Comment: There were no exceptions noted.

2. Obtain and evaluate the adequacy of the entity's written policies and procedures for credit cards (and debit cards if applicable).

Comment: The School Board does not have any written policies and procedures for credit cards.

Management's response: Written procedures have been established and are now being implemented.

3. Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, select the two monthly bank statements with the largest dollar amount of debit charges):
 - A. Obtain the entity's supporting documentation for the purchases/charges shown on the selected monthly statements:
 - Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
 - Determine if each purchase is:
 - Reasonable in amount
 - For an appropriate and necessary business purpose relative to the entity
 - Determine if any purchases were made for personal purposes, and if so, determine the date(s) of reimbursement.
 - Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).
 - B. Determine if there was any duplication of expenses by comparing all travel and related purchases to the appropriate person's expense reimbursement report(s).
 - C. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the person making the purchases. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)]
 - D. Determine if finance charges and/or late fees were assessed on the monthly statements.

Comment: In testing 10 credit card statements, there were no original itemized receipts or documentation of the business/public purpose of the charge attached to the statements nor were they readily available to review. One exception was noted where the Exxon credit card was not logged out on the credit card log book. Five statements included finance charges and/or late fees.

Management's response: Procedures for credit card use have been established and are in use.

Travel and Expense Reimbursement

1. Obtain and evaluate the adequacy of the entity's written policies and procedures for travel and expense reimbursement.

Comment: There are adequate written policies and procedures for travel and expense reimbursement.

2. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review, the one person who was reimbursed the most money:

- A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and choose the three largest expense reports to review in detail (Note: Choose 100% for review if there are less than three expense reports.):

- Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.)
 - In accordance with thresholds or guidelines established in the policies and procedures
 - For an appropriate and necessary business purpose relative to the travel
- Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
- Determine if any of the expenditures were for personal purposes (e.g., extended hotel stays before or after training class, meals for spouses, entertainment, etc.).
- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

- B. Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).

Comment: There were no exceptions noted.

Contracts

1. Obtain and evaluate the adequacy of the entity's written policies and procedures for contracts/contracting, including leasing.

Comment: The School Board does not have adequate written policies and procedures for contracts.

Management's response: Procedures have been established to make sure all contracts are accounted for and filed accordingly.

2. Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.

Comment: There is no centralized control and oversight of contracts.

Management's response: Management has addressed this concern and procedures have been established.

3. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement and payments.

Comment: The School Board did not have a formal/written contract with two of the vendors selected for review to support the payment of services. All businesses tested were legitimate according to the Louisiana Secretary of State's website.

Management's response: Through procedures established, management is now receiving contracts for services provided.

4. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services
- (2) Materials and supplies
- (3) Public works

Comment: The School Board did not have a listing of all active contracts. After research into the general ledger and discussion with management, the active contracts were determined. There were no active contracts for materials and supplies or public works for the period under examination.

Management's response: Through established procedures, listing as well as active contracts will be kept in a centralized location for ease of access.

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction.
- Determine if the transaction is subject to the Louisiana Public Bid Law:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
 - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was awarded under the *request for proposals* (RFP) method. If so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offeror whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*.
- Determine if the procurement was made “off” state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If so, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern most state agencies’ purchases of certain services, materials and supplies, and major repairs.
- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee.
- Determine if the entity “piggybacked” onto another agency’s contract. If so, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by the entity was the same as that contract’s bid price.
- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.
- Determine if there is written evidence that the entity’s legal advisor reviewed the contract and advised entering into the contract.
- Determine if there is documentation of board approval, if required.

Comment: There was no written evidence of the contract being reviewed by a legal advisor.

Management’s response: When deemed necessary, the legal advisor for the Board will review contract.

Payroll and Personnel

1. Obtain and evaluate the adequacy of the entity’s written policies and procedures for payroll and personnel.

Comment: There are adequate written policies and procedures for payroll and personnel.

2. Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract.

Comment: There were no exceptions noted.

3. Select the attendance and leave records for one pay period and:
 - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Determine if supervisors are approving, in writing, the attendance and leave of all employees.
 - Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

Comment: In testing the procedures listed above, the month of March 2011 payrolls were selected in which 88 employees were paid and the following exceptions were noted:

- Nine instances where an employee had an incorrect balance for sick or vacation on the employee leave taken history.
- Two instances where the supervisor did not approve, in writing, the attendance and leave of all employees
- Two instances where the employee did not document their daily attendance and leave.

Management's response: Care will be taken during the input of leave data so as to avoid balance miscalculations. The importance of recording daily attendance by all employees has been stressed. All leave will be approved by Superintendent or designee.

4. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

Comment: There were no exceptions noted.

5. Select the five largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

Comment: The school is not consistent in determining what is considered base pay when calculating termination payments. Three of the termination payments tested included the PIPS in the base salary, two did not include PIPS.

Management's response: The payroll clerk will be more cautious in the future when calculating termination benefits.

6. Determine if any employees were also being paid as contract labor during the period of the examination.

Comment: There were no exceptions noted.

We were not engaged to perform, and did not perform, an audit, 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 School Board 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.

Allen, Green & Williamson, LLP

Allen, Green, & Williamson, LLP
December 31, 2011