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**Independent Accountants' Report
 on Applying Agreed-Upon Procedures**

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the audited, or reviewed, 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 FEB 16 2000

Members of the Caddo Parish School Board
 Shreveport, Louisiana:

We have performed the procedures enumerated below, which were agreed to by the Caddo Parish School Board solely to assist the Caddo Parish School Board in evaluating the effectiveness of the School Board's compliance with Act 743 of 1995 concerning the Caddo Educational Excellence Fund (CEEF) (a nonexpendable trust fund of the Caddo Parish School Board) for the year ended June 30, 1999. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Caddo Parish School Board. 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.

Procedures:

1. Randomly selected three months collections to determine that (LSA-R.S. 4:552):
 - a. An admission fee of up to three dollars per passenger was levied by the riverboats in Caddo Parish.
 - b. The Caddo Parish School Board received 12.5% of the revenues collected by the riverboats in Caddo Parish for such boarding fee.
2. Tested the CEEF's general ledger and supporting documents to ascertain that (LSA-R.S. 17:408.1A):
 - a. The CEEF was established.
 - b. The CEEF is a permanent trust fund.
 - c. The bank account for the CEEF is in the official repository of the Caddo Parish School Board.
 - d. The monies in the CEEF were held and invested on behalf of the Caddo Parish School Board.
 - e. The investment income from the CEEF account was withdrawn by the Caddo Parish School Board only during January of the calendar year.



3. Tested the CEEF's records to ascertain that (LSA-R.S. 17:408.1B):
 - a. The monies in the CEEF were invested in the same manner as monies in the state general fund.
 - b. The amount of earnings in the CEEF was kept account of separately from the fund principal.
4. Randomly selected and tested the disbursements from five schools to determine that CEEF earnings were expended solely for the purposes of instructional enhancement as defined below:

Enhancement may include:

- Provision for materials and supplies, including computers and other technological upgrades;
- Training for students, faculty, and administrators on the use of materials;
- Professional development of teachers;
- Establishment of exemplary programs of instruction.

Enhancement may not include:

- Costs of additional administrators;
- Increases in salaries or benefits for employees, or maintenance or custodial costs.

5. Recalculated the amount of interest being removed from the CEEF.
6. Agreed the amount of interest removed from the CEEF to the amount deposited into the General Fund for disbursement to the schools.
7. Traced each check disbursed to the schools to the check register.

Findings:

1. Effective July 1, 1997, the method of calculating fees to be assessed from the two riverboats in Caddo Parish was changed under two contractual agreements entered into by the riverboats and the City of Shreveport and the Caddo Parish Commission. Even though the School Board began accepting revenues as calculated under these contractual agreements in April 1998, the School Board chose not to participate as a party in either of the contractual agreements.

School Board personnel have performed an analysis to determine the effects of the changes in the calculation of the fees, specifically, the change in the amount of revenue received by the CEEF fund. According to their analysis, the calculation under the two contractual agreements will equal or exceed the amount of revenue received by the CEEF fund under the calculation specified in the statute. In addition, because the School Board was not a party to the contracts between the riverboats and the City of Shreveport and the Caddo Parish Commission, it is the opinion of management and legal counsel of the School Board that the School Board will not be prohibited from reverting to the calculation as specified in LSA-R.S. 4:552 in the event that the calculations specified in the contractual agreements cease to be beneficial to the CEEF fund.

2. No exceptions noted.
3. No exceptions noted.
4. No exceptions noted.
5. No exceptions noted.
6. No exceptions noted.
7. No exceptions noted.

* * * * *

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the effectiveness of the School Board's compliance with Act 743 of 1995 concerning the Caddo Educational Excellence Fund (a nonexpendable trust fund of the Caddo Parish School Board) for the year ended June 30, 1999. 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 information and use of the specified users referred to in the first paragraph of this report and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 6, 1999