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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 1996

Orleans Parish School Board
New Orleans, Louisiana

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Release Date FEB 26 1997

REBUILDING OUR SCHOOLS TODAY -
FOR A BETTER TOMORROW

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 1996

Orleans Parish School Board
New Orleans, Louisiana



COORDINATED BY THE
DIVISION OF FINANCIAL SERVICES

REGINALD ZENO, MBA, BUDGET DIRECTOR

ANTHONY J. STOLTZ, CPA, COMPTROLLER

ORLEANS PARISH SCHOOL BOARD

Comprehensive Annual Financial Report

Year ended June 30, 1996

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ORLEANS PARISH SCHOOL BOARD

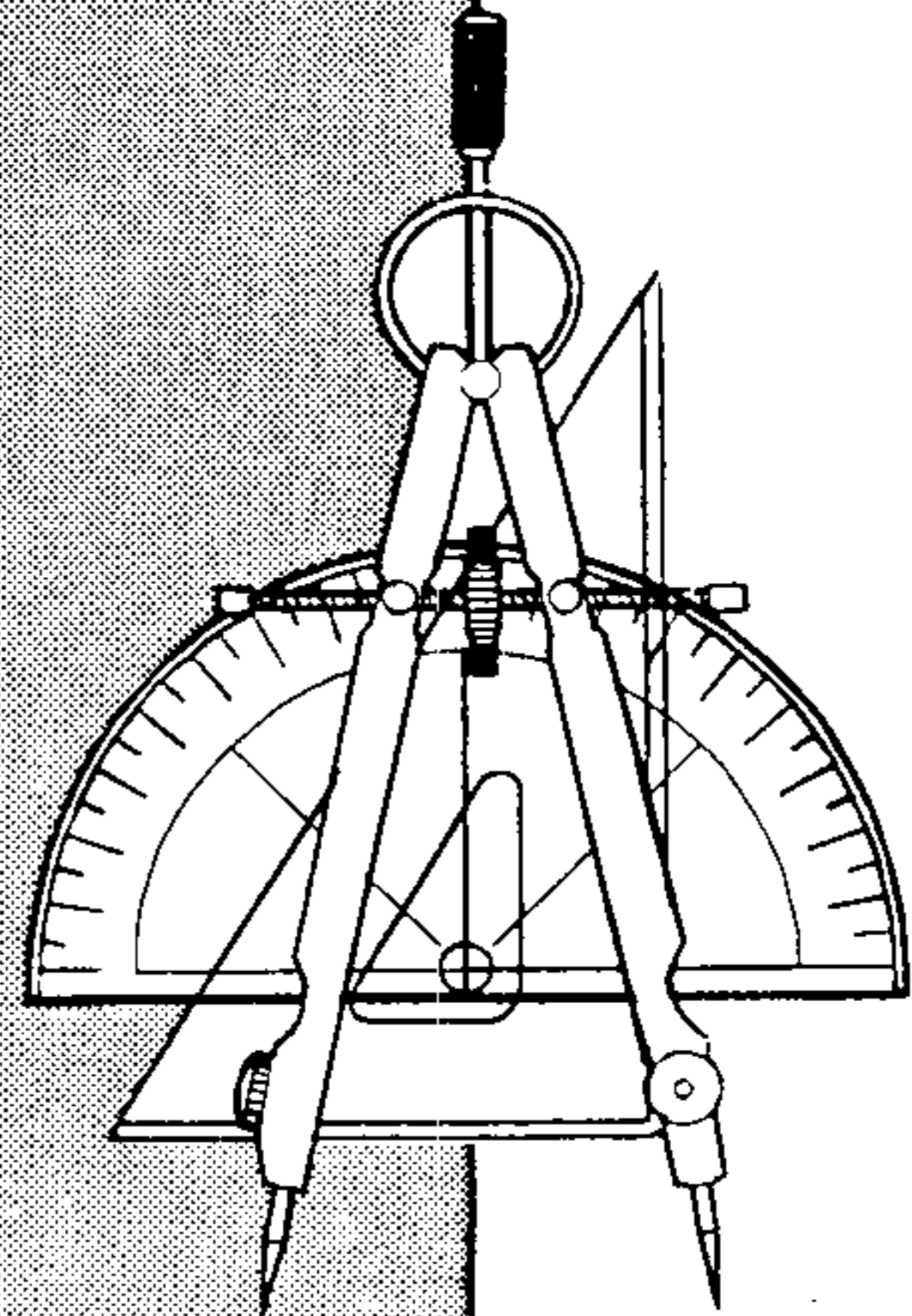
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INTRODUCTORY SECTION



ORLEANS PARISH SCHOOL BOARD PRINCIPAL OFFICIALS

SCHOOL BOARD MEMBERS

President	Maudelle Davis Cade, M.S.W.	District 1
Vice President	J. Berengher Brechtel, Ed.D.	District 4
	Gail Moore Glapion	District 2
	Mark Doherty, J.D., LL.M.	District 3
	Carolyn Green Ford	District 5
	Rev. Harold R. Mayberry	District 6 (effective April 22, 1996)
	Leslie Jacobs	District 6 (through March 25, 1996)
	Cheryl Q. W. Cramer	District 7

Four-Year Terms Effective January 1, 1993

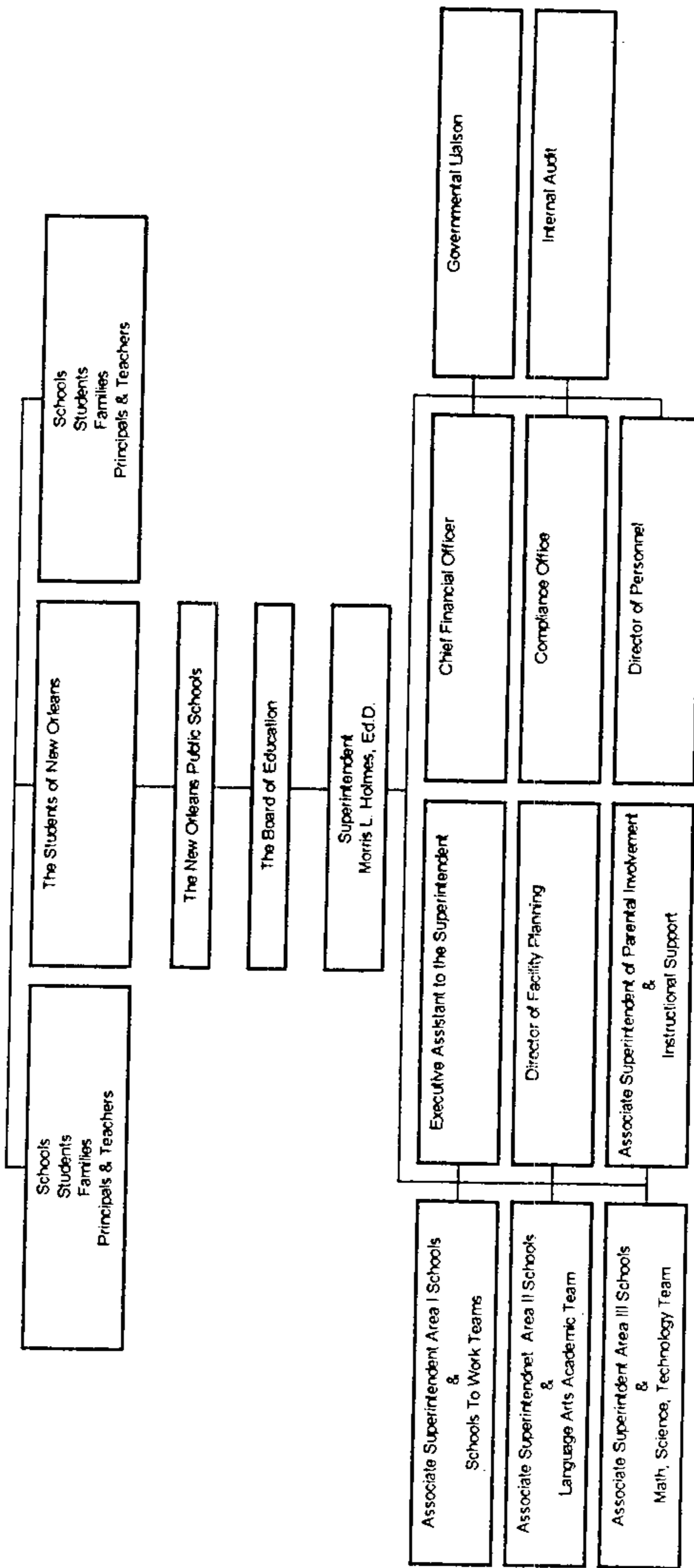
SECRETARY OF THE BOARD

Wyatt V. Dejoie

ADMINISTRATIVE OFFICIALS

Superintendent	Morris L. Holmes, Ed.D
Executive Assistant to the Superintendent	Cynthia R. Williams, M.Ed.
Chief Financial Officer	James Henderson, Jr., M.B.A., C.P.A.
Associate Superintendent, Area I Schools	J. Rene' Coman, Ed.D
Associate Superintendent, Area II Schools	Linda Fortenberry, Ph.D.
Associate Superintendent, Area III Schools	John L. Smith, M.Ed.+30
Associate Superintendent, Parent/Community Participation, Instructional Support & Communications	Linda J. Stelly, Ph.D.
Director of Facility Planning	Kenneth Ducote, Ph.D.
Director of Personnel	Ella R. Voelkel, M.A.+30

New Orleans Public School Organizational Structure







NEW ORLEANS PUBLIC SCHOOLS

3510 GENERAL DEGAULLE DRIVE • NEW ORLEANS, LOUISIANA 70114

October 30, 1996

President and Members
Orleans Parish School Board
4100 Touro Street
New Orleans, Louisiana 70122

Dear Board Members:

Attached herewith is the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board for the fiscal year ended June 30, 1996. A summary of the financial results and educational initiatives are presented in the Letter of Transmittal immediately following this message.

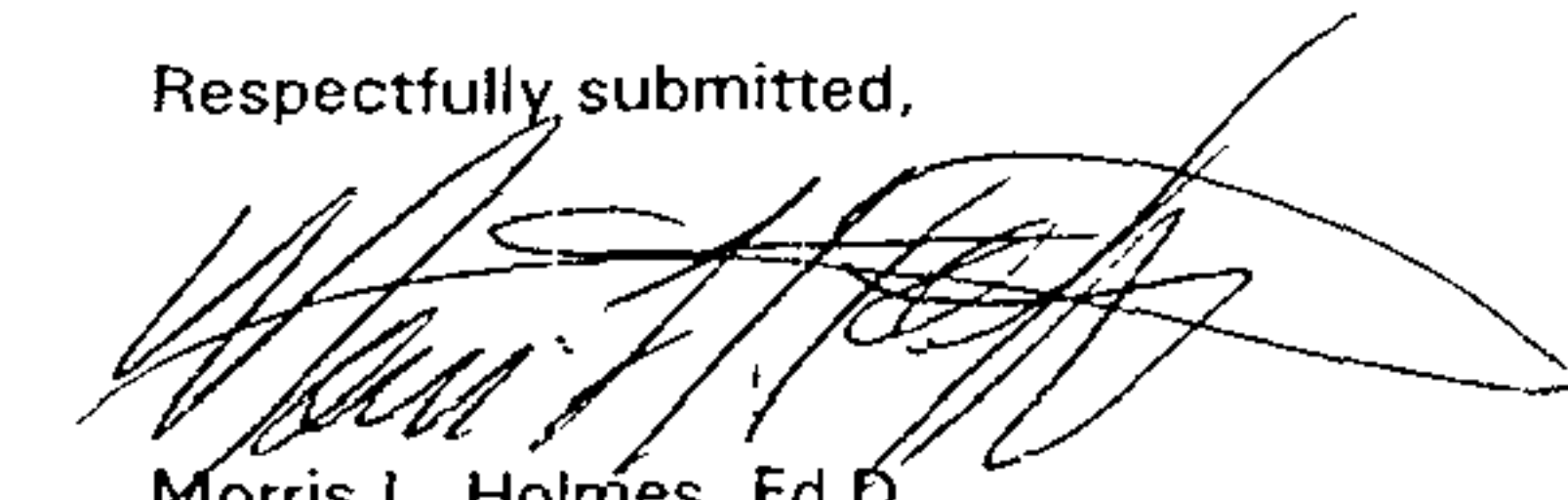
This report joins the preceding fourteen annual reports in which the financial records of the New Orleans Public Schools have been audited by independent, certified public accountants. We were among the first group of school systems in the state to make regular use of such independent scrutiny.

Last year's CAFR received both the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association and the Association of School Business Officials, respectively. This marked the eleventh year that both of these prestigious awards were received by the School District, an achievement that has been attained by only a select number of governmental entities nationally. The Division of Financial Services and the auditing firms of KPMG Peat Marwick, LLP and Bruno & Tervalon should be commended, also for their achievement of such high standards in financial reporting.

Timely financial data, a critical ingredient necessary for the proper management of an organization, is provided for you and the community in this year's CAFR. Last year, availability of up-to-date financial data which was presented in a quality manner, in our opinion, was very instrumental in: 1) achieving future interest expense savings of over \$8 million through refinancing of outstanding bonds to take advantage of lower interest rates, and 2) obtaining financing for the School Board's Vision 2000/CIP III renovation program, Energy Retrofit Project, and the addition to Jean Gordon Elementary School. The Division of Financial Resources, along with the auditing firms, should be recognized for their efforts in the timely completion of the fiscal 1995 and 1996 CAFR's.

Moreover, I would like to take this opportunity to thank you, the School Board, for your support, and to thank the Audit Advisory Committee for their help in achieving high standards of fiscal accountability.

Respectfully submitted,



Morris L. Holmes, Ed.D.
Superintendent of Schools

MLH/lsp



NEW ORLEANS PUBLIC SCHOOLS

3510 GENERAL DEGAULLE DRIVE • NEW ORLEANS, LOUISIANA 70114

October 30, 1996

The President and Members
Orleans Parish School Board

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board (School Board) for the fiscal year ended June 30, 1996. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the School Board.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included. This report includes all funds and account groups of the School Board.

The CAFR is presented in three Sections: Introductory, Financial, and Statistical. The Introductory Section includes this Transmittal Letter, the School Board's Organizational Chart, and a list of principal officials. The Financial Section includes the general purpose financial statements and the combining and individual fund and account group statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The School Board is a political subdivision created under Louisiana State Statutes and has the power to sue and be sued, and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education. The School Board operates within Orleans Parish. The School Board is authorized to establish public schools as it deems necessary to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed and to determine local supplement to their salaries. Accordingly, the School Board is not included in any other governmental reporting entity since the School Board Members are elected by the public for a term of four years and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

All funds and entities controlled by or dependent on the School Board are included in the CAFR. Accordingly, various funds and account groups included in this report are referenced in the Table of Contents. The School Board provides a full range of regular education and related services as contemplated by the Louisiana State Statutes.

The boundaries of the School Board and City of New Orleans are co-terminus and located near the mouth of the Mississippi River in Southeast Louisiana. The leading industries of the local economy are petroleum, port, tourism and construction.

ECONOMIC CONDITION AND OUTLOOK

Despite a loss of jobs in the second quarter of 1996, the October 1996 issue of the *Metropolitan Report* (prepared by the Division of Business and Economic Research at the University of New Orleans) predicts slow employment growth in metropolitan over the next two years. The *Metropolitan Report* (UNO Study) reports employment growth will be highest in the services sector; however, construction employment is expected to fall by roughly 500 workers. The UNO Study also reports that the oil and gas industry continues to thrive, bolstered by increased deepwater drilling activities and renewed natural gas exploration. Oil field services will experience the highest employment gains in this sector.

Tourism continues to be a strong impetus for the New Orleans economy. Hotel bookings have been steady and several new hotel projects have been completed or are currently underway. Tourism has not had a major impact on the gaming industry, the future of which is uncertain due to the Harrah's Jazz Casino closing in November 1995 and the parish by parish statewide referendum on gambling in November 1996. The UNO Study reports foreign trade activity, particularly imports of steel, was strong in the second quarter of 1996, posting import values at the highest level since 1982.

Residential construction has been steadily increasing over the last five years; however, non-residential activity has jumped significantly in the last two years. Although the completion of the permanent land-based casino has been delayed and the project scaled back, several other major projects have been initiated. These projects include the expansion of the Morial Convention Center, a new sports arena adjacent to the Superdome, the Superdome renovation and a baseball stadium for the Triple A baseball franchise.

Nationally, the economy has been posting modest growth. Through June, consumer prices have risen at an annual rate of 3.5 percent, one percent higher than 1995, per the Labor Department's Consumer Price Index. According to the UNO Study, long-term interest rates are expected to remain stable through the second quarter of 1997, and then fall slightly, but the prime rate is expected to rise over the next four quarters. In summary, the outlook calls for continued moderate U.S. economic growth with tolerable inflation.

MAJOR INITIATIVES - 1995-96

The major initiatives of the 1995-96 school year cannot be reviewed in isolation. They must be considered in conjunction with three publications and the development of a Five-Year Strategic Plan that have served to unify the philosophy, the goals, and the programs of the public schools in the last few years. Together, these publications and the Five-Year Strategic Plan articulate that have served to unify the philosophy, the goals, and the programs of the public schools in the last few years.

In the 1993-94 school year, Superintendent Morris L. Holmes developed and presented the *Six Simple Measures of Success* as a guide to determining if learning is going on in the schools. This publication became the framework for the equitable, systematic evaluation of schools, district planning, and district personnel.

The 1994-95 school year tied in every initiative, activity, and event with the *Six Simple Measures of Success*. A systematic and systemwide effort focused the attention of the School Board and the community on student achievement.

Two additional publications, listed below and distributed in August, 1995, gave further direction and purpose to the New Orleans Public Schools for the 1995-96 school year:

Six Areas of Focus for the 1995-96 School Year, which expanded the solid foundation of the *Six Simple Measures of Success*, defined the scope of school system activities for 1995-96.

Project Respect, a Student/Parent Handbook, outlined and mandated an environment in which learning can take place.

These three publications focus on the instructional interests and needs of children and were the catalyst for the 1995-96 initiatives. "A focus on the needs of children," said the Superintendent, "drives decision-making, policy

formulation, expenditures, and all day-to-day activities." The School Board's new logo, featuring the School Board's official motto, "Working Together to Build Respect for Life, Property and Learning," is a visual representation of this focus.

During 1995-96, the School Board embarked upon the development of a Five-Year Strategic Plan (Plan). The Plan includes initiatives at four instructional levels: Early Childhood, Elementary, Middle School and High School. Serving as "drivers" from which goals are being developed to gauge the effectiveness of achieving the objectives in the four initiatives are the following learning dimensions: Rigorous Academics, Entrepreneurship and Career Development, Teamwork and Leadership, Citizenship and Government Organization, Health and Family Living, the Arts, and Technology.

Maintaining and strengthening the instructional initiatives identified and implemented in previous years, as well as introducing new initiatives in the 1995-96 school year, produced many positive results. These included the highest graduation rate in six years, increased parent participation in the operation of schools, increased school attendance, and increased attainment levels on standardized tests.

Among the many educational initiatives introduced or maintained and strengthened during the 1995-96 school year, the following deserve particular attention.

- ◆ **Vision 2000 - Strategic Facilities Plan:** The 1995-96 school year began optimistically with community approval of a \$175 million bond issue for critical and essential repairs, renovations, and construction. When voters approved the School Board's proposition on July 15, 1995, **Vision 2000-Strategic Facilities Plan** went into effect. Since that time, a considerable number of emergency projects to make schools safer for children are in various stages of completion and 83 more repair projects have begun and are primarily in the design phase. This plan, which served as a cornerstone for the successful bond referendum, will continue to guide the system in this area of operation for the next four years.
- ◆ **Project Respect:** In August, 1995, Project Respect was introduced to students, teachers, and community members. This "zero-tolerance discipline initiative" became a powerful and positive force across the School Board in its first year. It helped to reinforce a school climate of respect, civility, and consistency, in which students can learn more effectively. More than 200,000 booklets were distributed to students, parents, community members, ministers, business leaders, and elected officials, as well as through community agencies, parent forums, shopping centers, and public libraries. A revised handbook is being distributed.
- ◆ **Conflict Resolution:** Ongoing strategies (conflict resolution, peer leadership, mediation) to promote a safe and healthy school environment fit in well with the School Board's top-priority project -- Project Respect. In a limited random survey of teachers and students, teachers credited Project Respect with making positive changes in the school environment; eighty-four percent of the students reported they felt safer in the schools. Project Respect encourages students to "increase the peace" by not resorting to violence to settle their differences. Training in conflict resolution strategies will continue in the 1996-97 school year.
- ◆ **Reading Initiative:** The most important skills and abilities are related to reading. Hence, the major focus areas of the School Board are reading and student achievement. The ultimate goal of the School Board's initiative is accomplished readers who can comprehend and appreciate the printed word. Toward this end, the School Board launched the **Reading Symposia on Viable Programs (R.S.V.P.)**, an initiative that will enable the school system to establish districtwide and schoolwide reading programs. Attainment levels in reading have improved overall and are the highest in some areas since 1993.
- ◆ **Student Achievement:** The Class of 1996 enjoyed the highest graduation rate (86%) in six years. Members of the class received the highest dollar amount and the largest number of scholarships in the ten-year history of "Dollars for Scholars." The class had the fewest number of students held back because of LEAP (14%). Sixty-two percent (62%) planned to go on to postsecondary education. The 1996 graduation ceremonies were well publicized events, with informational and congratulatory posters mailed, distributed, and posted throughout the city.

- ◆ **Parent Involvement:** The **1995-96 Superintendent Parent Forums** reached more parents and had a greater effect on our schools than in recent years. **Parent Empowerment Week**, with its theme of "Parents as Equal Partners," encouraged parents to take a more active role in their children's education by learning more about the school system's budget and imparting such information to others. The three-day **Title I Parent Spring Workshop** attracted more than 350 parents each day. Thousands of parents attended school awards programs, the Superintendent's Academic Achievement Awards Programs, and graduation ceremonies.
- ◆ **Middle School Task Force:** The Middle School Task force advanced the Middle School Initiative in the 1995-96 school year through its **Middle School Institute**, designed to enrich the professional growth of middle-school educators and parents; its **Middle School Grants** for Middle School Staff Development; its **World of Work Academy** programs, which seek to link success in the classroom with success in the workplace; and its **Rites of Passage** program, a systemwide promotional celebration for eighth-grade students, to help them achieve a sense of academic purpose and make a personal commitment to their educational goals.
- ◆ **Superintendent's Student Advisory Committee (SSAC):** The purpose of this initiative is to get more students involved in their schools and communities as leaders. Annual youth summits on ethics and morality provide a forum for students to discuss ethical and moral behavioral patterns as they relate to establishing a climate for academic and social growth. Student-led discussions generate ideas on how to incorporate students' conclusions into the curriculum. The second summit was held in 1995-96 and focused on conflict resolution, decision-making skills, and leadership development. Project Respect originated in the 1994-95 summit.
- ◆ **Staff Development:** In recognition of the importance of involving teachers in the process of "creating a whole new culture of teaching and learning," for the second year, Teachers of the Year and lead teachers from every school site gathered together to develop strategies and methods for turning goals into action. The vision developed for an improved school system includes traditional staff development, monitoring programs, and networking. This same group of teachers will work toward implementation of their vision in the 1996-97 school year.
- ◆ **Urban Systemic Initiative (USI):** The first-year implementation of the \$15 million USI grant awarded in the 1994-95 school year included, but was not limited to, training in Total Quality Management for 33 schools; training for technology integration with Internet and surfing; establishment of steering committees for Technology and the District Academy; development of criteria for cadre teachers and lead teachers; planning and training for Internet access for every School Board; development of the Louisiana Mathematics Curriculum; and creation of partnerships with universities and others.
- ◆ **Communications:** In an effort to increase the knowledge of the School Board's personnel, students and parents, as well as members of the community about the school system, the School Board's TV Channel 48 broadcasted public school news to the community and assisted with staff development. Internal and external publications and brochures were created and distributed throughout the schools and the community. Press releases went out regularly to all media. Employees received updates of school news with their paychecks, and *The Weekly Bulletin* was published and distributed to all schools and departments.

FINANCIAL INFORMATION

Internal Controls

School Board management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School Board are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) cost and benefit valuation requires estimates and judgments by management.

Budgeting Controls

The School Board maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board's governing body.

Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Capital Projects Funds are allocated by project and remain programmed and funded until completed or until the School Board decides to eliminate the project. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund.

Budgetary control is maintained at the school and/or department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of available budget balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at June 30 of each year.

1988 Dedicated Millage

To improve clarity for readers of the School Board's financial statements and budget, revenues and expenditures for the Constitutional Tax of 27.65 mills and the 1988 Dedicated Millage - Purposes A, B and C are shown within the General Fund financial statements. Purpose D transactions are shown in the Capital Projects and Debt Service Funds section. The 1988 Dedicated Millages are used for the following purposes:

Prior to fiscal 1992, these Dedicated Millage transactions were included in the Special Revenue Funds section of the CAFR. Fiscal year 1995 revenues and expenditures for 1988 Dedicated Millages are reflected in Note 11(c) to the financial statements.

Purpose A	Textbooks and Supplies	2.13 mills
Purpose B	Early Childhood Development, Discipline and Dropout Prevention	2.13 mills
Purpose C	Salary and Employee Benefits	10.00 mills
Purpose D	Air Conditioning, Asbestos Removal and Major Facility Renovation and Debt Service	3.19 mills

As a result of reassessed millages in fiscal year 1996, the above millages were rolled forward. The increased revenue from the rolled forward Constitutional and Purpose D millages is dedicated to fund debt service requirements for the Series 1995 and 1996 General Obligation Bonds.

As demonstrated by the statements and schedules included in the financial section of this report, the School Board continues to fully disclose the utilization of the financial resources under its management.

GENERAL GOVERNMENTAL FUNCTIONS

General Fund

Revenues

For the year ended June 30, 1996, General Fund revenues totaled \$336,030,368 compared to \$334,305,833 in the prior year, an increase of \$1,724,535, or 0.5%. These results include 1988 Dedicated Millage Revenues for Purposes A, B and C of \$18,245,580 (1995-96) and \$18,717,203 (1994-95).

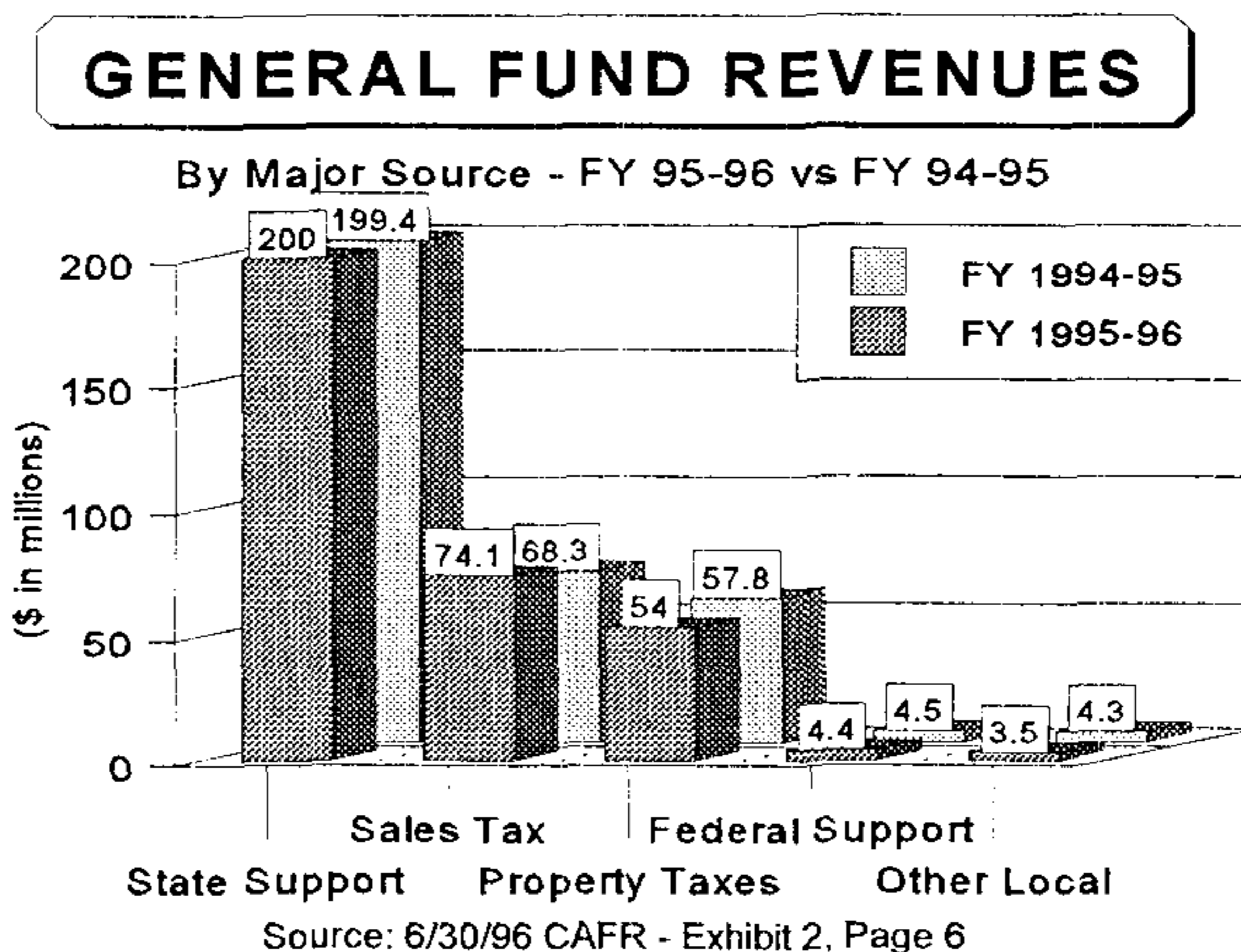
The amount of revenues from various sources and the increase or decrease over last year are shown in the following tabulation.

SUMMARY SCHEDULE OF REVENUES
(in millions)

REVENUE SOURCE	1995-96	1994-95	INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Local Sources:				
Ad Valorem (Property) Taxes	\$ 54.0	\$ 57.8	\$(3.8)	(6.6)%
Sales Taxes	74.1	68.3	5.8	8.5
Investment Interest	0.7	1.1	(0.4)	(36.4)
Tuition and Other Fees	1.5	1.0	0.5	50.0
Other	1.3	2.2	(0.9)	(40.1)
State Sources:				
Minimum Foundation Program	190.9	183.6	7.3	4.0
Revenue Sharing	3.7	3.6	0.1	2.8
Professional Improvement Program	4.0	4.4	(0.4)	(9.1)
State Pay Supplement	---	6.4	(6.4)	(100.0)
Other	1.4	1.4	---	---
Federal Sources	4.4	4.5	(0.1)	(2.2)
TOTAL	\$336.0	\$334.3	\$1.7	0.5 %

There was a \$3.8 million decrease as a result of the prior year increase in property taxes, primarily a result of the City of New Orleans tax amnesty program in 1994-95. The decrease in investment earnings is due to lower cash and investment balances available for investing. Increased revenue from state sources for the Minimum Foundation Program (MFP) resulted from a combination of a 3% growth factor in the MFP formula, the favorable adjustment in the MFP formula, for which the School Board had requested in recent years, less an adjustment for the revisions in the 1994-95 student count. The state pay supplement was a one-time salary supplement for employees, approved in June 1995, by the Louisiana State Legislature for all public school systems in Louisiana; this supplement was not repeated in 1995-96.

A graphic summary of General Fund Revenues by major sources is presented below.



Expenditures

General Fund expenditures decreased by 0.8% (\$2,475,564) for the year ended June 30, 1996. Expenditures totaled \$310,930,934 compared to \$313,406,495 in the prior year. Expenditures of \$18,060,009 (1995-96) and \$19,625,842 (1994-95) for the 1988 Dedicated Millage Purposes A, B, and C are included. An itemized listing of expenditures classified by major function and the increase or decrease for each category is presented in the table that follows.

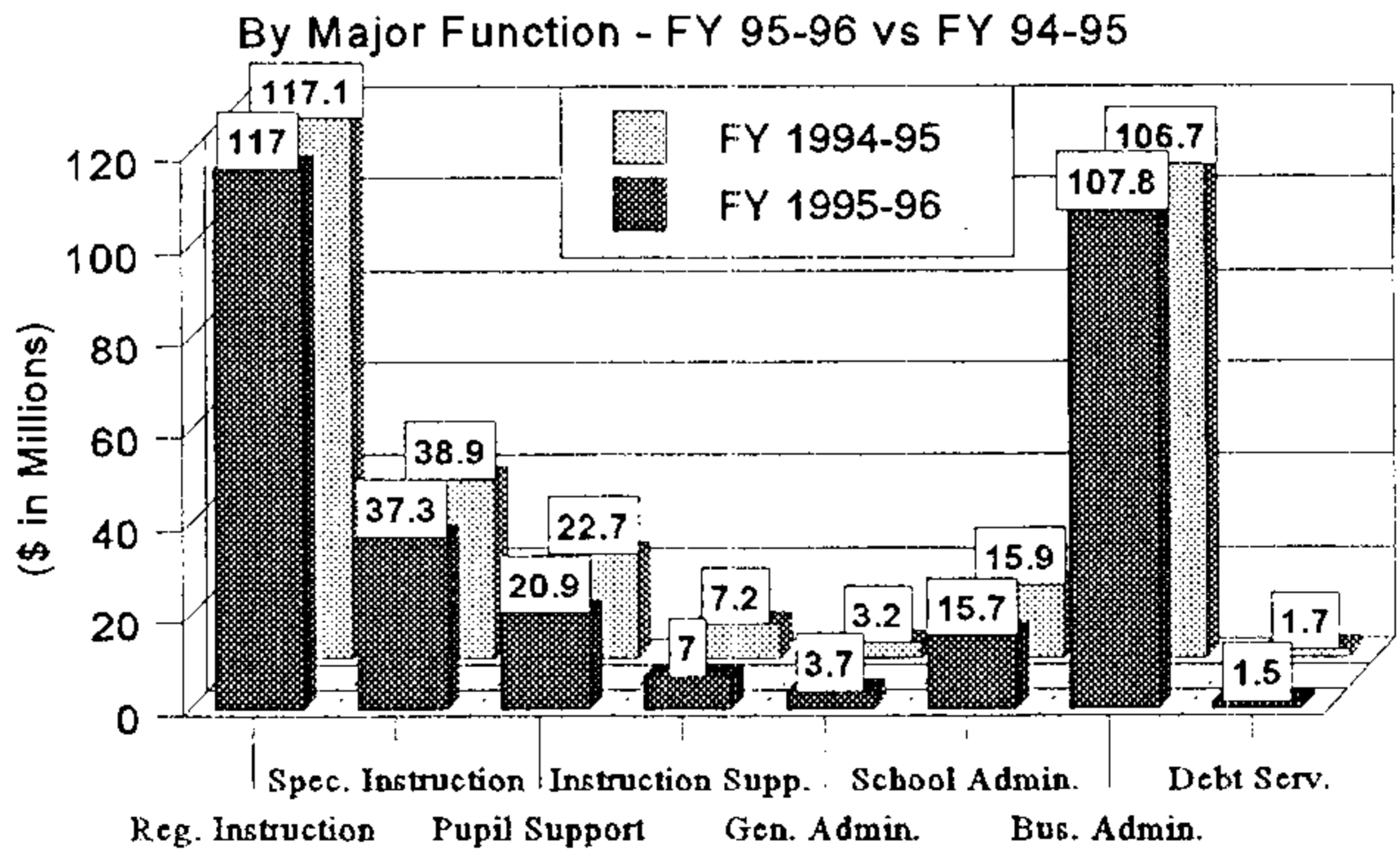
SUMMARY SCHEDULE OF EXPENDITURES (in millions)

EXPENDITURE TYPE	1995-96	1994-95	INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Current:				
Instructional:				
Regular	\$117.0	\$117.1	\$(0.1)	(0.1)%
Special	37.3	38.9	(1.6)	(4.1)
Support Services:				
Pupils	20.9	22.7	(1.8)	(7.9)
Instructional Staff	7.0	7.2	(0.2)	(2.8)
General Administration	3.7	3.2	0.5	15.6
School Administration	15.7	15.9	(0.2)	(1.3)
Business Administration	107.8	106.7	1.1	1.0
Debt Service	1.5	1.7	(0.2)	(11.8)
TOTAL	\$310.9	\$313.4	\$(2.5)	(0.8)%

Instructional expenditures decreased by \$1.7 million, a decrease of 1.1% as compared to the previous year. The decrease was the result of the non-recurring 1995 state pay supplement granted to employees by the State Legislature, offset by a 1996 teacher pay raise. Decreases in the outlay for Support Services in the Pupils, Instructional Staff, and School Administration areas are primarily attributed to the non-recurring 1995 state pay supplement.

A graphic summary of General Fund expenditures by major category is shown below.

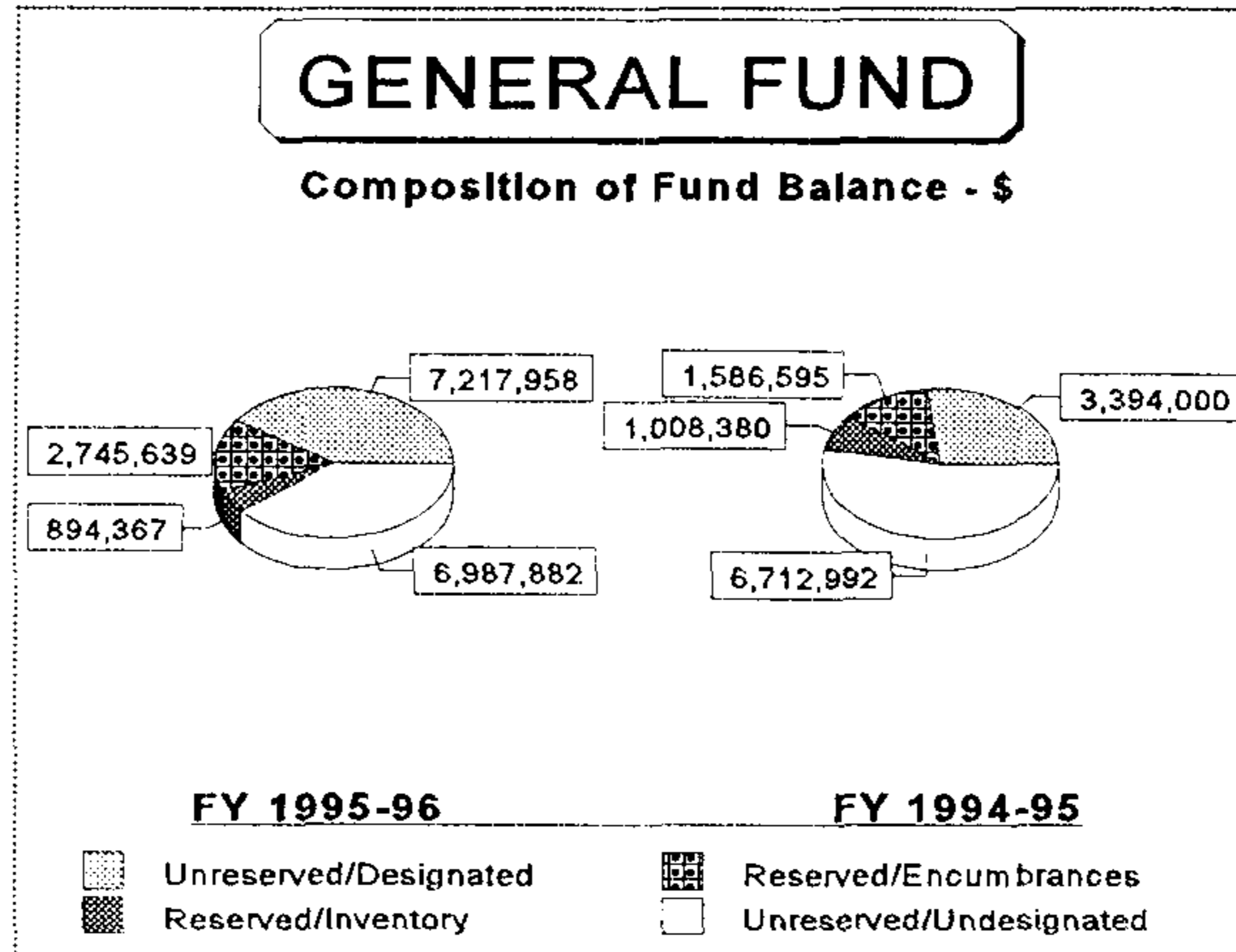
GENERAL FUND EXPENDITURES



Source: 6/30/96 CAFR - Exhibit 2, Page 6

Business Administration expenditures increased by \$1.1 million, primarily due to an increase in the area of purchased services related to increased utility charges as well as repairs as a result of the May 1995 flood and administrative fees for the Energy Retrofit Project. Debt Service expenditures experienced a decrease of 11.8% as a result of the declining interest on capital lease agreements as principal is paid. Debt Services expenditures are comprised of the principal and interest charges on the capital lease for school buses, and the interest on a short term loan.

The composition of the General Fund accumulated surplus as of June 30, 1996 and 1995 is graphically reflected below.



Fund Balance

The total Fund Balances as of June 30, 1996 and 1995 are \$17,845,846 and \$12,701,967, respectively.

The unreserved and undesignated General Fund balance as of June 30, 1996 is \$6,987,882. In addition, \$2,745,639 is reserved for encumbrances, \$894,367 is reserved for inventory and \$7,217,958 has been designated for subsequent years' expenditures.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Total revenues received from all sources for the year ended June 30, 1996 amounted to \$65,923,448, as compared to \$65,572,907 for the prior year, an increase of \$350,541. Total expenditures decreased by \$183,221 for fiscal year 1995-96.

Federally funded pupil support and instructional programs, which include the Improving America's School Act (IASA) Titles I, II, IV, and VI, the Individuals with Disabilities Education Act (IDEA), and numerous other grants, had expenditures of \$38,321,446 for fiscal 1996, as compared to \$37,458,281 for the prior year, an increase of \$863,165.

The Child Nutrition Fund is used to account for all revenues and expenditures related to providing breakfasts and lunches to children of the School System. Total revenues from all sources for the year ended June 30, 1996 amounted to \$24,911,079 as compared to \$24,958,415 for the prior year, a decrease of \$47,336. Total expenditures for the year amounted to \$25,617,268, a decrease of \$755,157 from the prior year.

For the year ended June 30, 1996, the Child Nutrition Fund operated at a deficit of \$72,438. As of June 30, 1996, the fund balance of \$195,319 is reserved for purchased inventory on hand.

Capital Projects Funds

The Capital Projects Funds includes all major renovation, construction and repair projects of the School Board other than those accounted for in the General and Special Revenue Funds. Total capital project expenditures for the year ended June 30, 1996 amounted to \$11,218,042 compared to \$9,637,152 for the year ended June 30, 1995, an increase of \$1,580,890.

The Capital Projects Funds consists of three major programs – Capital Improvement Programs I, II, and III.

Capital Improvement Program I includes all projects which were funded from a variety of sources prior to June, 1989, the \$675,000 loan for a joint construction endeavor with the parents at Jean Gordon School and Louisiana Public Facilities Authority (LPFA) Lease Revenue Bonds (Energy Retrofit Project). Within Capital Improvement Program I, the major activities during the fiscal year ended June 30, 1996 included the Gordon School classroom addition and the Energy Retrofit Project. The latter program is designed to produce energy savings over a fifteen year period sufficient to retire the debt. For future purposes and to provide back-up facilities for schools under reconstruction, such as Schaumburg Elementary, Clifton Ganus School (a private school that ceased operations at the end of the 1995-96 school year) was acquired for \$1.8 million.

Capital Improvement Program II represents projects funded by Purpose D Dedicated Millage (ad valorem tax) proceeds, after use of tax proceeds to fund debt service requirements. Capital Improvement Program II includes the funds from bonds sold on June 29, 1989 as well as Purpose D cash in excess of debt service. During the fiscal year ended June 30, 1996, Purpose D millage was spent on major projects, including asbestos removal at various locations and renovations at Abrams, Crossman and Dunbar Schools. Looking ahead to fiscal year 1996-97, funds from Capital Improvement Program II will be spent on electrical renovations, air conditioning and fire and life safety improvements.

Capital Improvement Program III consists of bond proceeds approved by the voters on July 15, 1995. A total of \$175 million in bonds will be issued for this program to be used for life safety, health compliance, air conditioning, and major renovations. \$70 million of general obligation bonds were issued during fiscal year 1996. The major activity in Capital Improvement Program III during the fiscal year ended June 30, 1996 included roof replacement at Chester School and roof repairs at Karr and Woodson Schools.

These Capital Improvement Programs (I-III) have been allocated to five Capital Project Funds and identified by the project numbers listed below. Sources of funding/origination of program information are also provided.

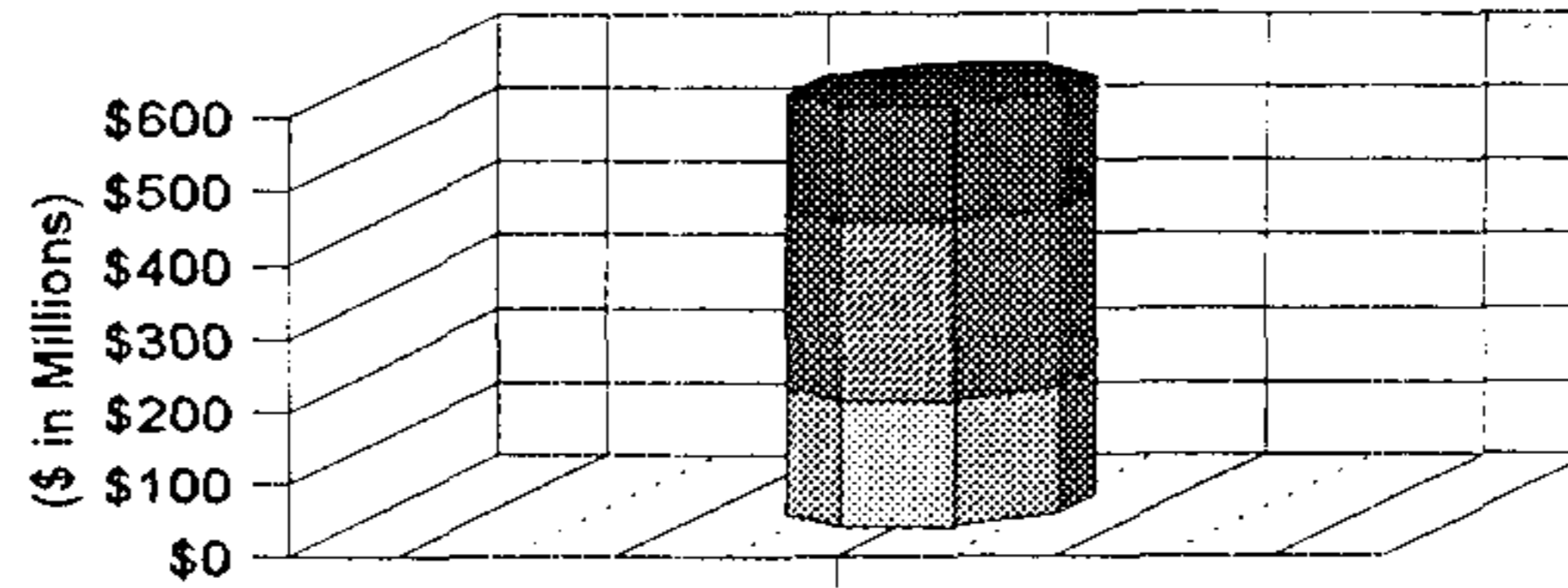
CAPITAL IMPROVEMENT PROGRAM	SOURCE OF FUNDS/ ORIGINATION OF PROGRAM	CAPITAL FUND	PROJECT
I.	Sales Tax and Related Funds, Classroom Addition Bank Loan and LPFA Lease Revenue Bonds	1 3 4	1, 3, 4, 5, 6, 7, and 8 9
II.	Purpose "D" 1988 Ad Valorem Tax	5	10
III.	1996 Bond Issue Referendum	2	2

Top Priority Unfunded Projects

Meanwhile, a large number of top priority projects remain unfunded. The total estimated needs for the School Board for fiscal years 1996 through 2000 are \$573 million. Of this amount, \$398 million or 69% remains unfunded. The graph below illustrates the expected bond proceeds over the next five years for Capital Improvement Program (CIP) III, as well as unfunded needs for Capital Improvement Programs IV and V.

CAPITAL IMPROVEMENTS NEEDS

Status of Funding for 1996 - 2000



Total Needs - \$573 Million

-  Unfunded CIP V
-  Unfunded CIP IV
-  CIP III - Voter Approval July 1995-\$175 Million

Source: N.O.P.S. Department of Facility Planning

General Fixed Assets

The general fixed assets of the School Board are those fixed assets used in the performance of the main educational functions.

The total cost of general fixed assets was \$459,171,417 at June 30, 1996 as compared to \$452,253,042 at June 30, 1995. Such assets are generally accounted for at historical costs. Depreciation of general fixed assets is not recognized in the School Board's accounting system. The increase in general fixed assets is primarily attributable to the completion of major renovation projects associated with Capital Project Funds, Funds 1, 4, and 5.

Contingency Account

The school system has not effectively had an adequate contingency account for more than ten years. A school system the size of the School Board should have approximately \$16 million, or 5% of revenues, reserved for contingencies. To date, state and local revenue sources have been insufficient to accumulate a fund balance of that size. The current undesignated surplus of \$6.9 million will be needed to fund negotiated salary increases, known short-falls in State funding related to the Minimum Foundation Program and emergencies that may arise. Additionally, as indicated below, funds will be needed to pay claims and/or eliminate deficits in the Internal Service Funds.

Proprietary Operations

Internal Service Funds - Insurance Funds and Print Shop Fund

The Internal Service Fund accounts for all revenues and expenses related to the School District's insurance activities and, beginning in fiscal year 1994, Print Shop operations. For the fiscal year ended June 30, 1996, the School Board was self-insured in the areas of workers' compensation and general liability. In the area of employee medical and health insurance, the triple option self-insured program, which began September 1993, was not renewed at the end of the plan year (August 1994). Effective September 1, 1994, it was replaced by a fully-insured health program operated by Principal Health Care of Louisiana. Run-off claims payable related to the triple option program are included in the Health Insurance Fund.

The liability for self-insurance losses was determined at June 30, 1996 to be \$26,268,237. Of this amount, \$21,628,698 relates to the various risk activities grouped together in the Other Insurance Fund, primarily general liability claims and suits; \$1.7 million for self-insurance losses related to triple-option health insurance

program and \$2.9 million for workers' compensation claims. This represents an overall increase of \$4.2 million from the 1995 fiscal year-end liability.

As indicated above, the activities within the self-insured Health Program are nearing finalization. The June 30, 1996 liability for self-insurance represent a decrease of \$1.4 million from the prior fiscal year end. The completion of the claim payment activity has been delayed as a result of the bankruptcy filing by the third-party administrator (TPA) for the triple option program. Staff and legal counsel of the School Board are monitoring closely the bankruptcy developments. At June 30, 1996, the estimated liability includes \$1.3 million to settle claims previously paid to the TPA by the School Board, but which were not remitted to the various providers.

Since April 22, 1990, the School Board has operated a self-insured Workers' Compensation program. At June 30, 1996, the Workers' Compensation program had retained earnings of \$85,713 and a liability for self-insured losses of \$2,908,521.

The Internal Service Fund ended the 1995-96 fiscal year with accumulated deficits of \$2,348,791 and \$10,627,332 in the Health Insurance and Other Insurance Funds, respectively. These deficits represented the amount remaining after a \$4.3 million transfer from the General Fund to the Health Insurance Fund. This transfer represented the second installment of a Board-approved plan to eliminate the deficit over a five-year period. Significant increases in the reserve for general liability claims and suits coupled with reduced funding for the next four fiscal years through the MFP limit the prospect of eliminating the deficit within the remaining three years of the five-year period. As a result, the School Board is considering transferring the accumulated deficit for general liability claims and suits to the General Long-term Debt Account Group. Under this proposal, the School Board could design a plan for payment consistent with expected available resources.

Fiduciary Operations

The Fiduciary Funds are used to account for the assets held by the School Board in a trust or agency capacity. Resources contributed by individuals to the School Board which are to be expended for specific purposes are accounted for in the Trust Funds. The Agency Funds are maintained to account for cash held by the School Board as an agent. Agency activities included in this role are collection of teachers' retirement contributions and payroll deduction and supervision of the Student Activity Funds.

Debt Administration

During 1995-96, long-term debt was increased as a result of four new bonds and one note payable issues, in part offset by refunding of other bond issues and normal principal retirements.

In order to take advantage of lower interest rates, on October 19, 1995 the School Board refinanced the Capital Funding Bonds, Series 1989A. The Refunding 1995A Bonds were issued in the amount of \$27,920,000 with interest rates ranging from 4.00 to 6.00 percent. In addition, the School Board partially refinanced the Refunding Series 1991 Bonds on December 14, 1995. These bonds were refinanced with the issuance of bonds totaling \$121,785,000 with interest rates ranging from 6.0 to 6.65 percent.

On July 15, 1995, the voters of Orleans Parish authorized the issuance of \$175,000,000 of General Obligation Bonds. These Bonds are to be used in connection with improvements set forth in the Capital Improvement Program III (CIP III). As authorized, the School Board issued \$35,000,000 of General Obligation Bonds on December 5, 1995 and an additional \$35,000,000 on March 20, 1996.

The School Board, in cooperation with the parents of the students at Jean Gordon Elementary School, issued \$675,000 of Certificates of Indebtedness, Series 1996 on April 22, 1996. These funds are to be used for site improvements on the Jean Gordon Elementary School.

The Energy Retrofit Project was financed by the issuance of LPFA Lease Revenue Bonds in the amount of \$11,175,000. This financing took place on April 1, 1996 with interest rates ranging from 4.0 - 5.65 percent.

For the year ended June 30, 1996, the School Board had outstanding bonds totaling \$265,982,765, including \$6,199,034 cumulative capital appreciation interest-to-date on the Refunding Bonds, Series 1991.

Cash Management

Cash temporarily idle during the year was invested in commercial bank certificates of deposit, repurchase agreements and various securities guaranteed by the United States Government or its agencies. Total investment income for all funds amounted to \$3,797,863.

The exhibit below shows the amount of interest earned and the change by each fund type for the 1996 and 1995 fiscal years.

SUMMARY OF INVESTMENT INTEREST EARNED

<u>FUND TYPE</u>	<u>1995-1996</u>	<u>1994-1995</u>	<u>INCREASE/ (DECREASE)</u>
General Fund	\$ 720,485	\$1,081,417	\$ (360,932)
Debt Service Fund	184,885	162,058	22,827
Capital Projects Fund	2,423,119	851,543	1,571,576
Expendable Trust Fund	2,455	3,256	(801)
Nonexpendable Trust Fund	916	814	102
Internal Service Funds	<u>466,003</u>	<u>23,248</u>	<u>442,755</u>
TOTAL	<u>\$3,797,863</u>	<u>\$2,122,336</u>	<u>\$1,675,527</u>

The major factors that contributed to the changes in interest earnings included:

- 1) Lower interest rates in fiscal 1995-96;
- 2) Decrease in available General Fund cash for investment purposes and change in allocation in interest to Internal Service Funds;
- 3) Increased Capital Projects Fund interest due to the receipt of proceeds from two \$35,000,000 bond issues (proceeds of the Series 1995 Bonds received on December 5, 1995, earned interest of \$857,000 and accrued interest of \$250,966, while proceeds of the Series 1996 Bonds, received on March 20, 1996, earned interest of \$125,656 and accrued interest of \$63,486).

Interest earnings, while reported as gross revenue, are offset by \$250,144 of short-term interest expense related to two budgetary loans.

The School Board's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Also, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held in the School Board's name by the Federal Reserve Bank, an agent of the pledging financial institution.

Ninety-one (91) percent of the investments held by the School Board at June 30, 1996 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Another seven (7) percent of the investments consisted of securities issued by the Federal Home Loan Mortgage Corporation that were held in the School Board's name by the Federal Reserve Bank. Remaining investments consisted almost exclusively of repurchase agreements that were held in the School Board's name either by the Federal Reserve Bank or by the counterparty financial institution's trust department.

Micro-computer collateral control procedures are used to ensure that cash and investments are adequately collateralized in accordance with State law and good business practices.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Orleans Parish School Board has received a Certificate of Achievement for eleven of the last twelve consecutive years (fiscal years ended 1984-1995). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Certificate of Excellence

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting in School Systems to the Orleans Parish School Board for its comprehensive annual financial report for the fiscal year ended June 30, 1995, which represents the eleventh time within the last twelve fiscal years that we have received this award.

The Certificate of Excellence in Financial Reporting in School Systems is an award of recognition granted by the Association of School Business Officials of the United States and Canada. The award certifies that the recipient school system has presented its comprehensive annual financial report to the ASBO Panel of Review for critical review and evaluation and that the report was judged to have complied with the principles and practices of financial reporting recognized by ASBO. Receiving the award is recognition that a school system has met the highest standards of excellence in school financial reporting.

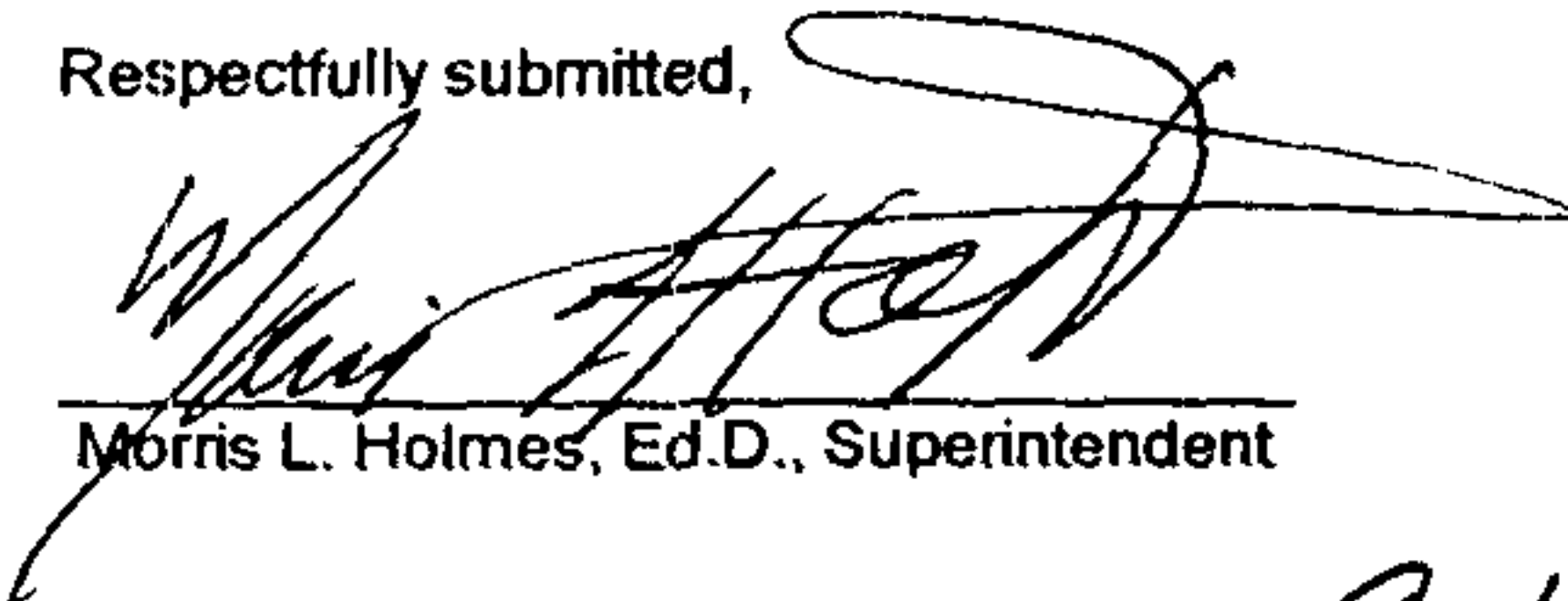
Other Awards

The School Board received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated June 30, 1995. In order to qualify for the Distinguished Budget Presentation Award, the School Board's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. Additionally, the School Board's Cash Management and Investment Policy, adopted in March 1996, was certified by the Municipal Treasurer's Association of the United States and Canada (MTA). Since the inception of this program in 1990, only one other jurisdiction's policy in the State of Louisiana has received MTA Certification.


Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Department and staff from other departments within the Division of Financial Services. We express our sincere appreciation to all members of the Division who assisted and contributed in its preparation. We also thank the Members of the Orleans Parish School Board and the Administration for their interest and support in maintaining the fiscal accountability and responsibility of the school system.

Respectfully submitted,



Morris L. Holmes, Ed.D., Superintendent



Reginald Zeno, M.B.A., Budget Director
Acting Division Head



Anthony J. Stoltz, C.P.A., Comptroller

MLH:RZ:AJS/lsp

Enclosure

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orleans Parish School
Board, Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy H. Rivdan
President

Jeffrey L. Esser
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ORLEANS PARISH SCHOOL BOARD

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 1995

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Denny D. Bolton
President

Don F. Morgan
Executive Director

CAPSULE REPORT OF CAPITAL IMPROVEMENT PROGRAMS (CIP) I, II AND III

CIP I

The 1995-96 fiscal year activities included the Energy Retrofit Program, construction of a classroom addition at Jean Gordon School and the acquisition of a private school that permanently closed at the end of the 1995-96 school year. The Gordon School addition represents a venture spearheaded by parents' initiative and partial funding. Main funding will result from displacement of rental cost of temporary classrooms.

The Energy Retrofit Project involves all 121 regular school sites and all administrative sites. The program is designed to reduce operating and maintenance costs through replacement, retrofit and/or upgrade of heating, ventilation and air conditioning systems, water conservation measures and lighting systems. These renovations should result in a significant improvement in learning conditions for students.

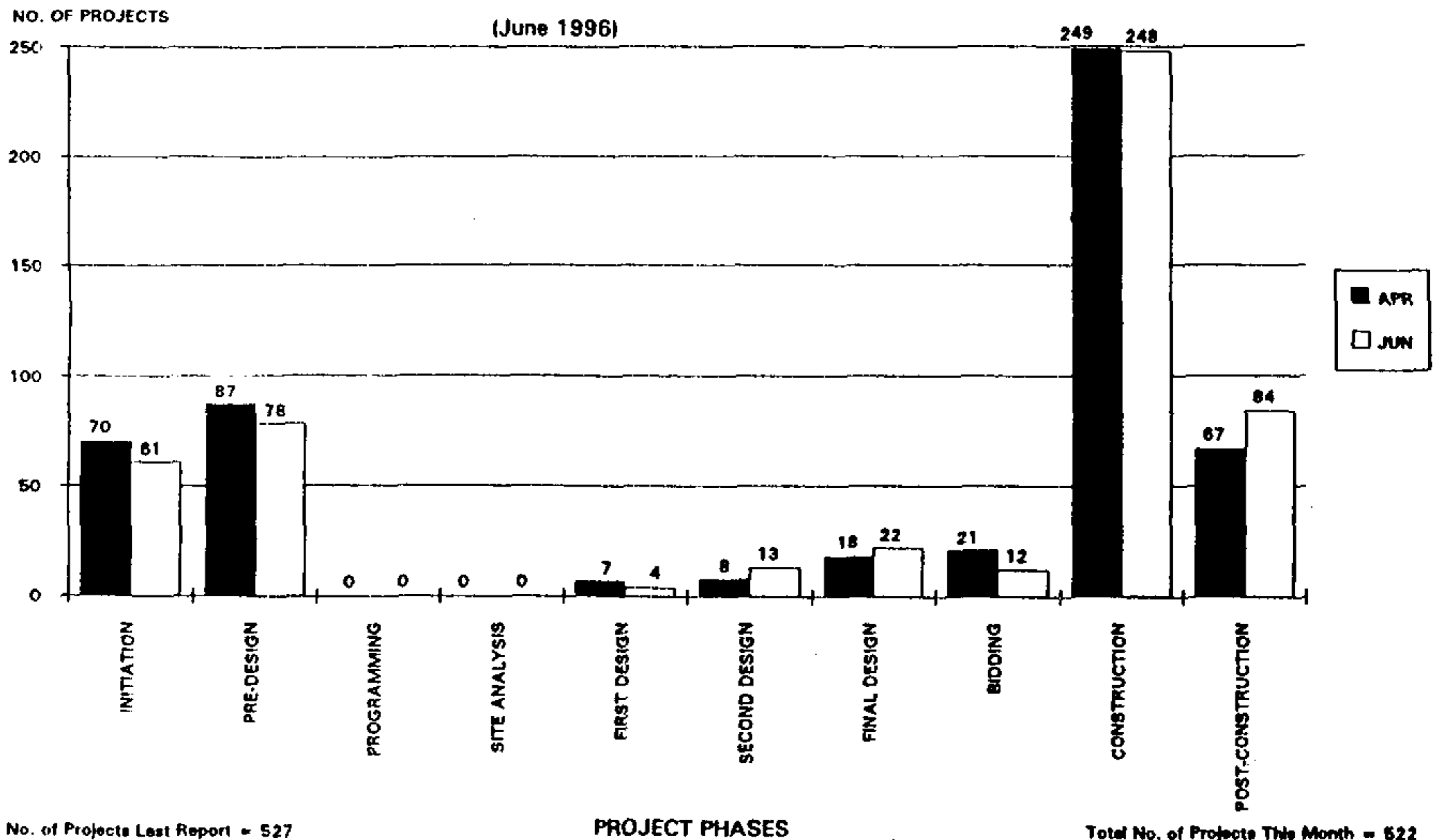
As of summer 1996, 216 lighting, heating, ventilation and air conditioning projects, and electrical and plumbing projects were in progress under the School Board's Energy Retrofit Program.

ENERGY RETROFIT PROJECT STATUS

JUNE 30, 1996	
Total Number of Projects	216
Number of Projects 100% Complete	30

CIP I - III

STATUS OF ALL CAPITAL PROJECTS

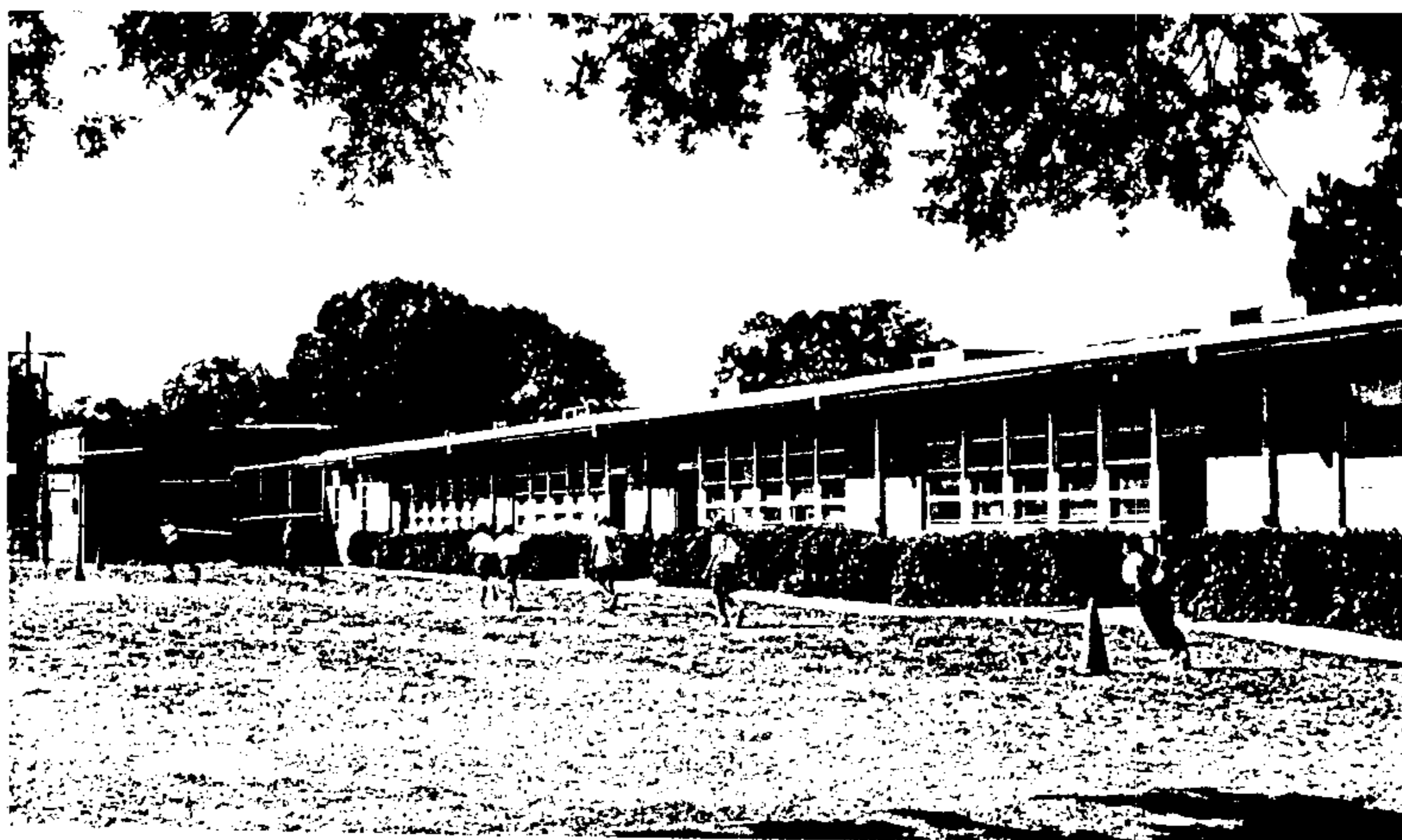


CIP I

SCHOOL BOARD ACQUIRES CLIFTON GANUS SCHOOL

FACILITIES TO BE USED INITIALLY BY SCHAUMBURG STUDENTS

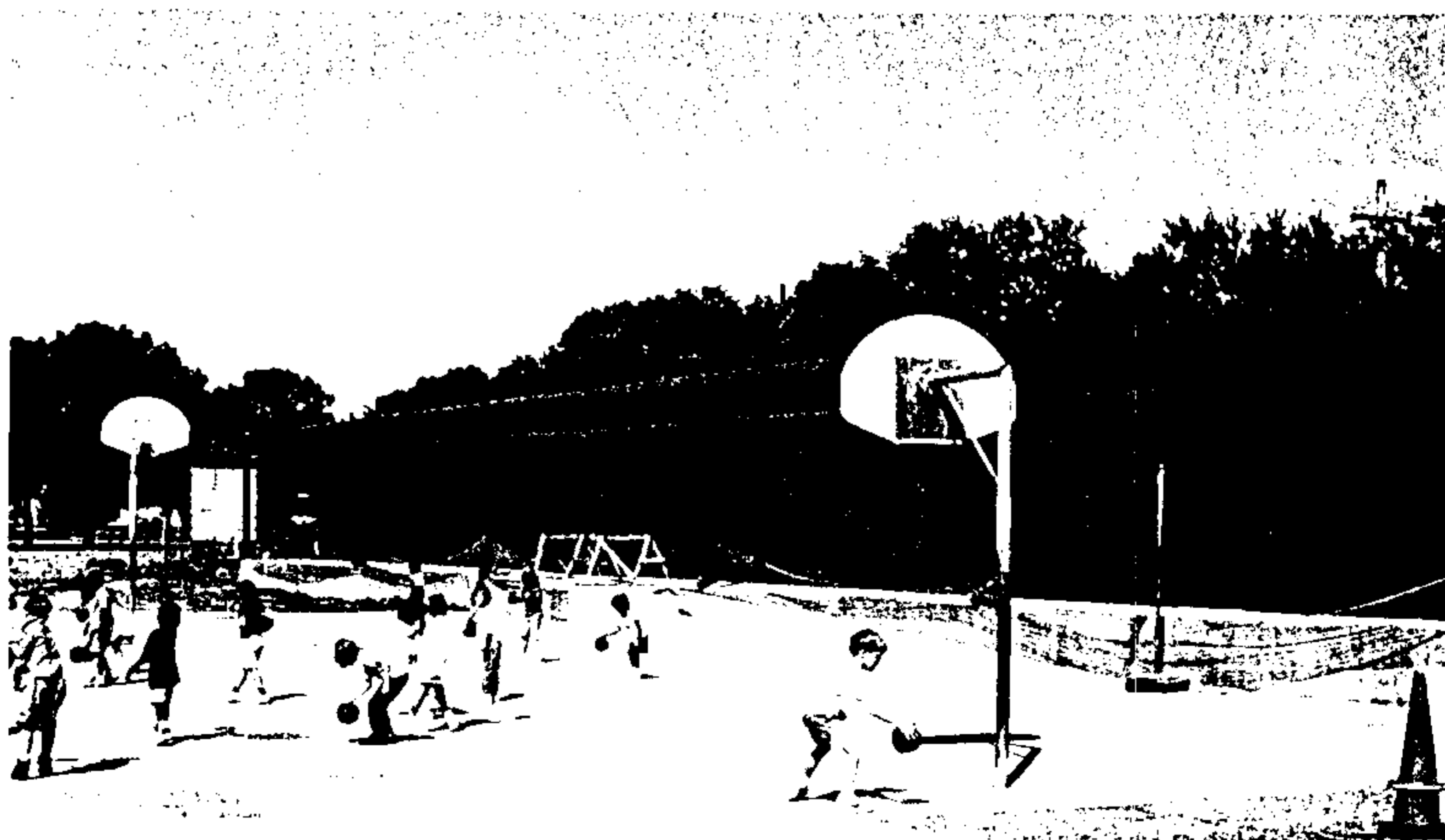
In May, the family owners of Ganus School, a private elementary and secondary school in the Lake Vista area of New Orleans, decided to close the school. The School Board purchased the property at a cost of \$1.8 million. This permitted the relocation of Schaumburg Elementary School students to the Ganus site and the readying of the Schaumburg Elementary site for a new facility. Schaumburg School facilities have been severely damaged by termites.



JEAN GORDON ELEMENTARY SCHOOL

PARENTAL INVOLVEMENT KEYS EFFORT RESULTING IN CLASSROOM ADDITION TO REPLACE PORTABLE BUILDINGS

The combination of strong parental involvement and their partial funding, along with administrative staff assistance, provided the impetus to bring to reality the long-awaited classroom addition project (shown below) for Jean Gordon Elementary School. It will be ready for use during the 1996-97 school year.

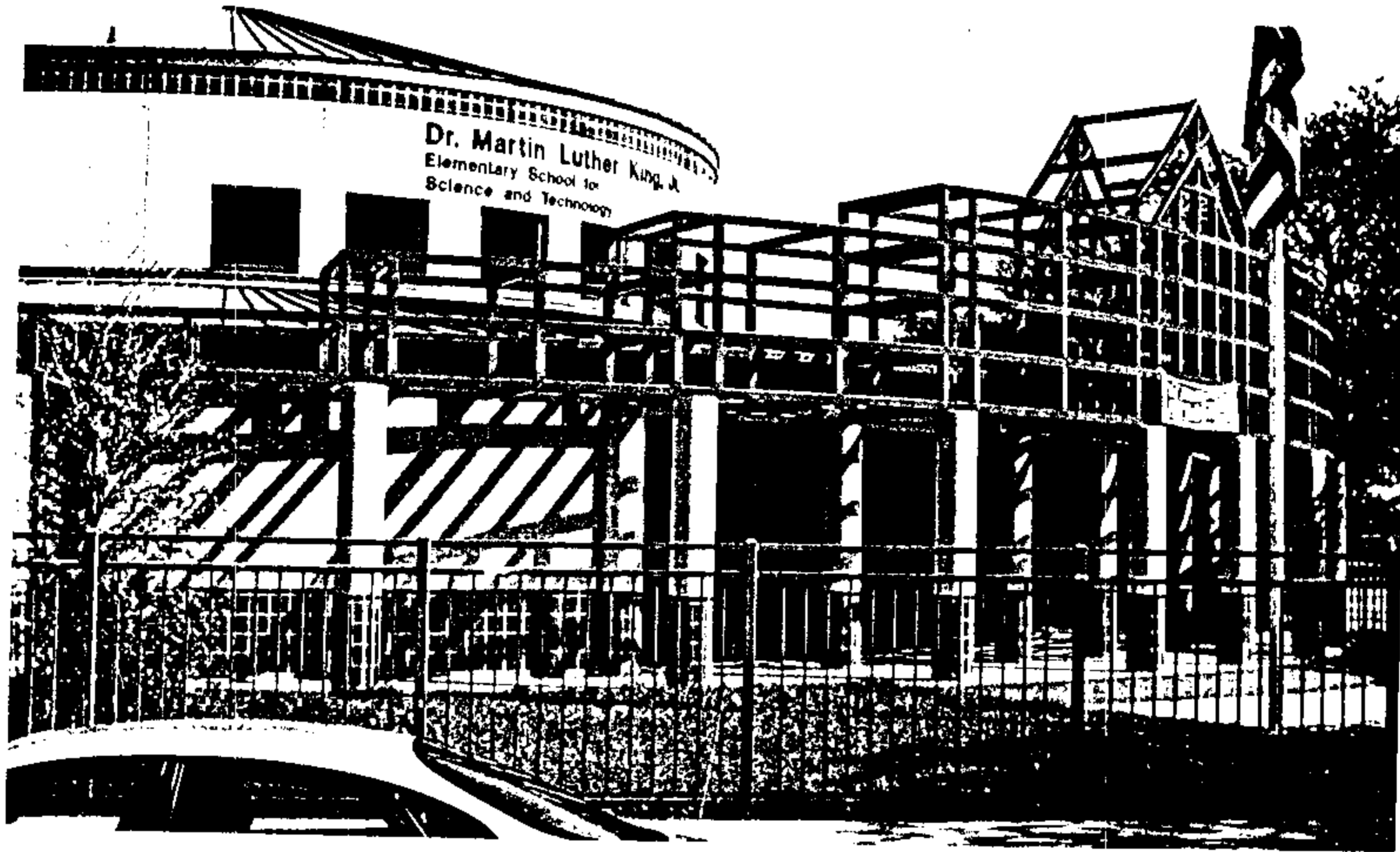


CIP II

This program is funded by Purpose D Dedicated Millage (ad valorem tax) proceeds, after use of tax proceeds to fund debt service requirements. During the year ended June 30, 1996, major projects included asbestos removal at various locations and renovations at Abrams, Crossman and Dunbar Schools.

M.L. KING SCHOOL HELPING TO BUILD INROADS IN EDUCATION

Shown below is the Martin Luther King Elementary School, a CIP II Project, which opened in September 1995. The school features a library which serves the community jointly with the City of New Orleans Library System.



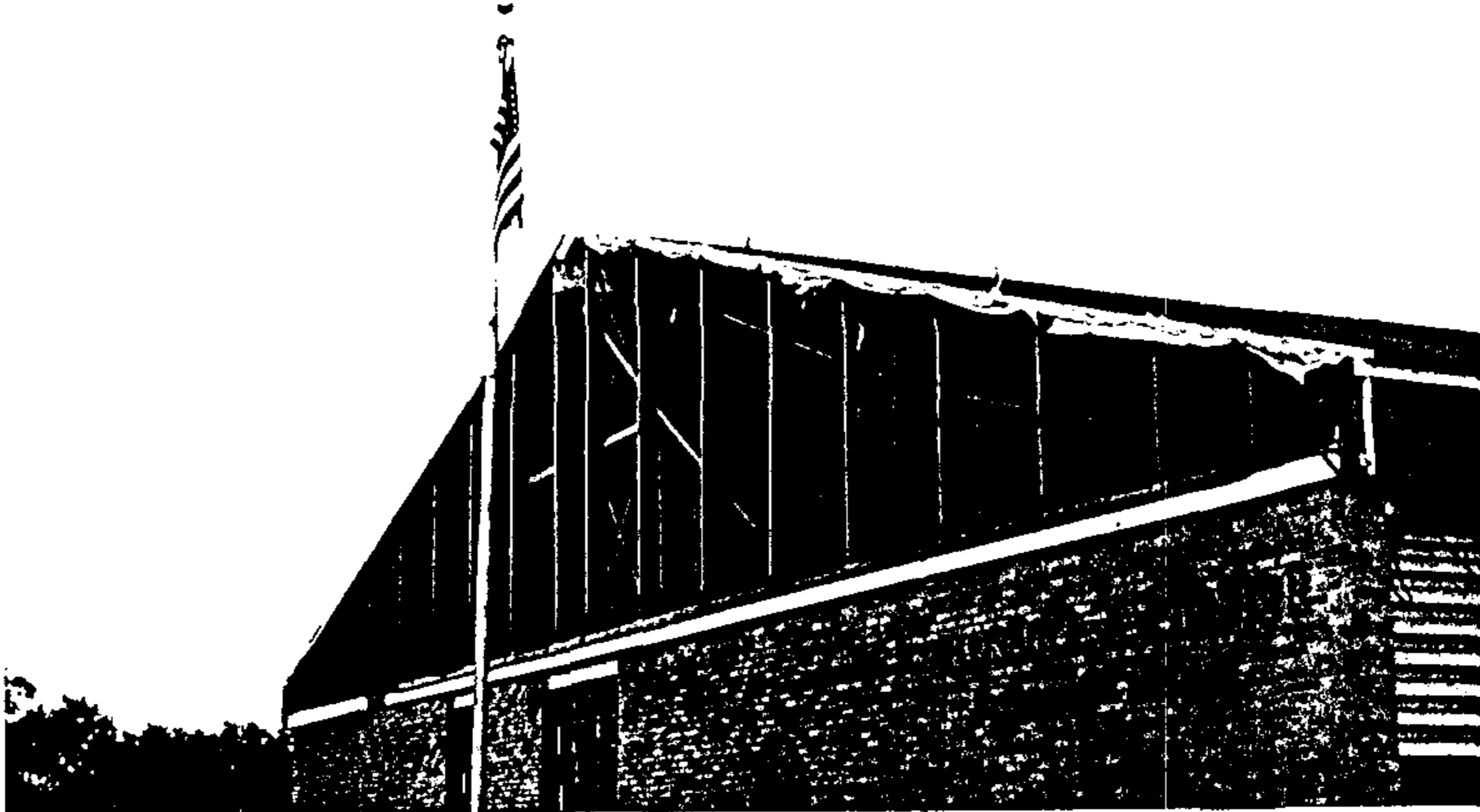
Martin Luther King Elementary School



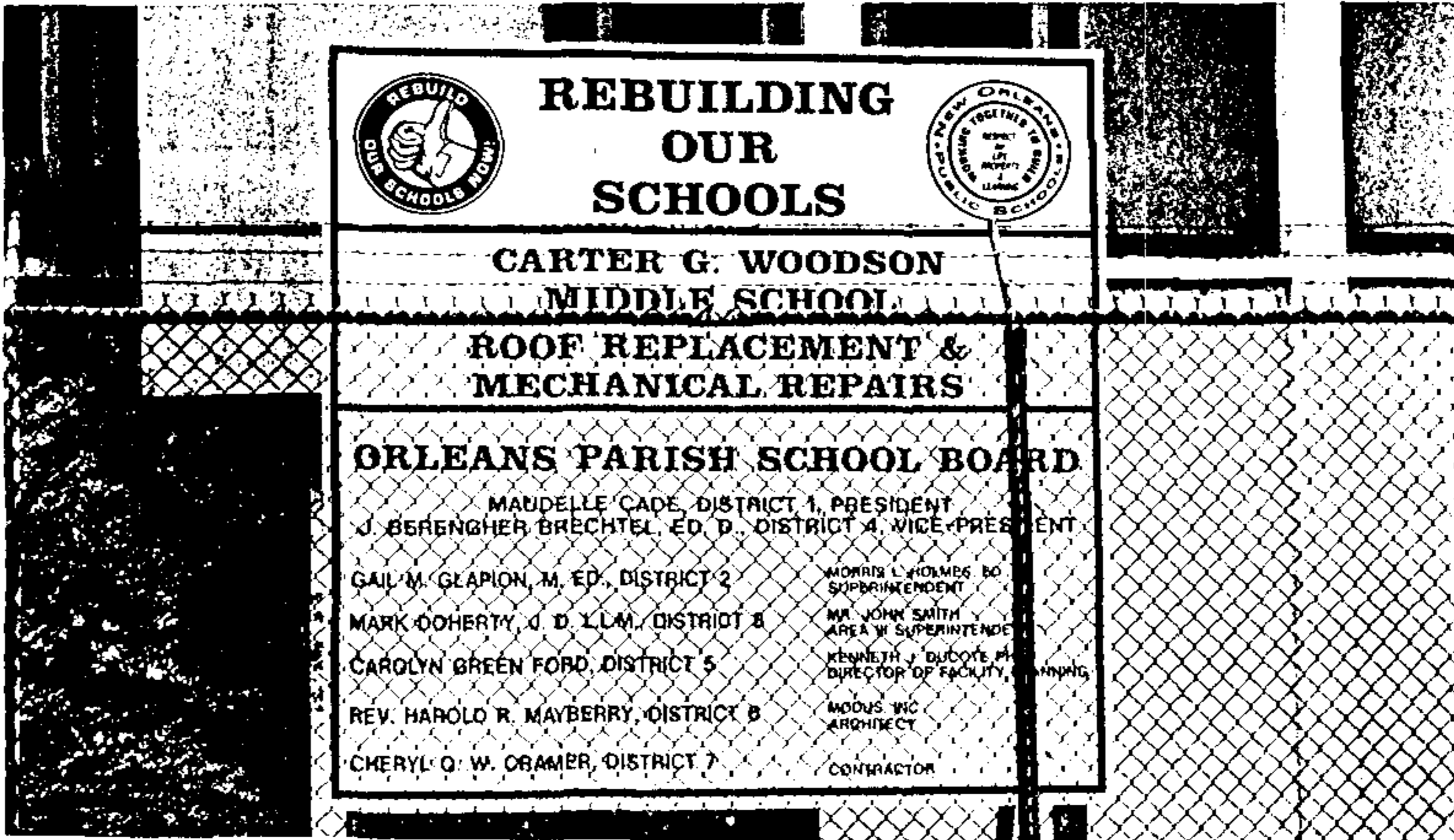
King Elementary students in Computer Lab. The School's curriculum emphasizes math and science.

CIP III

This is a \$175 million program authorized by the voters in July 1995 for improvements for life, safety, health compliance, air conditioning and major renovations. The program was designed for \$35 million of the bonds to be issued annually for five years. However, during fiscal 1996, \$70 million of bonds were issued to take advantage of favorable interest rates. Efforts to date have included: (1) initiation of a process to select a construction management firm to coordinate the projects planned at 118 schools; (2) an increase in Facility Planning staff for monitoring and project status reporting purposes; (3) design work for many of the projects; and (4) roof replacement activities at Chester, Karr and Woodson Schools.

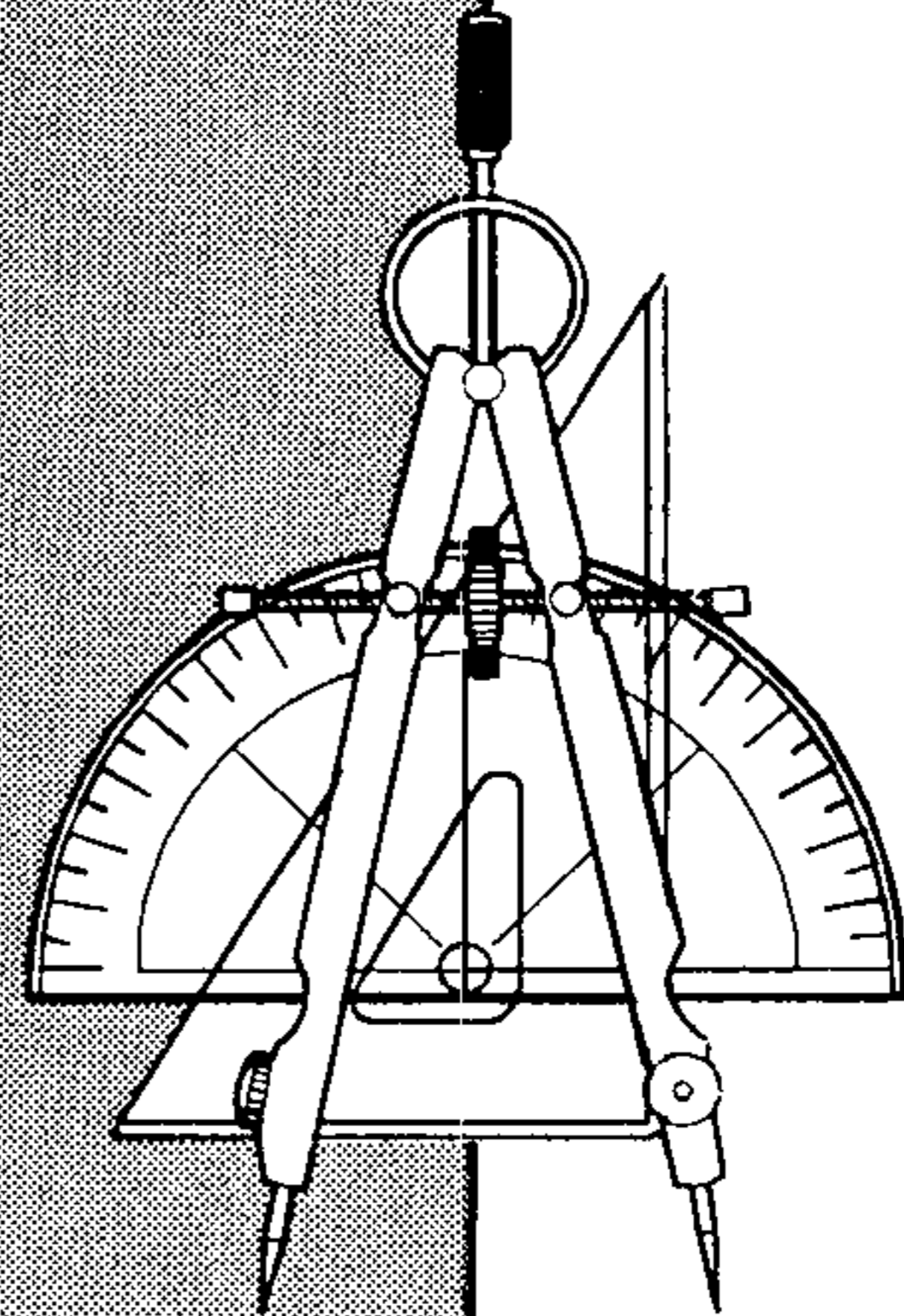


Shown above is the roof renovation in progress at Chester Elementary School.



Planning has begun for the Woodson Middle School roof repairs.

**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

The Members of the
Orleans Parish School Board
New Orleans, Louisiana

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the management of the School Board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Orleans Parish School Board, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary and nonexpendable trust fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report, dated October 11, 1996, on our consideration of the School Board's internal control structure and a report, dated October 11, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Orleans Parish School Board. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP *Bruno & Tervalon*

October 11, 1996

**GENERAL
PURPOSE
FINANCIAL
STATEMENTS**

ORLEANS PARISH SCHOOL BOARD

Combined Balance Sheet -- All Fund Types and Account Groups

June 30, 1996
with comparative totals for June 30, 1995

<u>Assets and Other Debits</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets:</u>				
Cash and cash equivalents (note 2(e))	\$ 23,197,236	—	4,169,920	12,978,755
Investments (note 2(f))	167,979	—	1,682,111	74,870,537
<u>Receivables:</u>				
Ad valorem taxes (note 3)	3,818,516	—	—	—
Sales taxes	7,724,425	—	—	—
Accrued interest	20,405	—	10,516	736,680
State pay supplement	—	—	—	—
Due from other governments (note 4)	4,860,206	8,014,017	500,000	—
Due from other funds (note 11(a))	13,034,384	626,422	5,519,343	1,194,428
Other	2,704,701	—	—	264,786
Total receivables	32,162,637	8,640,439	6,029,859	2,195,894
Inventory (note 2(g))	894,367	652,620	—	—
Other assets	—	—	—	—
Property, plant and equipment (note 5)	—	—	—	—
<u>Other Debits:</u>				
Amount available in debt service funds	—	—	—	—
Amount to be provided for retirement of general long-term debt	—	—	—	—
Total assets and other debits	\$ 56,422,219	9,293,059	11,881,890	90,045,186

Proprietary Fund Type Internal Service	Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-term Debt	1996	1995
354,395	8,955,289	--	--	49,655,595	19,999,879
135,294	113,261	--	--	76,969,182	7,872,903
--	--	--	--	3,818,516	1,012,696
--	--	--	--	7,724,425	9,033,654
--	31,894	--	--	799,495	46,047
--	--	--	--	--	6,409,159
--	--	--	--	13,374,223	23,296,882
16,747,999	2,289,229	--	--	39,411,805	57,511,416
147,037	--	--	--	3,116,524	3,161,972
<u>16,895,036</u>	<u>2,321,123</u>	<u>--</u>	<u>--</u>	<u>68,244,988</u>	<u>100,471,826</u>
--	--	--	--	1,546,987	2,096,250
907,216	--	--	--	907,216	944,044
--	--	459,171,417	--	459,171,417	452,253,042
--	--	--	11,605,815	11,605,815	3,980,591
--	--	--	273,945,327	273,945,327	193,444,008
<u>18,291,941</u>	<u>11,389,673</u>	<u>459,171,417</u>	<u>285,551,142</u>	<u>942,046,527</u>	<u>781,062,543</u>

ORLEANS PARISH SCHOOL BOARD

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 1996
with comparative totals for June 30, 1995

<u>Liabilities, Equity and Other Credits</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,198,101	725,426	–	1,256,240
Retainage payable	–	–	–	443,117
Salaries, wages and payroll taxes payable	3,600,838	–	–	–
Due to other funds (note 11(a))	26,377,421	7,516,718	276,075	4,114,890
Due to other governments (note 4)	2,346,492	–	–	–
Due to student groups	–	–	–	–
Deferred revenues	–	855,596	–	–
Other liabilities	215,194	–	–	–
Accrued compensated absences (notes 2(i) and 6(g))	3,838,327	–	–	–
Liability for self--insurance losses (notes 2(k) and 10)	–	–	–	–
Bonds payable (note 6(a) and (c))	–	–	–	–
Other long--term obligations payable (note 6(g))	–	–	–	–
Total liabilities	38,576,373	9,097,740	276,075	5,814,247
<u>Equity and Other Credits:</u>				
Investment in general fixed assets	–	–	–	–
Retained earnings (accumulated deficit):				
Reserved for casualty losses and employee benefits	–	–	–	–
Accumulated deficit (note 12)	–	–	–	–
Fund Balances (note 2(j)) :				
Reserved	3,640,006	195,319	11,605,815	6,033,973
Unreserved:				
Designated for subsequent years' expenditures	7,217,958	–	–	78,196,966
Undesignated	6,987,882	–	–	–
Total retained earnings (accumulated deficit)/ fund balances	17,845,846	195,319	11,605,815	84,230,939
Total fund equity (accumulated deficit) and other credits	17,845,846	195,319	11,605,815	84,230,939
Total liabilities, equity and other credits	\$ 56,422,219	9,293,059	11,881,890	90,045,186

See accompanying notes to general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals	
		General Fixed Assets	General Long-term Debt	(Memorandum Only) 1996	1995
3,041,453	8,502,785	-	-	15,724,005	11,685,653
-	-	-	-	443,117	557,570
-	-	-	-	3,600,838	11,433,972
1,027,571	99,130	-	-	39,411,805	57,511,416
-	-	-	-	2,346,492	1,387,100
-	2,645,428	-	-	2,645,428	2,543,566
-	-	-	-	855,596	1,069,466
-	-	-	-	215,194	631,791
-	-	-	11,770,491	15,608,818	14,965,524
26,268,237	-	-	-	26,268,237	22,032,736
-	-	-	265,982,765	265,982,765	177,822,203
-	-	-	7,797,886	7,797,886	8,361,129
<u>30,337,261</u>	<u>11,247,343</u>	<u>-</u>	<u>285,551,142</u>	<u>380,900,181</u>	<u>310,002,126</u>
-	-	459,171,417	-	459,171,417	452,253,042
930,803 (12,976,123)	-	-	-	930,803 (12,976,123)	827,869 (11,967,939)
-	24,005	-	-	21,499,118	8,921,173
-	118,325	-	-	85,533,249	14,313,280
-	-	-	-	6,987,882	6,712,992
<u>(12,045,320)</u>	<u>142,330</u>	<u>-</u>	<u>-</u>	<u>101,974,929</u>	<u>18,807,375</u>
<u>(12,045,320)</u>	<u>142,330</u>	<u>459,171,417</u>	<u>-</u>	<u>561,146,346</u>	<u>471,060,417</u>
<u>18,291,941</u>	<u>11,389,673</u>	<u>459,171,417</u>	<u>285,551,142</u>	<u>942,046,527</u>	<u>781,062,543</u>

ORLEANS PARISH SCHOOL BOARD

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Types and Expendable Trust Funds

Year ended June 30, 1996
with comparative totals for the year ended June 30, 1995

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
From local sources:				
Ad valorem taxes (note 11(c))	\$ 54,044,014	-	2,877,610	817,565
Sales taxes	74,050,117	-	-	-
Interest on investments	720,485	-	184,885	2,423,119
Tuition and other fees	1,472,841	-	-	-
Other	1,288,633	1,732,321	1,536,000	368,532
Total revenues from local sources	131,576,090	1,732,321	4,598,495	3,609,216
From state sources:				
Minimum Foundation Program	190,941,850	-	-	-
Revenue sharing	3,660,036	-	-	-
Professional Improvement Program	4,002,810	-	-	-
State pay supplement	-	-	-	-
Other	1,427,877	3,054,586	-	-
Total revenues from state sources	200,032,573	3,054,586	-	-
From federal sources	4,421,705	61,136,541	-	-
Total revenues	336,030,368	65,923,448	4,598,495	3,609,216
Expenditures				
Current:				
Instructional:				
Regular	117,023,613	31,171,379	-	-
Special	37,285,793	832,272	-	-
Total instructional expenditures	154,309,406	32,003,651	-	-
Support services:				
Pupils	20,861,965	1,272,238	-	-
Instructional staff	6,999,901	-	-	-
General administration	3,684,264	2,102,893	-	-
School administration	15,695,557	-	-	-
Business administration	107,833,758	31,846,020	61,671	-
Total support services expenditures	155,075,445	35,221,151	61,671	-
Capital projects	-	-	-	11,218,042
Debt service:				
Principal retirement (notes 6 and 7)	1,108,156	-	3,429,566	-
Interest and bank charges (notes 6 and 7)	437,927	-	7,800,085	-
Bond issuance costs (note 6)	-	-	1,573,233	1,379,484
Total debt service expenditures	1,546,083	-	12,802,884	1,379,484
Total expenditures	310,930,934	67,224,802	12,864,555	12,597,526
Excess (deficiency) of revenues over expenditures	25,099,434	(1,301,354)	(8,266,060)	(8,988,310)
Other financing sources (uses):				
Operating transfers in (note 11(b))	44,516	1,273,431	15,538,167	443,658
Operating transfers out (note 11(b))	(20,000,071)	(44,515)	-	(2,263,546)
Unrealized market loss on investments	-	-	-	(827,225)
Payment to refunded bond escrow agent	-	-	(148,364,150)	-
Bond proceeds	-	-	148,717,267	81,911,268
Loan proceeds	-	-	-	1,095,650
Total other financing sources (uses)	(19,955,555)	1,228,916	15,891,284	80,359,805
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,143,879	(72,438)	7,625,224	71,371,495
Fund balances at beginning of year	12,701,967	267,757	3,980,591	12,859,444
Fund balances at end of year	\$ 17,845,846	195,319	11,605,815	84,230,939

See accompanying notes to general purpose financial statements.

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	1996	1995
	--	57,739,189
--	74,050,117	68,287,273
2,455	3,330,944	2,098,274
--	1,472,841	1,038,543
3,063	4,928,549	5,023,404
5,518	141,521,640	135,660,408
--	190,941,850	183,636,614
--	3,660,036	3,532,425
--	4,002,810	4,401,273
--	--	6,407,159
--	4,482,463	4,839,361
--	203,087,159	202,816,832
--	65,558,246	64,903,510
5,518	410,167,045	403,380,750
--	148,194,992	146,580,740
--	38,118,065	39,970,719
--	186,313,057	186,551,459
500	22,134,703	24,068,445
--	6,999,901	7,195,512
--	5,787,157	5,408,871
--	15,695,557	15,849,698
--	139,741,449	140,056,387
500	190,358,767	192,578,913
--	11,218,042	9,637,152
--	4,537,722	3,903,465
--	8,238,012	9,537,443
--	2,952,717	--
--	15,728,451	13,440,908
500	403,618,317	402,208,432
5,018	6,548,728	1,172,318
--	17,299,772	14,238,745
--	(22,308,132)	(16,838,745)
--	(827,225)	--
--	(148,364,150)	--
--	230,628,535	--
--	1,095,650	2,835,026
--	77,524,450	235,026
5,018	84,073,178	1,407,344
113,307	29,923,066	28,515,722
118,325	113,996,244	29,923,066

ORLEANS PARISH SCHOOL BOARD
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General and Special Revenue Fund Types (Note 2(c))

Year ended June 30, 1996

	<u>General Fund (Non-GAAP Budget Basis)</u>		Variance- Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues			
From local sources:			
Ad valorem taxes	\$ 56,554,825	54,044,014	(2,510,811)
Sales taxes	69,800,000	74,050,117	4,250,117
Interest on investments	800,000	720,485	(79,515)
Tuition and other fees	1,400,000	1,472,841	72,841
Other	1,251,000	1,288,633	37,633
Total revenues from local sources	<u>129,805,825</u>	<u>131,576,090</u>	<u>1,770,265</u>
From state sources:			
Minimum Foundation Program	191,276,000	190,941,850	(334,150)
Revenue sharing	3,658,000	3,660,036	2,036
Professional Improvement Program	4,300,000	4,002,810	(297,190)
Other	1,324,000	1,427,877	103,877
Total revenues from state sources	<u>200,558,000</u>	<u>200,032,573</u>	<u>(525,427)</u>
From federal sources	<u>4,410,000</u>	<u>4,421,705</u>	<u>11,705</u>
Total revenues	<u>334,773,825</u>	<u>336,030,368</u>	<u>1,256,543</u>
Expenditures			
Current:			
Instructional:			
Regular	120,315,825	117,024,418	3,291,407
Special	36,215,499	37,277,878	(1,062,379)
Total instructional expenditures	<u>156,531,324</u>	<u>154,302,296</u>	<u>2,229,028</u>
Support services:			
Pupils	24,550,890	22,176,814	2,374,076
Instructional staff	6,837,107	7,094,788	(257,681)
General administration	4,115,257	3,686,746	428,511
School administration	15,649,239	15,695,557	(46,318)
Business administration	109,434,213	107,702,781	1,731,432
Total support services expenditures	<u>160,586,706</u>	<u>156,356,686</u>	<u>4,230,020</u>
Debt service	<u>740,866</u>	<u>1,546,083</u>	<u>(805,217)</u>
Total expenditures	<u>317,858,896</u>	<u>312,205,065</u>	<u>5,653,831</u>
Excess (deficiency) of revenues over expenditures	<u>16,914,929</u>	<u>23,825,303</u>	<u>6,910,374</u>
Other financing sources (uses):			
Operating transfers in	-	44,516	44,516
Operating transfers out	(16,948,577)	(20,000,071)	(3,051,494)
Total other financing sources (uses)	<u>(16,948,577)</u>	<u>(19,955,555)</u>	<u>(3,006,978)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(33,648)	3,869,748	3,903,396
Fund balances at beginning of year	<u>10,958,489</u>	<u>10,958,489</u>	-
Fund balances at end of year	<u>\$ 10,924,841</u>	<u>14,828,237</u>	<u>3,903,396</u>

See accompanying notes to general purpose financial statements.

Special Revenue Funds (GAAP Basis)			Totals (Memorandum Only)		
Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
-	-	-	56,554,825	54,044,014	(2,510,811)
-	-	-	69,800,000	74,050,117	4,250,117
-	-	-	800,000	720,485	(79,515)
-	-	-	1,400,000	1,472,841	72,841
<u>2,066,498</u>	<u>1,732,321</u>	<u>(334,177)</u>	<u>3,317,498</u>	<u>3,020,954</u>	<u>(296,544)</u>
<u>2,066,498</u>	<u>1,732,321</u>	<u>(334,177)</u>	<u>131,872,323</u>	<u>133,308,411</u>	<u>1,436,088</u>
-	-	-	191,276,000	190,941,850	(334,150)
-	-	-	3,658,000	3,660,036	2,036
-	-	-	4,300,000	4,002,810	(297,190)
<u>3,140,372</u>	<u>3,054,586</u>	<u>(85,786)</u>	<u>4,464,372</u>	<u>4,482,463</u>	<u>18,091</u>
<u>3,140,372</u>	<u>3,054,586</u>	<u>(85,786)</u>	<u>203,698,372</u>	<u>203,087,159</u>	<u>(611,213)</u>
<u>70,349,090</u>	<u>61,136,541</u>	<u>(9,212,549)</u>	<u>74,759,090</u>	<u>65,558,246</u>	<u>(9,200,844)</u>
<u>75,555,960</u>	<u>65,923,448</u>	<u>(9,632,512)</u>	<u>410,329,785</u>	<u>401,953,816</u>	<u>(8,375,969)</u>
35,662,365	31,171,379	4,490,986	155,978,190	148,195,797	7,782,393
1,228,052	832,272	395,780	37,443,551	38,110,150	(666,599)
<u>36,890,417</u>	<u>32,003,651</u>	<u>4,886,766</u>	<u>193,421,741</u>	<u>186,305,947</u>	<u>7,115,794</u>
1,570,437	1,272,238	298,199	26,121,327	23,449,052	2,672,275
-	-	-	6,837,107	7,094,788	(257,681)
2,451,292	2,102,893	348,399	6,566,549	5,789,639	776,910
-	-	-	15,649,239	15,695,557	(46,318)
<u>34,643,814</u>	<u>31,846,020</u>	<u>2,797,794</u>	<u>144,078,027</u>	<u>139,548,801</u>	<u>4,529,226</u>
<u>38,665,543</u>	<u>35,221,151</u>	<u>3,444,392</u>	<u>199,252,249</u>	<u>191,577,837</u>	<u>7,674,412</u>
-	-	-	740,866	1,546,083	(805,217)
<u>75,555,960</u>	<u>67,224,802</u>	<u>8,331,158</u>	<u>393,414,856</u>	<u>379,429,867</u>	<u>13,984,989</u>
-	(1,301,354)	(1,301,354)	16,914,929	22,523,949	5,609,020
-	1,273,431	1,273,431	-	1,317,947	1,317,947
-	(44,515)	(44,515)	(16,948,577)	(20,044,586)	(3,096,009)
-	1,228,916	1,228,916	(16,948,577)	(18,726,639)	(1,778,062)
-	(72,438)	(72,438)	(33,648)	3,797,310	3,830,958
<u>267,757</u>	<u>267,757</u>	<u>-</u>	<u>11,226,246</u>	<u>11,226,246</u>	<u>-</u>
<u>267,757</u>	<u>195,319</u>	<u>(72,438)</u>	<u>11,192,598</u>	<u>15,023,556</u>	<u>3,830,958</u>

ORLEANS PARISH SCHOOL BOARD
Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings (Accumulated Deficit) / Fund Balances -
All Proprietary Fund Types and Nonexpendable Trust Fund

Year ended June 30, 1996
with comparative totals for year ended June 30, 1995

	Proprietary Fund Types <u>Internal Service</u>	Fiduciary Fund Types <u>Nonexpendable Trust</u>
Operating revenues:		
Employer contributions	\$ 28,322,263	-
Employee contributions	9,228,338	-
Interest income	-	916
Total operating revenues	<u>37,550,601</u>	<u>916</u>
Operating expenses:		
Benefit payments (note 10)	3,465,735	-
Premium payments	30,944,703	-
Increase in provision for self-insurance losses	6,845,130	-
Other expenses	2,674,646	1,290
Total operating expenses	<u>43,930,214</u>	<u>1,290</u>
Operating losses	(6,379,613)	(374)
Nonoperating revenue -		
interest income	466,003	-
Loss before operating transfers	<u>(5,913,610)</u>	<u>(374)</u>
Operating transfers in (note 11(b))	5,008,360	-
Operating transfers out	-	-
Net operating transfers	<u>5,008,360</u>	-
Net losses	(905,250)	(374)
Retained earnings (accumulated deficit)/fund balances at beginning of year	<u>(11,140,070)</u>	<u>24,379</u>
Retained earnings (accumulated deficit)/fund balances at end of year	<u>\$ (12,045,320)</u>	<u>24,005</u>

See accompanying notes to general purpose financial statements.

Totals (Memorandum Only)	
1996	1995
28,322,263	29,429,876
9,228,338	9,554,711
916	814
<u>37,551,517</u>	<u>38,985,401</u>
3,465,735	10,969,858
30,944,703	27,587,473
6,845,130	5,769,497
2,675,936	3,636,638
<u>43,931,504</u>	<u>47,963,466</u>
(6,379,987)	(8,978,065)
<u>466,003</u>	<u>23,248</u>
<u>(5,913,984)</u>	<u>(8,954,817)</u>
5,008,360	3,055,515
-	(455,515)
<u>5,008,360</u>	<u>2,600,000</u>
(905,624)	(6,354,817)
<u>(11,115,691)</u>	<u>(4,760,874)</u>
<u>(12,021,315)</u>	<u>(11,115,691)</u>

ORLEANS PARISH SCHOOL BOARD
 Combined Statement of Cash Flows –
 All Proprietary Fund Types and Nonexpendable Trust Fund

Year ended June 30, 1996
 with comparative totals for year ended June 30, 1995

	<u>Proprietary Fund Internal Service</u>
<u>Cash flows from operating activities:</u>	
Operating losses	\$ (6,379,613)
Adjustments to reconcile operating losses to net cash used in operating activities:	
Provision for self-insurance losses	6,845,130
Changes in assets and liabilities:	
Decrease in receivables	1,154,472
Decrease in other assets	36,828
Decrease (increase) in due from other funds	(2,288,249)
Increase (decrease) in accounts payable	2,610,827
Increase (decrease) in due to other funds	(4,786,728)
Decrease in liabilities for self-insurance losses	(2,609,629)
Total adjustments	<u>962,651</u>
Net cash provided by (used in) operating activities	<u>(5,416,962)</u>
<u>Cash flows from noncapital financing activities:</u>	
Operating transfers from other funds	5,008,360
Operating transfers to other funds	-
Net cash provided by noncapital financial activities	<u>5,008,360</u>
<u>Cash flows from investing activities:</u>	
Interest income	466,003
Purchase of investments	(5,445)
Net cash provided by (used in) investing activities	<u>460,558</u>
Net increase (decrease) in cash and cash equivalents	51,956
Cash and cash equivalents at beginning of year	<u>302,439</u>
Cash and cash equivalents at end of year	<u>\$ 354,395</u>
<u>Reconciliation of cash and cash equivalents as listed on Exhibit 1:</u>	
Cash and cash equivalents	\$ 354,395
Less: amounts not included in nonexpendable trust fund and amounts that do not meet definition of cash equivalents	<u>-</u>
Total cash and cash equivalents	<u>\$ 354,395</u>

See accompanying notes to general purpose financial statements.

Fiduciary Fund Nonexpendable Trust	(Memorandum Only)	
	1996	1995
(374)	(6,379,987)	(8,978,065)
-	6,845,130	5,769,497
-	1,154,472	1,176,183
-	36,828	536,847
645	(2,287,604)	543,403
-	2,610,827	(1,498,625)
-	(4,786,728)	5,555,069
-	(2,609,629)	(5,914,955)
645	963,296	6,167,419
271	(5,416,691)	(2,810,646)
-	5,008,360	3,055,515
-	-	(455,515)
-	5,008,360	2,600,000
-	466,003	23,248
-	(5,445)	(129,849)
-	460,558	(106,601)
271	52,227	(317,247)
8,780	311,219	628,466
9,051	363,446	311,219
8,955,289	9,309,684	3,056,054
(8,946,238)	(8,946,238)	(2,744,835)
9,051	363,446	311,219

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

NOTE 1 - REPORTING ENTITY

The Orleans Parish School Board (School Board) is a political subdivision created for providing public education to the citizens of Orleans Parish under Louisiana Revised Statutes 17:51 and 17:121, as amended. The School Board has the power to sue and be sued, and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education. The School Board is presently composed of seven members elected by districts serving concurrent four year terms; these terms began January, 1993.

The School Board is authorized to establish public schools as it deems necessary to provide adequate facilities for the citizens of the parish, to determine the number of teachers to be employed and to determine local supplements to their salaries. Accordingly, the School Board is considered a primary government. There are no component units. The School Board Members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. These financial statements include all of the funds and account groups and all activities considered to be part of or controlled by the School Board.

The School Board is composed of a central office, 137 schools and educational support facilities. Student enrollment for the 1995-96 year was 85,433 regular and special education students, of which 82,285 were funded through the State Minimum Foundation Program. The School Board employs approximately 9,128 persons (full time) of which approximately 87% are directly employed at school sites. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and financial services. The regular school term begins in late August and runs through early June.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School Board conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(a) Basis of Presentation - Fund Accounting

The accounts of the School Board are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses, as appropriate. Resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the School Board:

Governmental Fund Types

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

- **General Fund** - The General Fund is the primary operating fund of the School Board and receives most of the revenues derived by the School Board from local sources (principally ad valorem and sales taxes) and state sources (principally the Minimum Foundation Program funding). Ad valorem taxes include revenues from general purpose millage and dedicated millage. Dedicated millage revenue, generally referred to as "Dedicated Millage for Purposes A, B and C", was approved in an April, 1988 Referendum.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

Dedicated millage revenues are used as follows: Purpose A: Textbooks and Supplies; Purpose B: Early Childhood Development, Discipline and Dropout Prevention, and Purpose C: Salaries and employee benefits. Prior to fiscal 1992, these revenues and related expenditures were reported in the Special Revenue Fund. 1995-96 dedicated millage revenues and expenditures are detailed in Note 11(c).

General Fund expenditures represent the costs of general school system operations and include functional categories of instructional and support services. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in another fund.

- Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. These funds account for the revenues and expenditures related to federal, state and local grant and entitlement programs for various educational objectives and child nutrition services.
- Debt Service Funds - Debt Service Funds, established to meet requirements of bond ordinances and other long-term borrowings, are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs, including millage dedicated. A separate Debt Service Fund is maintained for each or similar bond issue and long-term loan currently outstanding.
- Capital Projects Funds - Capital Projects Funds are used to account for the receipt and disbursement of the proceeds of general bond issues and other special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, Special Revenue Fund capital outlays, and those projects financed by the proprietary fund).

The Capital Projects Funds include five separate funds signifying the source of funding and sameness of activities for projects within a group. Annually, capital projects are reviewed and similar projects are combined. A summary of the various capital projects is as follows:

Capital Fund #1 includes projects funded from various sources such as the General Fund, the federal government, insurance settlements, sales of surplus property, the one-half percent sales tax proceeds (see Note 3), the Louisiana Enhanced Mineral Income Fund, the Energy Retrofit Project funded by issuance of Lease Revenue Bonds, and a loan for the construction of classroom addition at Gordon School.

Capital Fund #2 includes projects which are being funded from the \$175 million Bond Issue Referendum, approved by the voters on July 15, 1995. These funds will be used to upgrade health and safety codes and to correct critical structural problems.

Capital Fund #3 includes projects funded from the one-half percent sales tax proceeds and the proceeds of a 1985 \$75,000,000 bond issue. Expenditures within this fund are for major repairs, renovations, property acquisition and building of new facilities.

Capital Fund #4 includes projects which are being funded from the \$11,500,000 construction fund established by the 1987 Refunding Bonds. These projects include the new M.L. King, Jr. and Edgar Harney Elementary Schools. The M.L. King project was completed for the beginning of the fiscal 1996 school year.

Capital Fund #5 includes projects funded from the now refunded Capital Funding Series 1989A Bonds (Note 6). Debt service on the bonds is provided by the Purpose D millage approved by voters on April 16, 1988. In addition to the bond proceeds, receipts in excess of annual debt service, over the original four-year and subsequent construction periods, have been and will be used to fund additional projects. Expenditures include systemwide interior renovations, asbestos removal, roof replacement, heating and air conditioning improvements, fire and life safety, energy conservation, and electrical improvements.

ORLEANS PARISH SCHOOL BOARD

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Proprietary Fund Types

The Proprietary Fund is used to account for the School Board's ongoing organizations and activities which are similar to those often found in the private sector. The School Board applies all applicable FASB pronouncements issued on or before November 30, 1989, in accounting and reporting for its propriety fund operations unless those pronouncements conflict with or contradict GASB pronouncements. The measurement focus is upon determination of net income. The School Board's proprietary fund type is limited to Internal Service Funds as follows:

- Internal Service Funds - Insurance Funds and Print Shop Fund - The Internal Service Funds are used to account for the accumulation of resources for and the payment of benefits by the School Board's insurance programs and to report revenues and expenses of the School Board's Print Shop. The School Board maintains the following insurance funds:

Health Insurance Fund - This fund is used to account for the employee and employer contributions to, and the payment of premiums for, the Health Insurance Program. Effective September, 1994, the School Board ended its self-insured program and established a fully insured program. Prior to 1994, the School Board offered an employee medical and health program financed solely by employee and School Board premiums. The School Board self-insured this program; remaining liabilities are also included in this fund.

Life, Dental and Optical Insurance Fund - This fund is used to account for the employee and employer contributions to and the payment of premiums for the Life, Dental and Optical Insurance Program, which is fully insured, subject to retrospective adjustment for premiums.

Workers' Compensation Fund - This fund is used to account for claims arising from employment related injuries. Prior to December 1, 1984 this fund was self-insured by the School Board for claims up to \$150,000 per occurrence. Subsequently, and until April, 1990, coverage was on a fully insured basis. In April, 1990, the School Board initiated participation in a self-insurance plan which included the purchase of excess insurance for claims in excess of \$350,000. Effective May, 1994, the self-insured retention amount for excess insurance is \$350,000 each accident.

Other Insurance Fund - This fund is used to account for all other insurance programs maintained by the School Board. The significant programs of this fund consist of the following property and liability insurance types: (1) general liability - which through April 30, 1994 was self-insured with unlimited liability; effective May 1, 1994 insurance coverage was obtained for future claims exceeding \$500,000; (2) fleet insurance, which is fully insured with physical damage having an aggregate deductible of \$500,000 per occurrence; (3) fire insurance, which is fully insured with a deductible of \$500,000 per occurrence; and (4) flood insurance, which is fully insured with a cumulative deductible of \$15,000 per occurrence.

Proprietary Fund revenues are derived from insurance premiums charged to employees and primarily to the General Fund and Special Revenue Funds. These revenues are planned to match: (1) expenses of insurance premiums for coverage in excess of self-insurance amounts; (2) estimated claim losses resulting from the self-insurance programs which include estimated liabilities for claims incurred but not reported at year end; and (3) operating expenses. Retained earnings are accumulated for future losses; such accumulations are being monitored, and refunds and/or reductions in premiums may be assessed if accumulations are in excess.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the School Board in a trustee or agency capacity and include the following:

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Notes to General Purpose Financial Statements

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- Trust Funds - This group of funds was created to account for cash, investments and other resources contributed by various individuals to the School Board to be expended for purposes for which the trusts were established.

The Trust Funds include the expendable trust fund which is accounted for and reported in essentially the same manner as governmental funds, and the nonexpendable trust fund which is accounted for and reported in essentially the same manner as proprietary funds. For nonexpendable trusts, principal must be preserved intact.

- Agency Funds - This group of funds is maintained to account for cash held by the School Board as an agent. Agency Funds are custodial in nature, do not involve measurement of the results of operations and are accounted for and reported as governmental funds. The School Board maintains the following agency funds:

Retirement Contribution Fund - This fund is used to deposit payroll deductions for retirement until such funds are transmitted to the Teachers' Retirement System of Louisiana and State of Louisiana School Employees' Retirement System.

Tax and Payroll Withholding Fund - This fund is maintained to deposit payroll deductions for taxes until such funds are transmitted to the collecting agencies and monies withheld from the payroll of ten-month employees who have elected to be paid on a twelve-month basis.

Student Activity Fund - This Fund is used to account for those monies collected by pupils and school personnel for school and school-related purposes and for instructional program funding disbursed to schools electing to participate in the site-based purchasing program. These monies are used by the students and school personnel at their discretion, and are included in the Agency Fund since the School Board acts as the custodian. The School Board's responsibilities for this fund are to safeguard the fund's assets and provide guidelines for revenues, expenses and financial accountability. Each school maintains separate sets of accounts for monies generated by individual student body organizations and annual allotments supplied by the School Board. The revenues of these accounts consist mainly of fees charged, fund raising projects, and contributions. Expenditures are made for the instructional program and a wide variety of school activities.

Account Groups

Account groups are used to establish accounting control and accountability for the School Board's general fixed assets and general long-term debt. The following are the School Board's account groups:

- General Fixed Assets Account Group - This account group has been established to account for the general fixed assets of the School Board.
- General Long-term Debt Account Group - This account group has been established to account for unmatured general obligation indebtedness, the long-term portion of compensated absences and other long-term obligations of the School Board.

The School Board reports long-term debt of its governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by propriety funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of applicable

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premiums or discount. Issuance costs, even if withheld for the actual net proceeds received, are reported as debt service expenditures.

(b) Basis of Accounting

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

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Governmental fund types, expendable trust funds and agency funds use the modified accrual basis of accounting. Revenues are recorded when they become both measurable and available. Available means expected to be collected within the next two months for property taxes and generally the next twelve months for other revenues. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred if it is expected to be paid within the next twelve months, except for principal and interest on general long-term obligations which are recorded when due. Liabilities which will not be normally liquidated with expendable available financial resources are recorded in the general long-term debt account group.

The Internal Service Funds and Nonexpendable Trust Funds are maintained using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable. Certain payments reflect costs applicable to future accounting periods and are recorded as Other Assets.

Revenues from local sources consist primarily of property and sales taxes. Property tax revenues due before the end of the year are recognized under the susceptible-to-accrual concept. Property tax revenues estimated to be collectible within 60 days after the balance sheet date are recorded as revenues. Sales taxes are recognized as revenues at the point of sale. Other revenues from local sources consist principally of interest income which is recognized as revenue when earned. Sales tax collections are recognized as revenue when received since such monies are available for current expenditures.

Revenues from federal and state grants and entitlement payments which are restricted as to the purpose of expenditure are recognized as earned when the related program expenditures are incurred. Funds received, but not yet earned, are recorded as deferred revenues.

Revenues from federal and state grants and entitlement payments which are unrestricted as to the purpose of expenditure are recognized under the susceptible-to-accrual concept.

Bond proceeds are recognized as other sources of funds in the General Fund, Debt Service Funds or the Capital Projects Funds at the time the bonds are issued.

(c) Budgetary Data

The School Board employs the following procedures in establishing the budgetary data recorded in the general purpose financial statements:

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Notes to General Purpose Financial Statements

June 30, 1996

1. Annually, the Superintendent of Schools submits to the School Board a proposed annual budget of expected revenues and expenditures for the General Fund and Special Revenue Funds. Legally adopted budgets are only required for the General Fund and the Special Revenue Funds. The budgets are prepared under the modified accrual basis of accounting except that in the case of the General Fund outstanding encumbrances at the close of the fiscal year are treated as expenditures.
2. A public hearing is advertised and conducted to obtain public input and the proposed budgets are published.
3. The budget is adopted by the School Board and, as required, is submitted no later than September 30 to the State Department of Education for approval.
4. The Superintendent is authorized to move budgeted items within line items within departments or programs in the School Board's approved General Fund Budget but he may not increase the total amount authorized. If during the course of the fiscal year, it becomes evident that estimated revenues, expenditures or beginning fund balance may vary substantially (5%) from the amounts budgeted, then the Superintendent shall inform the Board of the shortfall. Based on the information submitted, the School Board will adopt an amended budget according to the procedures set forth by the State Legislature in R.S. 39:1309 and 1310, and send a copy of the revision to the Louisiana Superintendent of Education. Other budget revisions are submitted to the School Board for approval on a quarterly basis. The Board approved two significant revisions to the original budget: 1) dedications of incremental ad valorem tax revenue to Debt Service Fund to replace revenues that were expected from property taxes from the gaming industry and lease revenue from the land-based casino, amounting to approximately \$2 million, resulting from roll forward of millages, and 2) a \$4.3 million transfer to the Internal Service Insurance Funds from the General Fund to partially fund the deficit within those funds (See Note 12). Other revisions were not considered material.
5. Special Revenue Fund Budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than 5% unless a budget revision is approved by the State Department of Education.
6. Capital Projects Funds are allocated by project using architectural and engineering estimates. All projects remain programmed and funded until completed or until the School Board decides to eliminate the project. Accordingly, budget and actual comparisons are not reported in the general purpose financial statements for those funds. Debt service funds comply with bond covenant provisions and are therefore not budgeted.
7. All budget amounts presented in the general purpose financial statements have been adjusted for legally authorized revisions of the annual budgets incorporated into interim financial reports presented to the School Board. No legal restrictions, other than those mentioned previously, are placed on the General Fund budget.
8. Appropriations are valid only for the year in which made, and any part of such appropriation which is not encumbered or expensed lapses at the end of the year. The level of control over the budget is exercised at the department or program level for the General Fund and Special Revenue Funds.
9. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis for the General Fund differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP). Because the budgets in the Special Revenue Funds are prepared on a modified accrual basis, no differences in budget basis and GAAP basis occur for those funds.

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Notes to General Purpose Financial Statements

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The following is a reconciliation of basis and timing differences for the General Fund:

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis at June 30, 1996 (Exhibit 3)		\$3,869,748
Add encumbrances at June 30, 1996:		
Total encumbrances	\$ 2,745,639	
Less encumbrances on inventory	<u>(126,574)</u>	2,619,065
Less encumbrances at June 30, 1995:		
Total encumbrances	(1,586,595)	
Less encumbrances on inventory	<u>241,661</u>	<u>(1,344,934)</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis at June 30, 1996 (Exhibit 2)		<u>\$5,143,879</u>

(d) Encumbrances

Encumbrances represent commitments related to unperformed or executory contracts for goods and services, and generally arise as a result of outstanding construction contracts or purchase orders. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. As materials are subsequently received and construction contracts are executed, liabilities are recorded and the related encumbrances are liquidated.

(e) Cash and Cash Equivalents

For purposes of the Combined Balance Sheet, cash and cash equivalents include cash and highly liquid investments. Highly liquid investments are defined as those investments having original maturities of less than three months from the date of purchase.

The breakdown of cash and cash equivalents, as of June 30, 1996, is as follows:

Cash	\$ 9,934,996
Certificates of Deposit	1,219,409
Repurchase Agreements	6,163,000
Money Market Funds	3,878,819
Securities of the U.S. Government and Other Government Agencies	<u>28,459,371</u>
TOTAL	<u>\$49,655,595</u>

As per the Orleans Parish School Board **Cash Management and Investment Policy**, cash balances of all funds are combined and invested to the extent possible in direct obligations of the U.S. Government or its agencies, certificates of deposit and other short-term obligations. Interest earned on these investments is distributed to the individual funds on the basis of invested balances of the participating funds during the year.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

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- Cash and Certificates of Deposit: The School Board is authorized by state statute to open depositories in those banks with branch offices in the state. The State of Louisiana requires Louisiana banks and savings and loans to secure deposits of all Louisiana public entities by pledging government securities as collateral for amounts in excess of federal depository insurance. As of June 30, 1996, the entire amount of cash and certificates of deposit were covered by federal depository insurance or collateral for amounts in excess of federal depository insurance. At year end, all the collateral was held in the School Board's name at a Federal Reserve Bank or, in the case of state chartered banks, at a local correspondent financial institution.
 - Repurchase Agreements: In the case of the School Board, Repurchase Agreements are overnight investments backed by Government Securities held by the financial institution.
 - Money Market Funds: During 1995-96, the School Board used three Money market Funds to increase the interest earnings. Those funds were:

Federated Trust for U.S. Treasury Obligation

Marquis Treasury Securities Money Market Fund

Prudential Government Securities Money Market Fund

In all cases, these funds have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies. In certain Capital Project Funds where uncertain cash flows exist, the School Board invests in Money Market Funds.

- Securities of the U.S. Government and Other Government Agencies: Those investments consist of bonds, notes or other evidence of indebtedness issued or guaranteed by U.S. Government instrumentalities, which are federally sponsored, such as: (1) U.S. Treasury Notes; (2) Federal Home Loan Bank; (3) Federal Home Loan Mortgage Corporation; and (4) Federal National Mortgage Association.

(f) Investments

Investments are stated at cost, or amortized cost, unless other than temporary market declines have occurred.

State statutes authorize the School Board to invest in U.S. Bonds and Treasury Notes, securities of U.S. government agencies and instrumentalities, and repurchase agreements secured by U.S. Government obligations. In addition, certificates of deposit with original maturities over ninety days are also included in the investment category.

The School Board's investments are categorized as described below to give an indication of the level of risk assumed by the School Board at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the School Board or its agent in the School Board's name.

Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the School Board's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the School Board's name.

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June 30, 1996

A breakdown of investments as of June 30, 1996 is as follows:

	CATEGORY			COST	MARKET VALUE
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of Deposit	\$19,434,734			\$19,434,734	\$19,442,993
U.S. Treasury Bills	599,658			599,658	606,879
U.S. Treasury Notes	18,429,279			18,429,279	18,251,247
U.S. Treasury Bond	74,000			74,000	74,000
U.S. Agency Discount Notes	31,846,184			31,846,184	32,047,578
U.S. Savings Bonds	10,500			10,500	10,500
FHLMC CMO		\$5,434,555		5,434,555	5,434,555
Flexible Repurchase Agreement			\$1,117,500	1,117,500	1,117,500
Marketable Securities			<u>22,772</u>	<u>22,772</u>	<u>54,175</u>
TOTAL INVESTMENTS	<u>\$70,394,355</u>	<u>\$5,434,555</u>	<u>\$1,140,272</u>	<u>\$76,969,182</u>	<u>\$77,039,427</u>

The collateralized mortgage obligations (CMO's) consist of multiclass mortgage participation certificates directly issued by the Federal Home Loan Mortgage Corporation. During 1996, the School Board recognized unrealized losses of \$827,225 as a result of continued market decline. The breakdown of these holdings as of June 30, 1996, is as follows:

<u>COST AS OF 06/30/96</u>	<u>MARKET VALUE AS OF 06/30/96</u>	<u>UNREALIZED LOSS AS OF 06/30/96</u>	<u>FIXED INTEREST RATE</u>	<u>CONTRACTUAL MATURITY</u>
\$1,822,904	\$1,648,021	\$174,883	6%	April 15, 2023
2,000,000	1,690,625	309,375	6%	February 15, 2023
2,438,876	2,095,909	<u>342,967</u>	6%	August 15, 2022
		<u>\$827,225</u>		

Marketable Securities consist of twelve (12) common stocks traded on the New York Stock Exchange. These securities are held in the Abramson Foundation Fund. Proceeds from this fund are to be used for projects at Abramson Senior High School.

(g) Inventory

Inventory is valued at cost (first-in, first-out), except for donated commodities which are stated at market value, at the date donated, as determined by the federal government.

Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Child Nutrition Fund, which is presented under Special Revenue Funds, consists of purchased food, lunchroom materials, supplies and donated commodities. Such inventory is recorded as revenues and expenditures when consumed. Inventories of governmental funds, except for unused donated commodities, are offset by a fund balance reserve which indicates that they do not constitute available expendable resources even though they are a component of net current assets.

(h) Property, Plant and Equipment

Land, buildings and improvements, furniture and equipment are recorded as expenditures in the governmental

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

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funds and are capitalized in the general fixed assets account group at cost. Donated fixed assets are valued at their estimated market value on the date of donation. No depreciation has been provided on general fixed assets, nor has interest been capitalized. Leases (Note 7) that qualify as a capital lease are capitalized.

(i) Compensated Absences

The School Board's three types of compensated absences which accumulate or vest are described as follows:

- Vacation - Full-time employees who work year round are granted vacation in varying amounts (maximum of 22 days per year) as established by School Board policy. Unused vacation days earned prior to July 1, 1987 may be carried forward indefinitely. Vacation earned after July 1, 1987 during each fiscal year must be taken on or before December 31st of the following fiscal year; in the event of termination, an employee is reimbursed for accumulated vacation days up to thirty days.
- Sick Leave - Under terms of union contracts and School Board policy, each employee is entitled to ten days of sick leave per year. Sick leave may be accumulated without limit; however, employees are only reimbursed for accumulated sick leave up to twenty-five days upon death or retirement with twenty or more years of service.
- Sabbatical Leave - Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Leave may be granted for rest and recuperation, and professional and cultural improvement. While on sabbatical leave, the employee receives regular compensation less \$50 per day.

At June 30, 1996, \$3,838,327 has been accrued as a current liability in the General Fund, which represents the portion of the estimated compensated absences for vacations, sick leave, and sabbatical leaves which will be taken or reimbursed within twelve months of the balance sheet date. The amount of \$11,770,491 has been recorded in the General Long-term Debt Account Group, which represents that portion of the estimated compensated absences for the General Fund which will not be normally liquidated with expendable available financial resources.

(j) Fund Equity

The fund equity section of the combined balance sheet for a governmental unit consists of two separate elements. The equity portion of the balance sheet of a governmental unit for its proprietary-type funds is referred to as retained earnings. The equity portion of the balance sheet related to governmental and fiduciary fund types is referred to as the fund balance.

Within each are subordinate accounts or groups such as reservations and designations which are used to report allocations of funds as follows:

- **Reserved accounts** indicate the portion of fund equity which has been legally separated for specific purposes or is not appropriate for expenditure.
- The **unreserved designated** amount indicates the portion of fund equity the School Board has set aside for planned future projects.
- The **unreserved undesignated account** indicates the portion of fund equity which is available for budgeting and expending in the future.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

The composition and purposes of the reserved portion of fund balances in the various funds are as follows:

RESERVATION PURPOSE	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTAL
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST & AGENCY	
Encumbrances	\$2,745,639	—	—	\$6,033,973	—	\$ 8,779,612
Inventory	894,367	\$195,319	—	—	—	1,089,686
Debt Service	—	—	\$11,605,815	—	—	11,605,815
Endowment Restrictions	—	—	—	—	\$24,005	24,005
TOTAL	\$3,640,006	\$195,319	\$11,605,815	\$6,033,973	\$24,005	\$21,499,118

(k) Claims and Judgements

The School Board provides for losses resulting from claims and judgments. Liability for such losses is recorded in the Internal Service Fund - Insurance Funds. Incurred but not reported claims as of June 30, 1996, have been considered in determining the accrued liability.

(l) Comparative Total Data (Memorandum Only)

Comparative total data for the prior year have been presented in the combined financial statements in order to provide an understanding of changes in the School Board's financial position and operations. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the individual statements since their inclusion would make the statements unduly complex and difficult to read.

The total data, captioned "Memorandum Only", are the aggregate of the fund types and account groups. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

NOTE 3 - AD VALOREM AND SALES TAXES

Sales taxes are assessed and due on the first day of the month subsequent to the month of sale of any retail sales of goods used or consumed within Orleans Parish, including leases and rentals of movable tangible property.

The rate of sales tax dedicated to the School Board is one and one-half percent. Revenues arising from the one percent sales tax authorized by the voters of Orleans Parish in 1966 are used exclusively for the payment of salaries of teachers and/or for the general operations of the school district.

The proceeds of the one-half percent sales tax, which was authorized in 1980, are used for the payment of salaries of teachers and other educational employees of the School Board, for the expenses of maintaining and operating schools and for providing funds to pay for capital improvements.

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Notes to General Purpose Financial Statements

June 30, 1996

Sales taxes which remain uncollected on the twenty-first day of the month due are classified as delinquent. Sales tax payments are collected by the City of New Orleans and the State of Louisiana and are remitted semi-monthly to the School Board.

Ad valorem taxes are collected by the City of New Orleans and remitted to the School Board on a periodic basis. Values are established by the Orleans Parish Assessors' Office each year based on 10% of the assessed market value of residential property and commercial land and on 15% of the assessed market value of commercial buildings, public utilities and personal property.

Ad valorem taxes must be levied prior to January 1 of the assessment year, based on the assessed value as of the prior August 15. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable by January 1, the levy date and the date on which an enforceable lien attaches on the property. As of February 1, taxes become delinquent and interest and penalty accrue.

Ad valorem tax revenues are accrued at year end to the extent that they are measurable and estimated to become available to finance current operations. Delinquent taxes considered to be uncollectible are not recorded as revenues. Such revenues are based on total tax levies less exempt taxes. Exempt taxes are principally due to exempt manufacturing plants under ten-year contracts and the general homestead exemption. A portion of exempt taxes due to homestead exemptions relating to constitutional special school taxes are reimbursed to the School Board through state revenue sharing.

NOTE 4 - DUE TO/FROM OTHER GOVERNMENTS

Amounts due from other governments consist of receivables for reimbursement of expenditures under various Federal and state programs and grants. All amounts are expected to be collected within the next twelve months. Amounts due to other governments consist primarily of payables for services rendered.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets for fiscal 1996 is as follows:

TYPE	BALANCE			BALANCE
	JULY 1, 1995	ADDITIONS	DELETIONS	
Land	\$ 28,908,074	\$ 749,351	—	\$ 29,657,425
Buildings & Improvements	323,954,466	21,799,094	\$1,001,600	344,751,960
Furniture & Equipment	64,157,851	6,673,178	2,538,169	68,292,860
Vehicles	11,779,092	238,555	—	12,017,647
Construction in Progress	<u>23,453,559</u>	<u>1,746,411</u>	<u>20,748,445</u>	<u>4,451,525</u>
TOTAL	\$452,253,042	\$31,206,589	\$24,288,214	\$459,171,417

The acquisition of the land and buildings at Clifton Ganus School (a private school that ceased operations at the end of the 1995-96 school year) and the transfer of M.L. King Elementary School from construction-in-progress represent the largest changes for 1995-96.

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Notes to General Purpose Financial Statements
June 30, 1996

Construction in progress as of June 30, 1996 is composed of the following:

SCHOOL/FACILITY	PROJECT AUTHORIZATION	EXPENDED THRU JUNE 30, 1996	COMMITTED
<u>CAPITAL PROJECTS FUNDS #1, #3 & #4</u>			
Gordon	\$ 660,000	\$ 286,973	\$ 373,027
Habans	108,780	108,406	374
Harney	3,465,000	417,775	3,047,225
Lawless Elementary	200,000	10,953	189,047
Lawless Senior	<u>400,000</u>	<u>15,429</u>	<u>384,571</u>
Subtotal	<u>4,833,780</u>	<u>839,536</u>	<u>3,994,244</u>
<u>CAPITAL PROJECTS FUND #2</u>			
Carver	1,050,000	2,376	1,047,624
Chester	100,000	885	99,115
Districtwide	500,000	65,657	434,343
Hynes	1,295,000	14,242	1,280,758
Karr	1,200,000	57,136	1,142,864
Kohn	300,000	4,900	295,100
McDonogh 7	2,590,000	1,135	2,588,865
Tubman	250,000	2,593	247,407
Woodson	<u>1,750,000</u>	<u>13,308</u>	<u>1,736,692</u>
Subtotal	<u>9,035,000</u>	<u>162,232</u>	<u>8,872,768</u>
<u>CAPITAL PROJECTS FUND #5</u>			
Abramson	75,000	42,983	32,017
Allen	83,311	11,588	71,723
Asbestos Removal	696,560	665,169	31,391
Carver	80,000	1,300	78,700
Chester	374,813	131,506	243,307
Colton	31,899	12,759	19,140
Fortier	76,208	8,169	68,039
Habans	167,500	32,513	134,987
Harte	132,073	124,163	7,910
Hynes	100,000	12,379	87,621
Jackson	840,000	805,431	34,569
Kohn	49,788	32,443	17,345
Lawless Elementary	61,015	43,465	17,550
Maintenance - general	871,770	710,887	160,883
McDonogh Senior	304,110	—	304,110
McDonogh 7	170,488	80,448	90,040
Meyer	421,333	411,127	10,206
Schwarz	60,000	2,800	57,200
Washington, B. T.	369,792	320,627	49,165
Wicker	<u>22,000</u>	<u>—</u>	<u>22,000</u>
Subtotal	<u>4,987,660</u>	<u>3,449,757</u>	<u>1,537,903</u>
GRAND TOTAL	<u>\$18,856,440</u>	<u>\$4,451,525</u>	<u>\$14,404,915</u>

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

NOTE 6 - LONG-TERM DEBT

(a) Bonds Payable

A summary of the fiscal 1996 bonds payable including interest rates, maturity, interest expense and June 30, 1996 balance is as follows:

<u>BONDS PAYABLE</u>	<u>RANGE OF INTEREST IN REMAINING YEARS</u>	<u>FINAL MATURITY</u>	<u>INTEREST EXPENSE FOR 1995-96</u>	<u>BALANCE AS OF JUNE 30, 1996</u>
General Obligation Bonds:				
Series 1995 - Issued 12/05/95	4.5 - 5.35%	09/01/20	\$ 839,654	\$ 35,000,000
Series 1996 - Issued 03/20/96	4.5 - 7.5%	09/01/20		35,000,000
Lease Revenue Bonds (Energy Retrofit Project):				
Series 1996 - Issued 04/01/96	4.0 - 5.65%	06/15/11		11,175,000
Capital Funding Bonds:				
Series 1989A, Purpose D - Issued 06/26/89	6.3 - 7.0%	Refunded	853,969	—
Refunding Bonds:				
Series 1987 - Issued 12/16/87	7.6 - 9.1%	02/01/99	1,091,425	12,380,000
Series 1991 - Issued 12/19/91	6.262 - 7.65%	02/01/15	2,808,521	22,722,765
Series 1995 - Issued 10/19/95	4.0 - 6.0%	06/01/09	952,492	27,920,000
Series 1995 A&B - Issued 12/14/95	5.2 - 6.65%	02/01/14	<u>1,254,024</u>	<u>121,785,000</u>
TOTAL BONDS PAYABLE			<u>\$7,800,085</u>	<u>\$265,982,765</u>

General Obligation Bonds are backed by the full faith, credit and taxing power of the School Board. The Lease Revenue, Capital Funding and Refunding Bonds are special limited School Board obligations payable from and secured by a pledge of and lien on certain ad valorem, sales taxes, and revenue sharing income. The bonds do not constitute an indebtedness or limited pledge of the general credit of the School Board.

All of the bonds and notes payable by the School Board are recorded in the General Long-term Debt Account Group and are serviced by the Debt Service Funds with revenues as described below.

General Obligation Bonds

\$35,000,000 General Obligation Bonds, Series 1995, dated October 1, 1995 (hereinafter, 1995 G.O. Bonds) and \$35,000,000 General Obligation Bonds, Series 1996, dated March 1, 1996 (hereinafter, 1996 G.O. Bonds) — These bonds are insured and are payable from the (1) annual levy and collection of an unlimited ad valorem tax on all taxable properties, (2) additional revenues generated by the 1995 roll forward of certain existing property taxes to the maximum authorized millage level, as dedicated by the Board, anticipated to generate approximately \$2 million per year, and (3) revenues collected by the Educational Trust Fund District, as described below. Bond proceeds were \$70,841,105 (including interest costs of \$990,825), after premiums, discounts, and accrued interest.

The purpose of the 1995 and 1996 G.O. Bonds is to provide monies for improving land for building sites and playgrounds, including construction of necessary sidewalks and streets; improving school buildings and other related facilities and acquiring necessary equipment and furnishings therefore; and those projects set forth in Capital Improvements Program III.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

The Educational Trust Fund District (Trust Fund) is governed by the School Board and serves as a conduit for the collection of specific revenues supporting the debt service requirements of the G.O. Bonds. The Trust Fund is authorized to collect, if approved by voter referendum, ad valorem taxes levied on property used for any permanent or temporary land-based casino gaming establishment or on any riverboat and its licensed berth (except for specific taxes levied by the city or downtown development district) for the purpose of repairing, upgrading, improving and acquiring property and the construction of school buildings and related structures, improvements, and constructions owned and operated by the School Board. A cooperative endeavor agreement entered into on November 6, 1995, established the payment by the land-based casino of a minimum \$2,000,000 for the benefit and use of the School Board. During fiscal 1996, \$1,536,000 was received by the Trust Fund and paid to the School Board. Such amounts are included in the Debt Service Funds in revenue on the Combined Statements of Revenues, Expenditures and Changes in Fund Balance. Because the Trust Fund has no assets, is governed by the School Board, and has all its activities recorded in the financial statements of the School Board, no separate presentation of the Trust Fund as a component unit or separate entity is considered necessary.

Lease Revenue Bonds

On April 1, 1996, the Louisiana Public Facilities Authority (LPFA) issued \$11,175,000 Lease Revenue Bonds (Orleans Parish School Board Energy Retrofit Project), Series 1996. Bond proceeds were \$11,070,163 after premium, discount and accrued interest. The Bonds are limited and special obligations of the LPFA and are secured by a Trust Indenture, dated April 1, 1996.

The LPFA is using the proceeds from the sale of the Bonds to: (1) Purchase from the School Board certain energy retrofit improvements and equipment for all public school buildings of the School Board (hereinafter referred to as the "Project"); (2) Fund a reserve fund, and (3) Pay the cost of issuance of the bonds, including bond insurance premium. As the improvements and equipment are acquired and installed, the School Board sells the Project to the LPFA and the LPFA concurrently leases the Project to the School Board through a Lease Agreement, dated April 1, 1996, under which the School Board is obligated to annually appropriate funds in an amount sufficient to pay the principal of and interest on the Bonds, as well as other payment obligations, including the Reserve Fund Requirement (as defined in the Indenture), as payments become due.

The Project uses the bonds proceeds to implement certain replacement, retrofit and/or upgrade improvements to one hundred twenty-one (121) public school buildings of the School Board, designed to reduce operating and maintenance expenses. The improvements to the School Board's existing facilities fall into four (4) major categories, as follows: (1) Energy Management; (2) Heating, Ventilation and Air Conditioning Systems; (3) Lighting Systems, and (4) Water Conservation Measures.

In the event the School Board fails to make any rental payment under the Lease Agreement, then pursuant to a Withholding Agreement, the Trustee is authorized to notify the State Treasurer, who will then withhold the School Board's allocation of State Revenue Sharing Funds in the amount equal to any deficiency not paid as required under the Lease Agreement.

Capital Funding (Purpose D) Bonds

On June 1, 1989, the School Board issued \$34,435,000 of Public School Capital Funding Bonds, Series 1989A, with interest rates ranging from 6.30 to 7.00 percent. The Purpose D Bonds were issued to: (1) recover the costs of certain capital expenditures in order to provide funds for the maintenance of capital facilities, including the removal of asbestos and other health hazards and/or installation of climate control machinery such as air conditioning in existing classroom facilities; and, (2) pay issuance costs.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

These bonds were advance refunded in October 1995 by Capital Refunding Bonds, Series 1995 (described under Refunding Bonds). The remaining renovation funds currently held are included in the School Board's balance sheet as part of the Capital Project Funds in Capital Fund #5.

Refunding Bonds

\$127,695,000 Public School Refunding Bonds, Series 1987 dated December 1, 1987, and partially refinanced by \$101,243,097 1990 Refunding Bond - The purpose of these bonds was to refund Public School Refunding Bonds, Series 1985, and Public School Sales and Use Tax Bond, Series 1985. These bonds are payable from one half of one percent sales and use tax (the "Dedicated Sales Tax") and ad valorem taxes (27.65 mills or the "Constitutional Millage") authorized to be levied by the State Constitution.

\$121,698,366 Public School Refunding Bonds, Series 1991, dated December 1, 1991, partially refunded by the Series 1995 A and B Bonds described below - The purpose of these bonds was to refund the Public School Refunding Bonds, Series 1990. These bonds are payable from the Dedicated Sales Tax and the Constitutional Millage.

\$27,920,000 Public School Capital Refunding Bonds, Series 1995, dated October 1, 1995 - The purpose of these bonds is to advance refund \$27,150,000 of Public School Capital Funding Bonds, Series 1989A, dated June 1, 1989. The bonds are payable from the Purpose D Millage tax, three mills and the Constitutional Millage, subject to a prior and superior pledge in favor of the owners of the School Board's Refunding Bonds, Series 1987.

\$98,970,000 (1995A) and \$22,815,000 (1995B) Public School Capital Refunding Bonds, Series 1995A Taxable and 1995B Tax-Exempt, dated December 1, 1995 - The purpose of these bonds is to redeem \$105,038,118 principal plus interest of \$8,866,381 on the capital appreciation bonds of the Public School Refunding Bonds, Series 1991. The bonds are payable from Dedicated Sales Tax and Constitutional Millage, subject to a prior and superior pledge of the Constitutional Millage in favor of the owners of the School Board's outstanding refunding Bonds, Series 1995.

(b) Advance Refunding Bonds

In August, 1985, the School Board entered into an advance refunding transaction to effect retirement of the School Board's obligations with respect to the 1952 through 1968 bonds outstanding, at June 30, 1985. At June 30, 1996, the outstanding balances of the 1952 through 1968 bonds, which are not included in the School Board's balance sheet, as they have been defeased through the establishment of a fully funded escrow to pay debt service on such bonds until maturity, totaled \$26,345,000.

In December, 1987, the School Board entered into a \$127,695,000 (par) advance refunding transaction for all of its outstanding bonds which consisted of \$40,021,335 Public School Refunding Bonds, Series 1985, and \$75,000,000 Public School Sales and Use Tax Bonds, Series 1985, for a total of \$115,021,335. At June 30, 1996, the outstanding balance of these 1985 Bonds, which are not included in the School Board's balance sheet as they have been defeased, totaled \$108,645,000.

On October 1, 1995, the School Board advance refunded \$27,150,000 of Public School Capital Funding Bonds, Series 1989A, dated June 1, 1989, commencing December 1, 1996 through December 1, 2001, and a term bond due June 1, 2009. The present value of the economic gain of the refunding, as calculated by the School Board's financial advisor, was \$2,044,372. On June 1, 1996, these bonds were called and are no longer outstanding.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

During fiscal 1996, the School Board advanced refunded a portion of the Public School Refunding Bonds, Series 1991 referred to above. The 1991 bonds refunded were called and are no longer outstanding. The present value of the economic gain as a result of this refunding as calculated by the School Board's financial advisor was \$6,548,115.

(c) Changes in Bonds Payable

The following is a summary of the bonds payable transactions of the School Board for the fiscal year ended June 30, 1996.

<u>BONDS PAYABLE</u>	<u>BALANCE AS OF JULY 1, 1995</u>	<u>ACCRETIONS/ ADDITIONS</u>	<u>REFUNDINGS/ RETIREMENTS</u>	<u>BALANCE AS OF JUNE 30, 1996</u>
General Obligation Bonds:				
Series 1995 - Issued 12/05/95	—	\$ 35,000,000	—	\$ 35,000,000
Series 1996 - Issued 02/20/96	—	35,000,000	—	35,000,000
Lease Revenue Bonds (Energy Retrofit Project):				
Series 1996 - Issued 04/01/96	—	11,175,000	—	11,175,000
Capital Funding Bonds:				
Series 1989A, Purpose D - Issued 06/26/89	\$ 28,390,000	—	\$ 28,390,000	—
Refunding Bonds:				
Series 1987 - Issued 12/16/87	14,210,000	—	1,830,000	12,380,000
Series 1991 - Issued 12/19/91	135,222,203	1,541,578	114,041,016	22,722,765
Series 1995 - Issued 10/19/95	—	27,920,000	—	27,920,000
Series 1995 A&B - Issued 12/14/95	—	<u>121,785,000</u>	—	<u>121,785,000</u>
TOTAL BONDS PAYABLE	<u>\$177,822,203</u>	<u>\$232,421,578</u>	<u>\$144,261,016</u>	<u>\$265,982,765</u>

Included in the 1991 Refunding Bonds Payable is the cumulative interest of \$6,199,034 to date on the 1991 Capital Appreciation Bonds.

(d) Bond Indentures

There are a number of limitations and restrictions contained in the various bond indentures. The School Board is in compliance with all significant covenants.

(e) Bonds Authorized and Unissued

On July 15, 1995, the voters of Orleans Parish, in a bond referendum, authorized the School Board to issue \$175,000,000 of general obligation bonds. Through June 30, 1996, \$70,000,000 of bonds had been issued. The School Board anticipates issuing the remainder of the authorized bonds over the next three years.

As of June 30, 1996, the statutory debt limit was \$654,382,338 and the net legal debt margin was \$584,382,338. There was \$11,605,815 available in the Debt Service Fund to pay debt service requirements on the general bonds outstanding at June 30, 1996.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

(f) Debt Service Requirements

The annual requirements to amortize all long-term debt outstanding at June 30, 1996, excluding accrued compensated absences, EPA loans payable and the outstanding certificate of indebtedness (see Note 6(c)), are summarized below:

<u>YEAR ENDING JUNE 30</u>	<u>GENERAL OBLIGATION BONDS</u>		<u>LEASE REVENUE ENERGY RETROFIT BONDS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
1997		\$3,903,720	\$375,000	\$687,442
1998		3,903,720	505,000	555,229
1999	\$800,000	3,873,789	530,000	534,019
2000	840,000	3,812,426	550,000	510,964
2001	890,000	3,747,689	575,000	486,214
2002 - 2006	5,225,000	17,653,165	3,315,000	1,991,626
2007 - 2011	13,765,000	15,344,246	5,325,000	1,040,870
2012 - 2016	20,625,000	10,827,596		
2017 - 2021	<u>27,855,000</u>	<u>4,418,725</u>		
	<u>\$70,000,000</u>	<u>\$67,485,076</u>	<u>\$11,175,000</u>	<u>\$5,806,364</u>

<u>YEAR ENDING JUNE 30</u>	<u>REFUNDING BONDS</u>		<u>TOTAL - ALL BONDS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
1997	\$3,265,000	\$9,902,040	\$3,640,000	\$14,493,202
1998	5,805,000	9,636,400	6,310,000	14,095,349
1999	6,970,000	9,251,610	8,300,000	13,659,418
2000	8,015,000	8,772,574	9,405,000	13,095,964
2001	10,030,000	8,321,457	11,495,000	12,555,360
2002 - 2006	58,390,000	32,092,476	66,930,000	51,737,267
2007 - 2011	59,671,856	20,687,971	78,761,876	37,073,087
2012 - 2016	26,461,855	44,240,384	47,086,855	55,067,980
2017 - 2021			<u>27,855,000</u>	<u>4,418,725</u>
	<u>\$178,608,731</u>	<u>\$142,904,912</u>	<u>\$259,783,731</u>	<u>\$216,196,352</u>

The accreted interest of \$6,199,034 for Capital Appreciation Bonds is included in the interest column of the Refunding Bonds table above. The \$6,199,034 is included in Bonds Payable in the General Long-term Debt Account Group.

The Series 1987, Series 1991 and Series 1995 A and B Refunding Bonds have debt service requirements for monthly deposits of one-sixth (1/6) of the next interest payment due and one-twelfth (1/12) of the annual principal payments.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

(g) Other Long-Term Obligations

The following is a summary of changes in other long-term obligations for the 1996 fiscal year:

	BALANCE AS OF JULY 1, 1995	ADDITIONS	RETIREMENT	BALANCE AS OF JUNE 30, 1996
Accrued Compensated Absences	\$11,241,267	\$ 529,224	---	\$11,770,491
Other Long-term Obligations Payable:				
EPA Loans	4,626,846	209,479	\$339,566	4,496,759
Certificate of Indebtedness	—	675,000	—	675,000
Capital Lease (Note 7)	3,734,283	---	1,108,156	2,626,127
Subtotal	8,361,129	884,479	1,447,722	7,797,886
TOTAL	\$19,602,396	\$1,413,703	\$1,447,722	\$19,568,377

EPA Loans

The School Board has obtained approval from the State Bond Commission to issue promissory notes on an interest-free basis and repayable over a twenty-year period. The proceeds from the notes finance the removal of asbestos from certain school buildings. The notes, issued to the U.S. Environmental Protection Agency (EPA), are recorded in Capital Fund #1 and are secured by and payable from the revenues accruing to the School Board. Of the \$6,112,185 of authorized notes that had been advanced to the School Board, a remaining balance of \$4,496,759 is still outstanding and owed at June 30, 1996. Principal payments on EPA loans totaled \$339,566 for the year ended June 30, 1996. Semi-annual principal payments are made on the loans which have terms expiring in 2004, 2009, 2010, 2012 and 2013.

Future annual payment on the EPA loans are as follows:

<u>YEAR ENDING JUNE 30</u>	<u>AMOUNT</u>
1997	\$ 339,566
1998	339,566
1999	339,566
2000	339,566
2001	339,566
2002 - 2006	1,559,997
2007 - 2011	1,052,802
2012 - 2016	186,130
	\$4,496,759

Certificates of Indebtedness

On April 22, 1996, the School Board issued a \$675,000 Certificate of Indebtedness, Series 1996. Recorded in Capital Fund #1, these funds are to be used to finance improvements and an addition to Jean Gordon Elementary School. Section 2921 to 2925 inclusive of Title 33 of the Louisiana Revised Statutes of 1950

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authorizes the School Board to enter into contracts dedicating the excess of annual revenues of subsequent years to pay for the cost of public improvements. The loan is for a period of ten (10) years at a fixed interest rate of 6.24%. The first payment of principal in the amount of \$50,000 will be due March 1, 1997.

Debt Service requirements on the financing are as follows:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$ 50,000	\$ 38,610	\$ 88,610
1998	55,000	39,000	94,000
1999	55,000	35,568	90,568
2000	60,000	32,136	92,136
2001	65,000	28,392	93,392
2002 - 2006	<u>390,000</u>	<u>75,192</u>	<u>465,192</u>
	<u>\$675,000</u>	<u>\$248,898</u>	<u>\$923,898</u>

Short-Term Financing

On November 15 and December 22, 1995, to fund operations, the School Board used short-term financing, totaling \$17,783,000, from First National Bank of Commerce. Interest cost of \$250,145 was incurred on this loan which was repaid on March 29, 1996.

NOTE 7 - LEASE OBLIGATIONS

Capital Lease

On June 13, 1993, the New Orleans Public Schools entered into a six-year municipal lease and option agreement to refinance two leases which provided for a total of 225 buses and Security Systems upgrade. Similar to the previous municipal leases, the Agreement qualifies as a capital lease under Financial Accounting Standards Board Statement 13. Terms of this lease include quarterly payments of \$323,985 through April 1997 and \$208,819 through July 1999 with an annual interest rate of 5.65 percent. As a municipal lease, under the laws of the State of Louisiana, the agreement includes a funding out "non-appropriation" clause which permits cancellation of the lease agreement in the event sufficient funds are not appropriated for any fiscal year during the life of the agreement. The capitalized lease obligations for the lease-purchase for the school buses is accounted for in the General Long-term Debt Account Group and General Fixed Assets Account Group.

Future minimum payments under the capitalized lease consist of the following at June 30, 1996:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$1,056,941	\$123,832	\$1,180,773
1998	762,589	72,691	835,280
1999	<u>806,597</u>	<u>23,683</u>	<u>835,280</u>
Total Minimum Payments	\$2,626,127	\$225,206	\$2,851,333

Interest expense on the outstanding obligation under the capital lease above was \$187,782 for fiscal 1996.

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Notes to General Purpose Financial Statements

June 30, 1996

Operating Leases

The School Board has a number of operating leases for land, buildings and equipment used for schools and administrative centers. For these leases, the School Board has, as of June 30, 1996, contractual agreements requiring the following annual rental payments:

FISCAL YEAR ENDING JUNE 30	AMOUNT
1997	\$55,824
1998	41,262
1999	22,641
2000	3,774
Later years	87

Rental expense under operating leases for facilities for the current year amounted to \$438,020.

NOTE 8 - RETIREMENT PLANS

At June 30, 1996, the School Board's employees participate in two separate defined benefit pension plans, the Teachers' Retirement System of Louisiana (Teachers' Plan) and the Louisiana School Employees' Retirement System (Employees' Plan). Both pension plans are cost sharing multiple-employer retirement plans. Each system is administered and controlled by a separate Board of Trustees. The most recent data available for these plans is as of June 30, 1995.

All full-time maintenance and custodial personnel are covered under the Employees' Plan. All food service employees are covered under the Teachers' Plan B and all other full-time employees are covered under the Teachers' Regular Plan.

Membership, covered payroll and the combined annual employer's contribution rate for the School Board and the State of Louisiana as required by State Statute under the two plans for the fiscal year ended June 30, 1996 were as follows:

	JUNE 30, 1996		
	<u>APPROX. NO. OF EMPLOYEES</u>	<u>COVERED PAYROLL</u>	<u>SCHOOL BOARD'S CONTRIBUTION RATE</u>
Teachers' Plan:			
Regular	6,124	\$192,623,545	16.50%
Plan B	<u>746</u>	<u>8,627,139</u>	16.50%
	6,870	201,250,684	
Employees' Plan	<u>1,634</u>	<u>25,451,066</u>	6.35%
TOTAL	<u>8,504</u>	<u>\$226,701,750</u>	

The School Board's total payroll for the year ended June 30, 1996 was \$260,515,338. Employer contributions to the Employees' Plan are made, in accordance with State statute, by the State of Louisiana on behalf of the School Board.

Also funded by the State are the employer's contributions for employees who participate in the Teachers' Plan whose salaries are funded by the Minimum Foundation Program. Employer's contributions for employees whose salaries are reimbursed by Federal financial assistance programs are funded by the respective Federal

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programs. The rates of employee contributions are 8% (Regular Plan members) and 5% (Plan B members) for the Teachers' Plan. The Employees' Plan rate was 6.35% for 1995-96.

Contributions made by the respective sources for the two plans for fiscal 1996 were as follows:

	TEACHERS' PLAN		EMPLOYEES' PLAN	
	CONTRIBUTION AMOUNT	% OF COVERED PAYROLL	CONTRIBUTION AMOUNT	% OF COVERED PAYROLL
Employees	\$15,834,288	7.87	\$1,616,159	6.35
School Board/State	30,010,779	14.91	1,401,035	5.50
Federal Government	<u>2,670,186</u>	<u>1.33</u>	<u>128,160</u>	<u>.50</u>
TOTAL	<u>\$48,515,253</u>	<u>24.11</u>	<u>\$3,145,354</u>	<u>12.35</u>

(a) Teachers' Plan

Under the Teachers' Plan, employees become eligible for normal retirement allowances at age sixty with ten years of service or with twenty years of service regardless of age. For currently eligible retirees, the pension allowance is calculated based upon a percentage of the retiree's annual average salary of the thirty-six highest successive months, times years of creditable service, plus \$300. Employee benefits vest after ten years of service. The plan also provides for death and disability benefits.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the funding status of the pension plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers.

The Teachers' Plan does not make separate measurements of assets and pension benefit obligations for individual employers. As of June 30, 1995 (latest year for which financial and actuarial data is available), the pension benefit obligation for the Teachers' Plan, as a whole, determined through an actuarial valuation less net assets available for benefits valued at cost (market value approximated \$6,722,694,932), resulted in an unfunded actuarial present value of credited projected benefits as follows:

Pension benefit obligation	\$10,570,306,773
Net assets available for benefits	<u>6,081,673,223</u>
Unfunded benefits obligation	<u>\$4,488,633,550</u>

In 1988, Act 81 of the Legislative Session was adopted to amortize this actuarial liability. The Act mandated that the unfunded accrued liability as of June 30, 1988, be amortized over a forty year period beginning July 1, 1989. To reduce the unfunded liability, accrued contributions are scheduled to increase at a rate of 4 percent per year and to decrease by 0.5 percent every fifth year. According to the Act, Teachers' Plan contribution requirements are actuarially determined using the Projected Unit Credit method. This Act was amended by Act 257 of 1992 to require the outstanding balance of the unfunded accrued liability as of June 30, 1992 to be amortized over the remaining thirty-seven year period with payments forming an annuity at 4.5 percent per year.

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Notes to General Purpose Financial Statements

June 30, 1996

As disclosed in the Teachers' Plan Annual Report for the year ended June 30, 1995, the members of the Teachers' Plan had a total and covered payroll of \$2,201,612,382 of which \$177,820,544 (7.98 percent of total and covered payroll) employee contributions and \$356,661,206 (16.2 percent of total and covered payroll) employer contributions were made. Although contributions by employers and employees totaled \$534,481,750, the amount which has been actuarially determined as the contribution requirement necessary to cover normal cost is \$335,495,610 (15.2 percent of total and covered payroll) and to amortize any unfunded actuarial accrued liability is \$233,758,184 (10.6 percent of total and covered payroll).

The actuarially determined rates are as follows for the year ended June 30, 1995 and 1996:

	TRSL REGULAR	TRSL PLAN B
Employee	8.0%	5.0%
Employer - 1995	16.2%	16.2%
Employer - 1996	16.5%	16.5%

The School Board's employer contribution for fiscal 1995 represented approximately 9% of total contributions required by all participating entities. Significant actuarial assumptions used in the latest actuarial valuations as of June 30, 1995, were as follows:

INVESTMENT RETURN	Yield on the investment of present and future assets of 8.25 percent, compounded annually
SALARY GROWTH	Ranging between 1.25 and 5.85 percent attributable to merit and seniority, and 3.5 percent attributable to inflation
MORTALITY, PRE-RETIREMENT DEATHS & POST-RETIREMENT LIFE EXPECTANCIES	Based on the 1983 Sex Distinct Graduated Group Annuity Mortality Table with female ages set at attained age plus one
RATES OF WITHDRAWAL	Based on a 5-year (1981-86) experience study of the system

The foregoing actuarial assumptions are based upon the presumption that the plans will continue. Were the plans to terminate, different actuarial assumptions and other factors might be applicable in determining the pension benefit obligations. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefit obligations.

Additional information, including ten-year historical trend information, is available in the Teachers' Plan separately issued annual report. The Teachers' Plan annual report includes detailed information on the investment portfolio and discussions on the progress made in accumulating sufficient assets to pay benefits when due.

(b) School Employees' Plan

Under the Employees' Plan, employees become eligible for normal retirement with 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60. There is no mandatory retirement age.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

Significant actuarial assumptions used in the valuation as of June 30, 1995, were as follows:

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INVESTMENT RETURN	7.5 percent net yield on investments
SALARY GROWTH	Computer using 1981-86 salary scale experience plus 0.5 percent
MORTALITY RATES	Based upon 1971 Group Annuity Mortality Rates; Sex Distinct to account for the continuing effects of inflation
RATES OF WITHDRAWAL	Based upon 1981-86 termination experience
-----	-----

The foregoing actuarial assumptions are based upon the presumption that the plans will continue. Were the plans to terminate, different actuarial assumptions and other factors might be applicable in determining the pension benefit obligations. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefit obligations.

Additional information, including eight-year historical trend information, is available in the Employees' Plan separately issued annual report. The Employees' Plan annual report includes detailed information on the investment portfolio and discussions on the progress made in accumulating sufficient assets.

The maximum retirement benefit is an amount equal to 2 1/2% of the average compensation for the 3 highest consecutive years of membership service, multiplied by the number of years of service, plus a supplementary allowance of \$24.00 per annum. The supplemental allowance was eliminated for members entering the Retirement System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971. Effective January 1, 1992, any member retiring on or after January 1, 1992 shall receive for their first 20 years of service a 2 1/2% accrual rate, with a 3% accrual rate for each year after 20 years. Employee benefits normally vest after ten years of service. However, the plan also provides for death and disability benefits. At June 30, 1995 (the latest year for which the annual financial report is available), the system's net assets available for benefits valued at cost (\$1,029,620,519 at market) the pension benefit obligation for the Employees' Plan, as a whole and the resulting overfunded pension benefit obligation were as follows:

Net assets available for benefits	\$962,833,541
Pension benefit obligation	<u>834,345,876</u>
Overfunded pension benefit obligation	<u>\$128,487,665</u>

Prior year historical trend information reflecting the Employees' Plan progress in accumulating the excess assets required to pay benefits when due is contained in the June 30, 1995 annual financial report.

For fiscal 1995 and 1996, contribution rates were 6.35% (established by state statute) for employees and 6.0% (actuarially determined) for employers. The School Board's employer contributions represented approximately 11% of total contributions required by all participating entities.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

(c) Other Retirement Benefits

As required by state statutes, the School Board must provide certain health care and life insurance benefits to retired employees. This future liability is not funded but will be payable by the General Fund out of future years' operations. Substantially all of the School Board's employees may become eligible for such benefits upon reaching retirement age. Except for one-half of the dependent coverage, no contributions are required by the retirees to help finance these future benefits and at the present time, a maximum of one-half of the premiums are paid by the State of Louisiana. It is not known whether the State of Louisiana will continue, and if so, at what level, its funding of one-half of the future premiums for the retirees and their dependents.

Health care coverage for eligible retirees is available under the fully insured health plan. Both the School Board and the retiree contribute a scheduled amount to the plan. Expenses are recognized when the fund liability is incurred for premiums and claims. For fiscal 1996, premiums to provide retiree health care and life insurance benefits, jointly shared between the School Board and the approximately 1,969 participating retirees, were \$3,741,246.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) Claims

The School Board is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the School Board, the outcome of these lawsuits will not have a material adverse effect on the financial statements and, accordingly, no additional provision for losses has been recorded for these lawsuits, except as reported in the financial statements.

(b) Labor Contracts

During August, 1993, School Board Representatives and the United Teachers of New Orleans - the teachers', clericals' and paraprofessionals' collective bargaining agent, reached agreement on a new three-year contract, which was approved by 98% of the union members. Retroactive to July 1, 1993, the agreement was approved by the School Board on August 26, 1993. Subsequently, by mutual agreement, this contract was extended to June 30, 1997. The pact did not include a salary raise for 1993-94. However, it provides for a wage reopener before the second (fiscal 1995) and third (fiscal 1996) years of the contract. Salaries remained the same for fiscal 1995. For 1995-96 and 1996-97, the School Board has approved the following changes in compensation: 1) a two percent salary increase, with a maximum of \$650 and a minimum of \$400, for all teachers, principals and other professional salary schedule staff, and 2) a \$500 raise for all paraprofessionals and clerical staff. The two percent salary increase, with a maximum of \$650 and a minimum of \$400 was also enacted for maintenance, custodial, bus drivers and Child Nutrition staff.

(c) Federal Financial Assistance Programs

The School Board participates in a number of federal financial assistance programs. Although the grant programs have been audited through June 30, 1996, in accordance with the Single Audit Act of 1984, these programs are still subject to financial and compliance audits and resolution of identified questioned costs. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The School Board is aware of no unasserted claims.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

(d) Arbitrage

Federal government regulations provide generally that interest income generated from investment of bond proceeds of a state or local government are exempt from federal income tax unless the bonds are "arbitrage bonds". Such bonds are generally defined as bonds the proceeds of which are invested at a yield higher than the bond yield. The regulations require that any profit, or "arbitrage", earned must be rebated to the Federal government at least once every five years. At June 30, 1996, the Orleans Parish School Board had no significant contingent liabilities related to arbitrage.

NOTE 10 - RISK MANAGEMENT

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters.

The Insurance Funds account for and finance its insured and uninsured risks of loss. Under this program, the Insurance Funds provide coverage for all workers' compensation claims per occurrence retention of \$350,000 subject to a \$90,000 cash flow cap for each occurrence during any one policy year. The \$90,000 does not apply to lump-sum settlements. Effective May 1, 1994, the School Board has a \$500,000 retention for general liability claims incurred after May 1, 1994. The School Board purchases commercial insurance for claims in excess of coverage provided by the Funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For certain risk areas, all funds of the School Board participate and make payments to the Insurance Funds based on estimates of the amounts needed to pay claims and to establish reserves for additional losses. The claims liability of \$26,268,237 reported in the funds at June 30, 1996 is determined as follows: a liability for a claim is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount were:

FISCAL YEAR	BEGINNING OF FISCAL YEAR LIABILITY	CURRENT YEAR CLAIMS & CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
1991-1992	\$ 7,738,440	\$14,587,679	\$14,589,560	\$ 7,736,559
1992-1993	7,736,559	19,104,319	16,715,107	10,125,771
1993-1994	10,125,771	37,989,494	25,937,071	22,178,194
1994-1995	22,178,194	10,824,400	10,969,858	22,032,736
1995-1996	22,032,736	7,701,236	3,465,735	26,268,237

Included in the above claims liability of \$26,268,237 are self-insured health claims of \$1,731,018. Such amount represents the remaining liabilities related to the triple option medical and health self-insured program that the School Board offered through August 31, 1994 to employees.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

NOTE 11 - INDIVIDUAL FUND DISCLOSURES

(a) Interfund Receivables and Payables (Due from/to other funds)

Individual fund interfund receivables and payables as of June 30, 1996 were as follows:

FUND	INTERFUND RECEIVABLES	TOTAL INTERFUND RECEIVABLES	INTERFUND PAYABLES	TOTAL INTERFUND PAYABLES
General		\$13,034,384		\$26,377,421
Special Revenue:				
Improving America's School Act Fund	---		\$ 4,053,944	
Individuals with Disabilities Education Act Funds	---		78,407	
Other Federal Funds	\$ 155,763		2,039,489	
State and Local Funds	242,532		1,344,878	
Child Nutrition	<u>228,127</u>		---	
Total Special Revenue		626,422		7,516,718
Debt Service:				
Refunding Bond Series 1987	---		102,009	
Capital Funding Bonds, Series 1989 A	---		174,066	
Refunding Bond, Series 1991	1,907,697		---	
Refunding Bond, Series 1995	1,356,291		---	
General Obligation Bonds, Series 1995 & 1996	<u>2,255,355</u>		---	
Total Debt Service Fund		5,519,343		276,075
Capital Projects Funds:				
#1	801,723		---	
#2	---		707,407	
#3	---		319,338	
#5	<u>392,705</u>		<u>3,088,145</u>	
Total Capital Projects		1,194,428		4,114,890
Proprietary:				
Health Insurance	---		1,027,571	
Life, Dental and Optical Insurance	1,225,678		---	
Workers' Compensation Insurance	3,560,073		---	
Other Insurance	11,915,924		---	
Print Shop	<u>46,324</u>		---	
Total Proprietary Funds		16,747,999		1,027,571
Fiduciary:				
Nonexpendable Trusts	4,450		---	
Expendable Trusts	12,591		---	
Agency - Retirement Contribution	---		99,130	
Agency - Tax & Payroll Withholding	<u>2,272,188</u>		---	
Total Fiduciary		<u>2,289,229</u>		<u>99,130</u>
TOTAL - ALL FUNDS		<u>\$39,411,805</u>		<u>\$39,411,805</u>

ORLEANS PARISH SCHOOL BOARD
Notes to General Purpose Financial Statements
June 30, 1996

(b) Operating Transfers

A summary of the operating transfers by funds for the year ended June 30, 1996 is as follows:

<u>FUND</u>	<u>OPERATING TRANSFERS IN</u>	<u>TOTAL OPERATING TRANSFERS IN</u>	<u>OPERATING TRANSFERS OUT</u>	<u>TOTAL OPERATING TRANSFERS OUT</u>
General		\$ 44,516		\$20,000,071
Special Revenue:				
Improving America's School Act Funds	\$ 505		\$ --	
Individuals with Disabilities Education Act Funds	--		--	
Other Federal Funds	317,303		8,907	
State and Local Funds	321,872		35,608	
Child Nutrition	<u>633,751</u>		<u>--</u>	
Total Special Revenue		1,273,431		44,515
Debt Service:				
Refunding Bonds, Series 1987	3,364,701		--	
Refunding Bonds, Series 1991	3,915,529		--	
Refunding Bonds, Series 1995	4,283,103		--	
Energy Retrofit Project Bonds, Series 1996	1,120,668		--	
General Obligation Bonds, Series 1995 & 1996	2,514,600		--	
EPA Loans	<u>339,566</u>		<u>--</u>	
Total Debt Service		15,538,167		--
Capital Projects Funds:				
#1	--		1,120,668	
#2	--		718,910	
#4	443,658		159,951	
#5	<u>--</u>		<u>264,017</u>	
Total Capital Projects		443,658		2,263,546
Proprietary:				
Health Insurance	4,288,202		--	
Workers' Compensation Insurance	600,000		--	
Print Shop	<u>120,158</u>		<u>--</u>	
Total Proprietary Funds		<u>5,008,360</u>		<u>--</u>
TOTAL - ALL FUNDS		<u>\$22,308,132</u>		<u>\$22,308,132</u>

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1996

(c) Dedicated Millage Revenues, Expenditures and Changes in Unexpended Balances

A summary of the fiscal 1996 revenues, expenditures and changes in unexpended balances for the Dedicated Millage Purposes A, B & C as reported within the General Fund (Note 2(a)) is as follows:

	PURPOSE A	PURPOSE B	PURPOSE C	TOTAL
Revenues				
Ad Valorem Taxes	\$2,713,741	\$2,713,741	\$12,818,098	\$18,245,580
Expenditures				
Instructional - Regular		1,426,835	7,355,322	8,782,157
Instructional - Special		90,285	310,347	400,632
Support Services				
Pupils	2,664,320	622,920	139,016	3,426,256
General Administration			915,723	915,723
School Administration		121,348	643,885	765,233
Business Administration	—	316,203	3,453,805	3,770,008
Total Expenditures	<u>2,664,320</u>	<u>2,577,591</u>	<u>12,818,098</u>	<u>18,060,009</u>
Revenues Over Expenditures	49,421	136,150	—	185,571
Unexpended Balance at Beginning of Year	<u>938,599</u>	<u>214,848</u>	<u>—</u>	<u>1,153,447</u>
Unexpended Balance at End of Year	<u>\$ 988,020</u>	<u>\$ 350,998</u>	<u>\$ —</u>	<u>\$ 1,339,018</u>

The unexpended balances for Purposes A, B and C are included in the designations for subsequent years' expenditures in the General Fund Unreserved Fund Balance.

Purpose D revenue prior to the 1995 roll-up is first used for debt service of the 1995 Capital Refunding Bonds, with the remaining excess related to the rolled-up millage funding debt service requirements of the General Obligation Bonds. Effective for fiscal 1996, Purpose D ad valorem taxes are reported in the Debt Service Fund (including revenues from the rolled-up millage accounted for in Operating Transfers In) and Capital Projects Fund. Total Purpose D revenues, as adjusted, were \$4,082,160.

NOTE 12 - DEFICIT FUND BALANCES

The Health Insurance and Other Insurance-Internal Service Funds ended fiscal 1996 with accumulated deficits of \$2,348,791 and \$10,627,332, respectively, for a total Internal Service Fund deficit of \$12,976,123. The School Board has been following a plan to eliminate these deficits through appropriations from the General Fund over a five-year period ending 1999. During 1996, the General Fund reduced the deficit by \$4,288,202. Because of the increase in the claims liability in the current year, management is currently reassessing this plan.

ORLEANS PARISH SCHOOL BOARD
Notes to General Purpose Financial Statements
June 30, 1996

NOTE 13 - SUBSEQUENT EVENTS AND ACCOUNTING CHANGES

Short-Term Financing

On October 8, 1996, the Orleans Parish School Board entered into a short-term financing agreement to fund operations through the School Board Advance Funding Program of the Louisiana Public Facilities Authority (LPFA). Under this program, the LPFA will purchase \$14,275,000 of Revenue Anticipation Notes from the School Board. The Anticipation Certificates will bear interest at 3.768%. Repayment of this budgetary loan will be made prior to April 1, 1997.

Upcoming GASB Pronouncements

In February 1996, the Governmental Accounting Standards Board (GASB) issued statement No. 30, Risk Financing Omnibus (GASB 30). GASB 30 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and modifies the liability and expense recognition and measurement methods to include specific, incremental claim adjustment expenditures, expenses and estimated recoveries in the determination of the liability for unpaid claims, and requires disclosure of whether other claim adjustment expenditures/expenses are included in the liability for unpaid claims. The provisions of GASB 30 are effective for financial statements for periods beginning after June 15, 1996. The School Board will be assessing the impact of this statement in fiscal 1997.

In November 1994, GASB issued Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which established new standards for the measurement, recognition, and display of pension expenditures/expenses and related liabilities, assets, note disclosures, and if applicable, requires supplementary information in the financial reports of state and local government employers. The provisions of this statement are effective for periods beginning after June 15, 1997. The School Board will be assessing the impact of this statement in fiscal 1997.

Statements and Schedules

- Combining
- Individual Fund
- Account Group

General Fund

The General Fund is the primary operating fund of the School Board. The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Reported in the General Fund. Reported in the General Fund are most of the revenues from local and state sources. The major types of revenues from these sources are:

- Local - Sales and Ad Valorem Taxes (including 1988 Dedicated Millage Revenue)
- State - Minimum Foundation Program

General Fund expenditures represent the costs of general school system operations and include the functional categories of instructional and Support Services. Classifications within Support Services include:

- Pupil Support
- Instructional Staff Support
- General Administration
- School Administration
- Business Administration

Business Administration costs reflect the expenditures incurred for pupil transportation, fringe benefits (including retirement contributions), revenue collection fees, business, maintenance and central services (including insurance claims and judgments).

ORLEANS PARISH SCHOOL BOARD

A-2

General Fund

Schedule of Revenues, Expenditures and Changes in Fund
Budget and Actual - Budget Basis
(Non-GAAP)

Year ended June 30, 1996

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues (Schedule A-3)	\$ 334,773,825	336,030,368	1,256,543
Expenditures (Schedule A-4)	317,858,896	312,205,065	5,653,831
Excess of revenues over expenditures	16,914,929	23,825,303	6,910,374
Other financing sources (uses) :			
Operating transfers in	-	44,516	44,516
Operating transfers out	(16,948,577)	(20,000,071)	(3,051,494)
Total other financing sources (uses) :	(16,948,577)	(19,955,555)	(3,006,978)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(33,648)	3,869,748	3,903,396
Fund balance at beginning of year	10,958,489	10,958,489	-
Fund balance at end of year	\$ 10,924,841	14,828,237	3,903,396

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

A-3

General Fund

Schedule of Revenues - Budget and Actual - Budget Basis
(Non-GAAP)

Year ended June 30, 1996
with comparative totals for year ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues from local sources:				
Ad valorem taxes:				
Real property	\$ 34,919,325	32,881,214	(2,038,111)	35,541,251
Personal property	21,635,500	21,162,800	(472,700)	22,258,304
Sales Taxes	69,800,000	74,050,117	4,250,117	68,287,273
Interest on investments	800,000	720,485	(79,515)	1,081,417
Tuition and other fees	1,400,000	1,472,841	72,841	1,038,543
Reimbursement of services	1,202,000	1,144,401	(57,599)	1,117,659
Other	49,000	144,232	95,232	1,085,105
Total local sources	<u>129,805,825</u>	<u>131,576,090</u>	<u>1,770,265</u>	<u>130,409,552</u>
Revenues from state sources:				
Minimum Foundation Program	191,276,000	190,941,850	(334,150)	183,636,614
Revenue sharing	3,658,000	3,660,036	2,036	3,532,425
Professional Improvement Program	4,300,000	4,002,810	(297,190)	4,401,273
State pay supplement	-	-	-	6,407,159
Textbook distribution	724,000	747,852	23,852	758,487
Transportation	600,000	680,025	80,025	651,818
Total state sources	<u>200,558,000</u>	<u>200,032,573</u>	<u>(525,427)</u>	<u>199,387,776</u>
Revenues from federal sources:				
Impact aid	2,320,000	1,798,228	(521,772)	1,971,759
Indirect cost	860,000	839,944	(20,056)	962,305
ROTC salary support	300,000	408,688	108,688	300,626
Other	930,000	1,374,845	444,845	1,273,815
Total federal sources	<u>4,410,000</u>	<u>4,421,705</u>	<u>11,705</u>	<u>4,508,505</u>
Total revenues	<u>\$ 334,773,825</u>	<u>336,030,368</u>	<u>1,256,543</u>	<u>334,305,833</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

A-4

General Fund

Schedule of Expenditures – Budget and Actual – Budget Basis
(Non-GAAP)Year ended June 30, 1996
with comparative totals for year ended June 30, 1995

	1996		Variance – Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Instructional:				
Regular instruction:				
Salaries	\$ 120,275,425	116,995,338	3,280,087	117,065,021
Travel	40,400	29,080	11,320	25,060
Total – regular instruction	120,315,825	117,024,418	3,291,407	117,090,081
Special instruction:				
Salaries	36,147,344	37,229,277	(1,081,933)	38,847,429
Travel	68,155	48,601	19,554	50,571
Total – special instruction	36,215,499	37,277,878	(1,062,379)	38,898,000
Total instructional	156,531,324	154,302,296	2,229,028	155,988,081
Support services:				
Pupil Support:				
Salaries	12,854,594	13,351,254	(496,660)	13,340,194
Purchased services	959,494	748,020	211,474	727,336
Materials and supplies	9,427,531	7,308,410	2,119,121	6,075,034
Capital outlay	1,142,877	691,764	451,113	1,400,330
Other expenditures	166,394	77,366	89,028	68,163
Total pupil support	24,550,890	22,176,814	2,374,076	21,611,057
Instructional staff support:				
Salaries	6,053,178	6,533,233	(480,055)	6,601,167
Purchased services	460,151	389,110	71,041	368,379
Materials and supplies	186,837	101,575	85,262	77,898
Capital outlay	132,508	73,171	59,337	78,938
Other expenditures	4,433	(2,301)	6,734	29,532
Total instruction staff support	6,837,107	7,094,788	(257,681)	7,155,914
General administration:				
Salaries	1,515,162	1,335,452	179,710	1,271,760
Purchased services	950,535	909,623	40,912	631,685
Materials and supplies	387,050	183,227	203,823	100,260
Capital outlay	51,515	46,708	4,807	21,376
Other expenditures	1,210,995	1,211,736	(741)	1,137,880
Total general administration	4,115,257	3,686,746	428,511	3,162,961
School administration:				
Salaries	15,600,648	15,648,290	(47,642)	15,806,781
Purchased services	48,591	47,267	1,324	42,917
Total school administration	15,649,239	15,695,557	(46,318)	15,849,698
Business administration:				
Salaries	26,137,933	26,585,101	(447,168)	26,533,069
Purchased services	23,009,964	22,934,246	75,718	21,304,737
Materials and supplies	2,144,725	1,982,259	162,466	2,079,622
Capital outlay	367,428	193,318	174,110	223,071
Other expenditures	20,800	29,674	(8,874)	135,883
Fringe benefits	57,753,363	55,978,183	1,775,180	56,271,465
Total business administration	109,434,213	107,702,781	1,731,432	106,547,847
Total support services	160,586,706	156,356,686	4,230,020	154,327,477
Debt service	740,866	1,546,083	(805,217)	1,734,728
Total expenditures	\$ 317,858,896	312,205,065	5,653,831	312,050,286

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

A-5

General Fund

Schedule of Business Administration Expenditures - By Function
Budget and Actual - Budget Basis
(Non-GAAP)

Year ended June 30, 1996
with comparative totals for year ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Business Services:				
Salaries	\$ 2,130,982	1,996,245	134,737	1,988,981
Purchased services	947,090	567,324	379,766	676,726
Materials and supplies	90,203	80,398	9,805	75,279
Capital outlay	140,158	27,063	113,095	26,648
Other expenditures	15,859	13,153	2,706	5,810
Fringe benefits - systemwide	57,753,363	55,978,183	1,775,180	56,271,465
Total business services	<u>61,077,655</u>	<u>58,662,366</u>	<u>2,415,289</u>	<u>59,044,909</u>
Central Services:				
Salaries	1,760,917	1,657,709	103,208	1,620,597
Purchased services	4,431,612	4,378,181	53,431	4,771,906
Materials and supplies	224,082	199,064	25,018	199,511
Capital outlay	10,030	18,916	(8,886)	52,154
Other expenditures	163	315	(152)	2,132
Total central services	<u>6,426,804</u>	<u>6,254,185</u>	<u>172,619</u>	<u>6,646,300</u>
Pupil Transportation:				
Salaries	6,302,029	6,198,581	103,448	6,203,986
Purchased services	6,859,021	7,112,753	(253,732)	6,727,750
Materials and supplies	746,951	722,181	24,770	758,264
Capital outlay	145,504	143,430	2,074	14,807
Total pupil transportation	<u>14,053,505</u>	<u>14,176,945</u>	<u>(123,440)</u>	<u>13,704,807</u>
Maintenance of Plant:				
Salaries	15,944,005	16,732,566	(788,561)	16,719,505
Purchased services	10,772,241	10,875,988	(103,747)	9,128,356
Materials and supplies	1,083,489	980,616	102,873	1,046,567
Capital outlay	71,736	3,909	67,827	129,462
Other expenditures	4,778	16,206	(11,428)	127,941
Total maintenance of plant	<u>27,876,249</u>	<u>28,609,285</u>	<u>(733,036)</u>	<u>27,151,831</u>
Total business administration	<u>\$ 109,434,213</u>	<u>107,702,781</u>	<u>1,731,432</u>	<u>106,547,847</u>

See accompanying independent auditors' report.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures related to federal, state and local grant and entitlement programs for various educational objectives. Also included are the revenues and expenditures for the school breakfast and lunch programs. The School Board maintains the following Special Revenue Funds:

- Improving America's School Act (IASA) Fund, Titles I, II, IV and VI
- Individuals with Disabilities Education Act (IDEA) Fund
- Other Federal Funds
 - Dropout Prevention
 - Migrant Education
 - Drug-Free Schools
 - Project Independence
 - Vocational Education
 - Homeless Assistance
 - Goals 2000
 - Starting Points Pre School
 - Urban Systemic Initiative
- State and Local Funds
- Child Nutrition Fund

ORLEANS PARISH SCHOOL BOARD

Special Revenue Funds

Combining Balance Sheet

June 30, 1996
with comparative totals for June 30, 1995

<u>Assets</u>	<u>IASA Funds</u>	<u>IDEA Funds</u>	<u>Other Federal Funds</u>
Other Receivables	\$ -	-	-
Due from other governments	4,286,270	114,003	2,228,686
Due from other funds	-	-	155,763
Inventory	-	-	-
Total assets	<u>4,286,270</u>	<u>114,003</u>	<u>2,384,449</u>
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Accounts payable	232,326	35,596	189,197
Due to other funds	4,053,944	78,407	2,039,489
Deferred revenues	-	-	155,763
Total liabilities	<u>4,286,270</u>	<u>114,003</u>	<u>2,384,449</u>
 <u>Fund balances:</u>			
Reserved for - inventory	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,286,270</u>	<u>114,003</u>	<u>2,384,449</u>

See accompanying independent auditors' report.

State and Local Funds	Child Nutrition	Totals	
		1996	1995
-	-	-	6,218
1,385,058	-	8,014,017	23,051,742
242,532	228,127	626,422	356,000
-	652,620	652,620	1,087,870
<u>1,627,590</u>	<u>880,747</u>	<u>9,293,059</u>	<u>24,501,830</u>
40,180	228,127	725,426	591,198
1,344,878	-	7,516,718	22,573,409
242,532	457,301	855,596	1,069,466
<u>1,627,590</u>	<u>685,428</u>	<u>9,097,740</u>	<u>24,234,073</u>
-	195,319	195,319	267,757
-	195,319	195,319	267,757
<u>1,627,590</u>	<u>880,747</u>	<u>9,293,059</u>	<u>24,501,830</u>

ORLEANS PARISH SCHOOL BOARD

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 1996
with comparative totals for year ended June 30, 1995

	IASA Funds	IDEA Funds	Other Federal Funds
Revenues:			
From local sources	\$ -	-	-
From state sources	-	-	-
From federal sources	30,374,718	2,391,922	5,245,905
Total revenues	30,374,718	2,391,922	5,245,905
Expenditures:			
Current:			
Instructional:			
Regular	23,764,082	-	4,636,001
Special	-	832,272	-
Support services:			
Pupils	560,905	524,381	180,855
General administration	1,188,954	758,848	122,658
Business administration	4,861,282	276,421	614,787
Total expenditures	30,375,223	2,391,922	5,554,301
Deficiency of revenues over expenditures	(505)	-	(308,396)
Other financing sources (uses):			
Operating transfers in	505	-	317,303
Operating transfers out	-	-	(8,907)
Total other financing sources (uses)	505	-	308,396
Deficiency of revenues and other financing sources over expenditures and other financing uses	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	-	-

See accompanying independent auditors' report.

State and Local Funds	Child Nutrition	Totals	
		1996	1995
559,238	1,173,083	1,732,321	1,931,226
2,440,586	614,000	3,054,586	3,429,056
—	23,123,996	61,136,541	60,212,625
<u>2,999,824</u>	<u>24,911,079</u>	<u>65,923,448</u>	<u>65,572,907</u>
2,771,296	—	31,171,379	29,490,659
—	—	832,272	1,082,234
6,097	—	1,272,238	1,323,585
32,433	—	2,102,893	2,243,467
476,262	25,617,268	31,846,020	33,268,078
<u>3,286,088</u>	<u>25,617,268</u>	<u>67,224,802</u>	<u>67,408,023</u>
<u>(286,264)</u>	<u>(706,189)</u>	<u>(1,301,354)</u>	<u>(1,835,116)</u>
321,872	633,751	1,273,431	1,337,365
(35,608)	—	(44,515)	(90,334)
<u>286,264</u>	<u>633,751</u>	<u>1,228,916</u>	<u>1,247,031</u>
—	(72,438)	(72,438)	(588,085)
—	267,757	267,757	855,842
—	195,319	195,319	267,757

ORLEANS PARISH SCHOOL BOARD

B-3

Improving America's Schools Act

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance – Favorable (Unfavorable)
<u>Revenues:</u>			
From federal sources	\$ 35,324,496	30,374,718	(4,949,778)
<u>Expenditures:</u>			
Current:			
Instructional:			
Regular	25,993,608	23,764,082	2,229,526
Support services:			
Pupils	828,068	560,905	267,163
General administration	1,266,503	1,188,954	77,549
Business administration	7,236,317	4,861,282	2,375,035
Total expenditures	<u>35,324,496</u>	<u>30,375,223</u>	<u>4,949,273</u>
Deficiency of revenues over expenditures	-	(505)	(505)
<u>Other financing sources (uses):</u>			
Operating transfers in	-	505	505
Total other financing sources (uses)	-	505	505
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

B-4

Individuals with Disabilities Education Act

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues:</u>			
From federal sources	\$ 2,921,582	2,391,922	(529,660)
<u>Expenditures:</u>			
Current :			
Instructional :			
Special	1,228,052	832,272	395,780
Support services:			
Pupils	521,670	524,381	(2,711)
General administration	804,556	758,848	45,708
Business administration	367,304	276,421	90,883
Total expenditures	<u>2,921,582</u>	<u>2,391,922</u>	<u>529,660</u>
Excess of revenues over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

B-5

Other Federal Funds - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>			
From federal sources	\$ 8,212,200	5,245,905	(2,966,295)
<u>Expenditures:</u>			
Current:			
Instructional:			
Regular	6,758,368	4,636,001	2,122,367
Support services:			
Pupils	193,093	180,855	12,238
General administration	347,863	122,658	225,205
Business administration	912,876	614,787	298,089
Total expenditures	<u>8,212,200</u>	<u>5,554,301</u>	<u>2,657,899</u>
Deficiency of revenues over expenditures	-	(308,396)	(308,396)
<u>Other financing sources (uses):</u>			
Operating transfers in	-	317,303	317,303
Operating transfers out	-	(8,907)	(8,907)
Total other financing sources (uses)	-	<u>308,396</u>	<u>308,396</u>
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

B-6

State and Local Funds - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1996

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
From local sources	\$ 826,498	559,238	(267,260)
From state sources	<u>2,526,372</u>	<u>2,440,586</u>	<u>(85,786)</u>
Total revenues	<u>3,352,870</u>	<u>2,999,824</u>	<u>(353,046)</u>
Expenditures:			
Current:			
Instructional:			
Regular	2,910,389	2,771,296	139,093
Support services:			
Pupils	27,606	6,097	21,509
General administration	32,370	32,433	(63)
Business administration	<u>382,505</u>	<u>476,262</u>	<u>(93,757)</u>
Total expenditures	<u>3,352,870</u>	<u>3,286,088</u>	<u>66,782</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(286,264)</u>	<u>(286,264)</u>
Other financing sources (uses):			
Operating transfers in	-	321,872	321,872
Operating transfers out	<u>-</u>	<u>(35,608)</u>	<u>(35,608)</u>
Total other financing sources (uses)	<u>-</u>	<u>286,264</u>	<u>286,264</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

B-7

Child Nutrition Fund - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1996

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
From local sources	\$ 1,240,000	1,173,083	(66,917)
From state sources	614,000	614,000	-
From federal sources	23,890,812	23,123,996	(766,816)
Total revenues	25,744,812	24,911,079	(833,733)
Expenditures:			
Current:			
Support services:			
Business administration	25,744,812	25,617,268	127,544
Total expenditures	25,744,812	25,617,268	127,544
Deficiency of revenues over expenditures	-	(706,189)	(706,189)
Other financing sources:			
Operating transfers in	-	633,751	633,751
Deficiency of revenues and other financing sources over expenditures	-	(72,438)	(72,438)
Fund balance at beginning of year	267,757	267,757	-
Fund balance at end of year	\$ 267,757	195,319	(72,438)

See accompanying independent auditors' report.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs. A separate Debt Service Fund is maintained for each or similar bond issue and loan currently outstanding.

ORLEANS PARISH SCHOOL BOARD

Debt Service Funds

Combining Balance Sheet

June 30, 1996
with comparative totals for year ended June 30, 1995

<u>Assets</u>	<u>Refunding Bonds Series 1987</u>	<u>Refunded Bonds</u>	<u>Capital Funding Bonds Series 1989A</u>	<u>Refunding Bonds Series 1991</u>
Cash and cash equivalents	\$ 1,785,275	195,588	-	1,587,466
Investments	-	-	-	-
Receivables - accrued interest	1,435	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	1,907,697
Total assets	<u>1,786,710</u>	<u>195,588</u>	<u>-</u>	<u>3,495,163</u>
 <u>Liabilities and Fund Balances</u>				
<u>Liabilities -</u>				
Due to other funds	102,009	174,066	-	-
<u>Fund balances -</u>				
Reserved for debt service	<u>1,684,701</u>	<u>21,522</u>	<u>-</u>	<u>3,495,163</u>
Total liabilities and fund balances	<u>\$ 1,786,710</u>	<u>195,588</u>	<u>-</u>	<u>3,495,163</u>

See accompanying independent auditors' report.

Refunding Bonds Series 1995	General Obligation Bonds Series 1995 and 1996	Energy Retrofit Project Bonds 1996	EPA Loans	Totals	
				1996	1995
490,791	100,518	10,282	-	4,169,920	1,012,082
-	564,611	1,117,500	-	1,682,111	873,141
-	9,081	-	-	10,516	20,276
-	500,000	-	-	500,000	-
<u>1,356,291</u>	<u>2,255,355</u>	<u>-</u>	<u>-</u>	<u>5,519,343</u>	<u>2,336,455</u>
<u>1,847,082</u>	<u>3,429,565</u>	<u>1,127,782</u>	<u>-</u>	<u>11,881,890</u>	<u>4,241,954</u>
-	-	-	-	276,075	261,363
<u>1,847,082</u>	<u>3,429,565</u>	<u>1,127,782</u>	<u>-</u>	<u>11,605,815</u>	<u>3,980,591</u>
<u>1,847,082</u>	<u>3,429,565</u>	<u>1,127,782</u>	<u>-</u>	<u>11,881,890</u>	<u>4,241,954</u>

ORLEANS PARISH SCHOOL BOARD

Debt Service Funds

Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance

Year Ended June 30, 1996
with comparative totals for the year ended June 30, 1995

	Refunding Bonds Series 1987	Refunded Bonds	Capital Funding Bonds Series 1989A	Refunding Bonds Series 1991
<u>Revenues:</u>				
From local sources -				
Ad valorem taxes	\$ -	-	1,726,985	-
Interest on investments	91,768	4,849	-	22,549
Land-based casino	-	-	-	-
Total revenues	<u>91,768</u>	<u>4,849</u>	<u>1,726,985</u>	<u>22,549</u>
<u>Expenditures:</u>				
Current:				
Business administration -				
fiscal charges	61,671	-	-	-
Debt service:				
Principal retirement	1,830,000	-	1,260,000	-
Interest charges	1,091,425	-	853,969	2,808,521
Bond issuance costs	-	-	-	-
Total expenditures	<u>2,983,096</u>	<u>-</u>	<u>2,113,969</u>	<u>2,808,521</u>
Excess (deficiency) of revenues over expenditures	(2,891,328)	4,849	(386,984)	(2,785,972)
<u>Other financing sources:</u>				
Operating transfers in	3,364,701	-	-	3,915,529
Payment to refunded bond escrow agent	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	<u>3,364,701</u>	<u>-</u>	<u>-</u>	<u>3,915,529</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	473,373	4,849	(386,984)	1,129,557
Fund balances at beginning of year	<u>1,211,328</u>	<u>16,673</u>	<u>386,984</u>	<u>2,365,606</u>
Fund balances at end of year	\$ <u><u>1,684,701</u></u>	<u><u>21,522</u></u>	<u><u>-</u></u>	<u><u>3,495,163</u></u>

See accompanying independent auditors' report.

Refunding Bonds Series 1995	General Obligation Bonds Series 1995 and 1996	Energy Retrofit Project Bonds 1996	EPA Loans	Totals	
				1996	1995
948,538	202,087	--	--	2,877,610	--
42,073	16,532	7,114	--	184,885	162,058
--	1,536,000	--	--	1,536,000	--
<u>990,611</u>	<u>1,754,619</u>	<u>7,114</u>	<u>--</u>	<u>4,598,495</u>	<u>162,058</u>
--	--	--	--	61,671	50,582
--	--	--	339,566	3,429,566	2,855,770
2,206,516	839,654	--	--	7,800,085	8,850,410
1,573,233	--	--	--	1,573,233	--
<u>3,779,749</u>	<u>839,654</u>	<u>--</u>	<u>339,566</u>	<u>12,864,555</u>	<u>11,756,762</u>
(2,789,138)	914,965	7,114	(339,566)	(8,266,060)	(11,594,704)
4,283,103	2,514,600	1,120,668	339,566	15,538,167	11,561,046
(148,364,150)	--	--	--	(148,364,150)	--
148,717,267	--	--	--	148,717,267	--
<u>4,636,220</u>	<u>2,514,600</u>	<u>1,120,668</u>	<u>339,566</u>	<u>15,891,284</u>	<u>11,561,046</u>
1,847,082	3,429,565	1,127,782	--	7,625,224	(33,658)
--	--	--	--	3,980,591	4,014,249
<u>1,847,082</u>	<u>3,429,565</u>	<u>1,127,782</u>	<u>--</u>	<u>11,605,815</u>	<u>3,980,591</u>

Capital Projects Fund

Capital Projects Funds account for the receipt and disbursement of proceeds of general bond issues and other special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, Special Revenue Fund capital outlays, and those projects financed by Proprietary Funds). At present, there are five Capital Projects Funds which are based on the major classification of projects established by the School Board.

ORLEANS PARISH SCHOOL BOARD

Capital Projects Funds

Combining Balance Sheet

June 30, 1996
with comparative totals for June 30, 1995

<u>Assets</u>	<u>Capital Fund # 1</u>	<u>Capital Fund # 2</u>	<u>Capital Fund # 3</u>
Cash and cash equivalents	\$ 6,080,636	1,219,509	1,818,728
Investments	-	69,435,982	-
Receivables:			
Accrued interest	1,509	714,455	2,915
Due from other funds	801,723	-	-
Other	264,786	-	-
Total receivables	<u>1,068,018</u>	<u>714,455</u>	<u>2,915</u>
Total assets	<u><u>7,148,654</u></u>	<u><u>71,369,946</u></u>	<u><u>1,821,643</u></u>
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Accounts payable	1,230,939	3,899	944
Retainage payable	368,091	15,343	3,183
Due to other funds	-	707,407	319,338
Total liabilities	<u>1,599,030</u>	<u>726,649</u>	<u>323,465</u>
<u>Fund balances :</u>			
Reserved for encumbrances	4,158,787	662,621	138,957
Unreserved, designated for subsequent years' expenditures	<u>1,390,837</u>	<u>69,980,676</u>	<u>1,359,221</u>
Total fund balances	<u>5,549,624</u>	<u>70,643,297</u>	<u>1,498,178</u>
Total liabilities and fund balances	<u><u>\$ 7,148,654</u></u>	<u><u>71,369,946</u></u>	<u><u>1,821,643</u></u>

See accompanying independent auditors' report.

Capital Fund # 4	Capital Fund # 5	Totals	
		1996	1995
419,617	3,440,265	12,978,755	6,018,180
5,434,555	-	74,870,537	6,466,609
17,742	59	736,680	25,670
-	392,705	1,194,428	2,559,430
-	-	264,786	-
<u>17,742</u>	<u>392,764</u>	<u>2,195,894</u>	<u>2,585,100</u>
<u>5,871,914</u>	<u>3,833,029</u>	<u>90,045,186</u>	<u>15,069,889</u>
-	20,458	1,256,240	508,997
-	56,500	443,117	557,570
<u>3,088,145</u>	<u>-</u>	<u>4,114,890</u>	<u>1,143,878</u>
<u>3,088,145</u>	<u>76,958</u>	<u>5,814,247</u>	<u>2,210,445</u>
209,431	864,177	6,033,973	2,053,471
<u>2,574,338</u>	<u>2,891,894</u>	<u>78,196,966</u>	<u>10,805,973</u>
<u>2,783,769</u>	<u>3,756,071</u>	<u>84,230,939</u>	<u>12,859,444</u>
<u>5,871,914</u>	<u>3,833,029</u>	<u>90,045,186</u>	<u>15,069,889</u>

ORLEANS PARISH SCHOOL BOARD

Capital Projects Funds

Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances (Deficit)

Year ended June 30, 1996
with comparative totals for June 30, 1995

	Capital Fund # 1	Capital Fund # 2	Capital Fund # 3
<u>Revenues:</u>			
From local sources:			
Ad valorem taxes	\$ -	-	-
Interest on investments	87,846	1,709,735	84,022
Other:			
Sale of surplus property	368,532	-	-
Other - Miscellaneous	-	-	-
Total local sources	456,378	1,709,735	84,022
From federal sources	-	-	-
Total revenue	456,378	1,709,735	84,022
<u>Expenditures:</u>			
Capital projects:			
Site improvement services	-	-	-
Architecture and engineering services	77,695	74,595	38,122
Construction	300,712	-	453,445
Renovation	6,653,919	117,899	78,903
Other expenditures	220	5,314	-
Total capital projects expenditures	7,032,546	197,808	570,470
Debt service:			
Bond issuance costs	388,659	990,825	-
Total expenditures	7,421,205	1,188,633	570,470
Excess (deficiency) of revenues over expenditures	(6,964,827)	521,102	(486,448)
<u>Other financing sources (uses):</u>			
Operating transfers in	-	-	-
Operating transfers out	(1,120,668)	(718,910)	-
Unrealized market loss on investments	-	-	-
Bond proceeds	11,070,163	70,841,105	-
Loan proceeds	1,095,650	-	-
Total other financing sources (uses)	11,045,145	70,122,195	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,080,318	70,643,297	(486,448)
Fund balances at beginning of year	1,469,306	-	1,984,626
Fund balances at end of year	\$ 5,549,624	70,643,297	1,498,178

See accompanying independent auditors' report.

Capital Fund # 4	Capital Fund # 5	Totals	
		1996	1995
--	817,565	817,565	1,413,359
383,567	157,949	2,423,119	851,543
--	--	368,532	799,250
--	--	--	86,379
383,567	975,514	3,609,216	3,150,531
--	--	--	182,380
383,567	975,514	3,609,216	3,332,911
1,813,747	--	1,813,747	11,148
--	98,228	288,640	367,456
(43,944)	--	710,213	5,070,832
--	816,562	7,667,283	3,385,985
--	732,625	738,159	801,731
1,769,803	1,647,415	11,218,042	9,637,152
--	--	1,379,484	--
1,769,803	1,647,415	12,597,526	9,637,152
(1,386,236)	(671,901)	(8,988,310)	(6,304,241)
443,658	--	443,658	1,250,000
(159,951)	(264,017)	(2,263,546)	(254,221)
(827,225)	--	(827,225)	--
--	--	81,911,268	--
--	--	1,095,650	2,835,026
(543,518)	(264,017)	80,359,805	3,830,805
(1,929,754)	(935,918)	71,371,495	(2,473,436)
4,713,523	4,691,989	12,859,444	15,332,880
2,783,769	3,756,071	84,230,939	12,859,444

Proprietary Funds

Internal Service Funds

Insurance Funds and Print Shop Fund

Internal Service Funds are used to account for the accumulation of resources for and the payment of premiums and benefits by the School Board's insurance program and the revenues and expenses of the Print Shop. The School Board maintains the following Insurance Funds:

- Health Insurance Fund
- Life, Dental and Optical Insurance Fund
- Workers' Compensation Insurance Fund
- Other Insurances Fund (General Liability, Property and Casualty and Other)

ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types

Internal Service Funds – Insurance Funds and Print Shop
Combining Balance Sheet

June 30, 1996
with comparative totals for June 30, 1995

<u>Assets</u>	<u>Health Insurance</u>	<u>Life, Dental and Optical Insurance</u>
Cash and cash equivalents	\$ 198,551	47,114
Investments	135,294	–
Receivables – other	75,953	30,770
Due from other funds	–	1,225,678
Other assets	–	–
Total assets	<u>409,798</u>	<u>1,303,562</u>
 <u>Liabilities and Fund Equity</u> 		
<u>Liabilities:</u>		
Accounts payable	–	458,472
Due to other funds	1,027,571	–
Liability for self-insurance losses	1,731,018	–
Total liabilities	<u>2,758,589</u>	<u>458,472</u>
 <u>Retained earnings (accumulated deficit) :</u>		
Reserved for casualty losses and employee benefits	–	845,090
Accumulated deficit	(2,348,791)	–
Total fund equity – retained earnings (accumulated deficit)	<u>(2,348,791)</u>	<u>845,090</u>
Total liabilities and fund equity	\$ <u>409,798</u>	<u>1,303,562</u>

See accompanying independent auditors' report.

Workers' Compensation Insurance	Other Insurance	Print Shop	Totals	
			1996	1995
107,697	1,033	-	354,395	302,439
-	-	-	135,294	129,849
23,022	13,339	3,953	147,037	1,301,509
3,560,073	11,915,924	46,324	16,747,999	14,203,572
80,246	826,970	-	907,216	944,044
<u>3,771,038</u>	<u>12,757,266</u>	<u>50,277</u>	<u>18,291,941</u>	<u>16,881,413</u>
776,804	1,755,900	50,277	3,041,453	430,627
-	-	-	1,027,571	5,558,120
2,908,521	21,628,698	-	26,268,237	22,032,736
<u>3,685,325</u>	<u>23,384,598</u>	<u>50,277</u>	<u>30,337,261</u>	<u>28,021,483</u>
85,713	-	-	930,803	827,869
-	(10,627,332)	-	(12,976,123)	(11,967,939)
<u>85,713</u>	<u>(10,627,332)</u>	<u>-</u>	<u>(12,045,320)</u>	<u>(11,140,070)</u>
<u>3,771,038</u>	<u>12,757,266</u>	<u>50,277</u>	<u>18,291,941</u>	<u>16,881,413</u>

ORLEANS PARISH SCHOOL BOARD

**Proprietary Fund Types
Internal Service Funds – Insurance Funds and Print Shop
Combining Statement of Revenues, Expenses,
and Changes in Retained Earnings (Accumulated Deficit)**

Year ended June 30, 1996
with comparative totals for June 30, 1995

	<u>Health Insurance</u>	<u>Life, Dental and Optical Insurance</u>
<u>Operating revenues:</u>		
Employer contributions	\$ 17,125,841	2,587,965
Employee contributions	8,545,862	682,476
Total operating revenues	<u>25,671,703</u>	<u>3,270,441</u>
<u>Operating expenses:</u>		
Benefit payments	-	-
Premium payments	25,672,201	3,255,215
Increase (decrease) in provision for self – insurance losses	(398,332)	-
Other expenses	(2,298)	33,542
Total operating expenses	<u>25,271,571</u>	<u>3,288,757</u>
Operating income (loss)	400,132	(18,316)
<u>Nonoperating revenue:</u>		
Interest income	21,124	35,537
Income (loss) before operating transfers	<u>421,256</u>	<u>17,221</u>
Operating transfers in	4,288,202	-
Operating transfers out	-	-
Net operating transfers	<u>4,288,202</u>	<u>-</u>
Net income (loss)	4,709,458	17,221
Retained earnings (accumulated deficit) :		
Beginning of year	<u>(7,058,249)</u>	<u>827,869</u>
End of year	<u>\$ (2,348,791)</u>	<u>845,090</u>

See accompanying independent auditors' report.

Workers' Compensation Insurance	Other Insurance	Print Shop	Totals	
			1996	1995
2,392,045	5,681,752	534,660	28,322,263	29,429,876
-	-	-	9,228,338	9,554,711
<u>2,392,045</u>	<u>5,681,752</u>	<u>534,660</u>	<u>37,550,601</u>	<u>38,984,587</u>
2,089,421	1,376,314	-	3,465,735	10,969,858
96,682	1,920,605	-	30,944,703	27,587,473
-	7,245,760	-	6,847,428	5,769,497
798,557	1,187,729	654,818	2,672,348	3,636,638
<u>2,984,660</u>	<u>11,730,408</u>	<u>654,818</u>	<u>43,930,214</u>	<u>47,963,466</u>
(592,615)	(6,048,656)	(120,158)	(6,379,613)	(8,978,879)
78,328	331,014	-	466,003	23,248
<u>(514,287)</u>	<u>(5,717,642)</u>	<u>(120,158)</u>	<u>(5,913,610)</u>	<u>(8,955,631)</u>
600,000	-	120,158	5,008,360	3,055,515
-	-	-	-	(455,515)
<u>600,000</u>	<u>-</u>	<u>120,158</u>	<u>5,008,360</u>	<u>2,600,000</u>
85,713	(5,717,642)	-	(905,250)	(6,355,631)
-	(4,909,690)	-	(11,140,070)	(4,784,439)
<u>85,713</u>	<u>(10,627,332)</u>	<u>-</u>	<u>(12,045,320)</u>	<u>(11,140,070)</u>

ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types
Internal Service Funds - Insurance Funds and Print Shop

Combining Statement of Cash Flows

Year ended June 30, 1996
with comparative totals for June 30, 1995

	<u>Health Insurance</u>	<u>Life, Dental and Optical Insurance</u>
<u>Cash flows from operating activities:</u>		
Operating income (loss)	\$ 400,132	(18,316)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Increase (decrease) Provision for self-insurance losses / claims	(400,630)	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	1,188,254	(3,859)
Decrease (increase) in other assets	-	-
Decrease (increase) in due from other funds	-	(114,309)
Increase (decrease) in accounts payable	(119)	134,396
Increase (decrease) in due to other funds	(4,530,549)	-
Decrease in liabilities for self-insurance losses	(968,352)	-
Total adjustments	(4,711,396)	16,228
Net cash provided by (used in) operating activities	(4,311,264)	(2,088)
<u>Cash flows from noncapital financing activities:</u>		
Operating transfers in	4,288,202	-
Operating transfers out	-	-
Net cash provided by noncapital financial activities	4,288,202	-
<u>Cash flows from investing activities:</u>		
Interest Income	21,124	35,537
Purchase of investments	(5,445)	-
Net cash provided by (used in) investing activities	15,679	35,537
Net increase (decrease) in cash and cash equivalents	(7,383)	33,449
Cash and cash equivalents at beginning of year	205,934	13,665
Cash and cash equivalents at end of year	\$ 198,551	47,114

See accompanying independent auditors' report.

Workers' Compensation Insurance	Other Insurance	Print Shop	Totals	
			1996	1995
<u>(592,615)</u>	<u>(6,048,656)</u>	<u>(120,158)</u>	<u>(6,379,613)</u>	<u>(8,978,879)</u>
-	7,245,760	-	6,845,130	5,769,497
(18,753)	(13,339)	2,169	1,154,472	1,176,187
-	36,828	-	36,828	536,847
(543,970)	(1,609,864)	(20,106)	(2,288,249)	548,498
759,079	1,699,534	17,937	2,610,827	(1,498,625)
(256,179)	-	-	(4,786,728)	5,556,382
-	<u>(1,641,277)</u>	-	<u>(2,609,629)</u>	<u>(5,914,955)</u>
<u>(59,823)</u>	<u>5,717,642</u>	-	<u>962,651</u>	<u>6,173,831</u>
<u>(652,438)</u>	<u>(331,014)</u>	<u>(120,158)</u>	<u>(5,416,962)</u>	<u>(2,805,048)</u>
600,000	-	120,158	5,008,360	3,055,515
-	-	-	-	(455,515)
<u>600,000</u>	-	<u>120,158</u>	<u>5,008,360</u>	<u>2,600,000</u>
78,328	331,014	-	466,003	23,248
-	-	-	(5,445)	(129,849)
<u>78,328</u>	<u>331,014</u>	-	<u>460,558</u>	<u>(106,601)</u>
25,890	-	-	51,956	(311,649)
<u>81,807</u>	<u>1,033</u>	-	<u>302,439</u>	<u>614,088</u>
<u>107,697</u>	<u>1,033</u>	-	<u>354,395</u>	<u>302,439</u>

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the School Board in a trust or agency capacity.

Trust Funds - This group of funds was created to account for resources contributed by various individuals to the School board to be expended for purposes for which the trusts were established.

Agency Funds - This group of funds is maintained to account for cash held by the School Board as an agent. The School Board maintains the following Agency Funds:

- Teachers' Retirement Contribution Fund
- Tax and Payroll Withholding Fund
- Student Activity Funds

ORLEANS PARISH SCHOOL BOARD

Fiduciary Funds

Combining Balance Sheet

June 30, 1996
with comparative totals for June 30, 1995

<u>Assets</u>	<u>Trust Funds</u>		<u>Retirement</u>
	<u>Nonexpendable</u>	<u>Expendable</u>	<u>Contribution</u>
Cash and cash equivalents	\$ 9,051	2,756	379,739
Investments	10,500	102,761	-
Receivables	4	217	-
Due from other funds	4,450	12,591	-
Total assets	24,005	118,325	379,739
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	-	-	280,609
Due to other funds	-	-	99,130
Due to student groups	-	-	-
Total liabilities	-	-	379,739
Fund balances:			
Reserved for endowment restrictions	24,005	-	-
Unreserved, undesignated	-	118,325	-
Total fund balances	24,005	118,325	-
Total liabilities and fund balances	\$ 24,005	118,325	379,739

See accompanying independent auditors' report.

Agency Funds		Totals	
Tax and Payroll Withholding	Student Activity	1996	1995
5,796,227	2,767,516	8,955,289	2,808,359
-	-	113,261	33,304
-	31,673	31,894	18,411
2,272,188	-	2,289,229	8,519,189
<u>8,068,415</u>	<u>2,799,189</u>	<u>11,389,673</u>	<u>11,379,263</u>
8,068,415	153,761	8,502,785	8,698,011
-	-	99,130	-
-	2,645,428	2,645,428	2,543,566
<u>8,068,415</u>	<u>2,799,189</u>	<u>11,247,343</u>	<u>11,241,577</u>
-	-	24,005	24,379
-	-	118,325	113,307
-	-	142,330	137,686
<u>8,068,415</u>	<u>2,799,189</u>	<u>11,389,673</u>	<u>11,379,263</u>

ORLEANS PARISH SCHOOL BOARD

Agency Funds
Combining Statement of Changes in
Assets and Liabilities

Year ended June 30, 1996

<u>Retirement Contribution</u>	Balance			Balance
<u>Assets</u>	July 1, 1995	Additions	Deductions	June 30, 1996
Cash and cash equivalents	\$ 10,171	17,963,825	17,594,257	379,739
Due from other funds	321,827	-	321,827	-
Total assets	<u>\$ 331,998</u>	<u>17,963,825</u>	<u>17,916,084</u>	<u>379,739</u>
<u>Liabilities</u>				
Accounts payable	331,998	15,571,419	15,622,808	280,609
Due to other funds	-	99,130	-	99,130
Total liabilities	<u>\$ 331,998</u>	<u>15,670,549</u>	<u>15,622,808</u>	<u>379,739</u>
 <u>Tax and Payroll Withholding</u>				
<u>Assets</u>				
Cash and cash equivalents	31,034	21,232,041	15,466,848	5,796,227
Due from other funds	8,182,239	-	5,910,051	2,272,188
Total assets	<u>\$ 8,213,273</u>	<u>21,232,041</u>	<u>21,376,899</u>	<u>8,068,415</u>
<u>Liabilities</u>				
Accounts payable	8,213,273	19,179,916	19,324,774	8,068,415
Total liabilities	<u>\$ 8,213,273</u>	<u>19,179,916</u>	<u>19,324,774</u>	<u>8,068,415</u>
 <u>Student Activity Funds</u>				
<u>Assets</u>				
Cash and cash equivalents	2,677,996	12,448,557	12,359,037	2,767,516
Accounts Receivable	18,310	13,363	-	31,673
Total assets	<u>\$ 2,696,306</u>	<u>12,461,920</u>	<u>12,359,037</u>	<u>2,799,189</u>
<u>Liabilities</u>				
Accounts payable	152,740	1,021	-	153,761
Due to student groups	2,543,566	12,460,899	12,359,037	2,645,428
Total liabilities	<u>\$ 2,696,306</u>	<u>12,461,920</u>	<u>12,359,037</u>	<u>2,799,189</u>
 <u>Total all Agency Funds</u>				
<u>Assets</u>				
Cash and cash equivalents	2,719,201	51,644,423	45,420,142	8,943,482
Receivables	18,310	13,363	-	31,673
Due from other funds	8,504,066	-	6,231,878	2,272,188
Total assets	<u>\$ 11,241,577</u>	<u>51,657,786</u>	<u>51,652,020</u>	<u>11,247,343</u>
<u>Liabilities</u>				
Accounts payable	8,698,011	34,752,356	34,947,582	8,502,785
Due to other funds	-	99,130	-	99,130
Due to student groups	2,543,566	12,460,899	12,359,037	2,645,428
Total liabilities	<u>\$ 11,241,577</u>	<u>47,312,385</u>	<u>47,306,619</u>	<u>11,247,343</u>

See accompanying independent auditors' report.

General Fixed Assets Account Group

This Account Group is used to account for the general fixed assets of the School Board and is recorded generally at historical cost. Among the assets included in this category are land, buildings, instructional and office equipment, vehicles and construction projects in progress.

ORLEANS PARISH SCHOOL BOARD

G-1

General Fixed Assets Account Group

Schedule of General Fixed Assets - by Source

June 30, 1996

General Fixed assets:	
Land	\$ 29,657,425
Buildings and improvements	344,751,960
Furniture and equipment	68,292,860
Vehicles	12,017,647
Construction in progress	<u>4,451,525</u>
Total general fixed assets	\$ <u>459,171,417</u>
Investment in General Fixed Assets from :	
General and Capital Projects Funds	\$ 424,982,011
Individuals With Disabilities Education Act Funds	2,596,079
Improving America's Schools Act Funds	14,042,932
Vocational Education Funds	4,578,396
Child Nutrition Fund	2,495,266
Other Funds	<u>10,476,733</u>
Total investment in general fixed assets	\$ <u>459,171,417</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

G-2

General Fixed Assets Account Group

Schedule of General Fixed Assets - By Function

June 30, 1996

<u>Function</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Support services :					
Pupils	\$ 22,757,576	331,596,583	48,880,278	539,829	403,774,266
Instructional staff	-	-	2,526,158	-	2,526,158
General administration	-	-	318,493	-	318,493
Business and central services	6,845,349	12,908,377	4,376,314	-	24,130,040
Operations and maintenance	-	-	11,165,719	13,066	11,178,785
Bus transportation	54,500	247,000	1,025,898	11,464,752	12,792,150
Total support services	\$ <u>29,657,425</u>	<u>344,751,960</u>	<u>68,292,860</u>	<u>12,017,647</u>	454,719,892
Construction in progress					<u>4,451,525</u>
Total general fixed assets					\$ <u>459,171,417</u>

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

G-3

General Fixed Assets Account Group

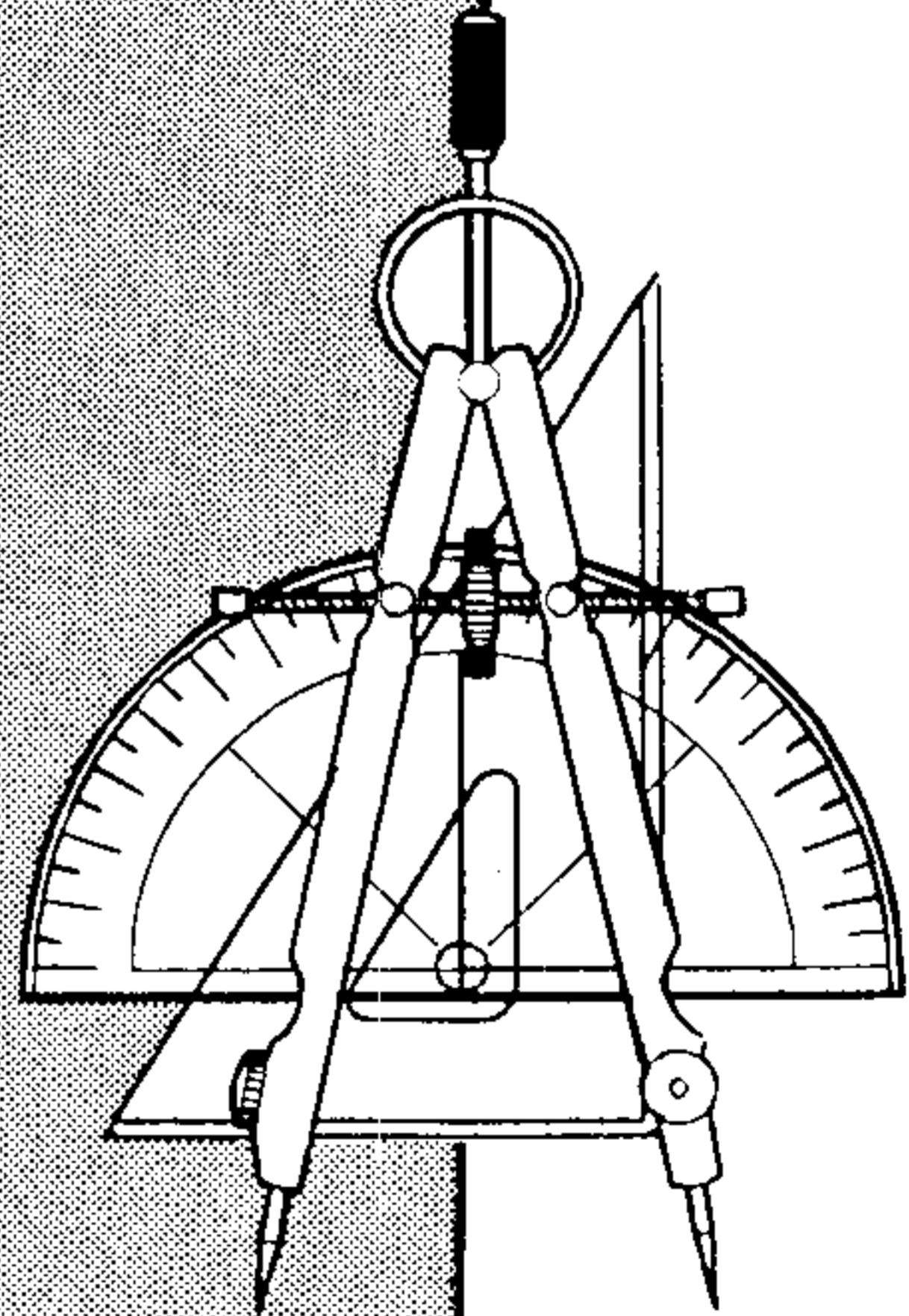
Schedule of Changes in General Fixed Assets - By Function

Year ended June 30, 1996

<u>Function</u>	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1996</u>
Support services :				
Pupils	\$ 379,303,125	27,350,215	2,879,074	403,774,266
Instructional staff	2,583,936	100,162	157,940	2,526,158
General administration	283,630	52,635	17,772	318,493
Business and central services	22,971,150	1,414,191	255,301	24,130,040
Operations, maintenance and child nutrition	10,971,922	436,545	229,682	11,178,785
Bus transportation	12,685,720	106,430	-	12,792,150
Total support services	428,799,483	29,460,178	3,539,769	454,719,892
Construction in progress	23,453,559	1,746,411	20,748,445	4,451,525
Total general fixed assets	\$ <u>452,253,042</u>	<u>31,206,589</u>	<u>24,288,214</u>	<u>459,171,417</u>

See accompanying independent auditors' report.

**STATISTICAL
SECTION**



ORLEANS PARISH SCHOOL BOARD

General Fund Revenues by Source

Last Ten Fiscal Years

(Unaudited)

	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>
Revenues from local sources :				
Real property tax	\$ 30,812,692	32,381,842	31,414,663	31,405,783
Personal property tax	18,567,518	18,799,201	17,387,299	16,370,288
Real and personal property tax (prior)	3,959,328	5,728,570	4,648,502	5,751,152
Delinquent tax penalty	704,476	889,942	1,020,353	1,141,664
Total property tax (1)	<u>54,044,014</u>	<u>57,799,555</u>	<u>54,470,817</u>	<u>54,668,887</u>
Sales taxes	74,050,117	68,287,273	66,389,014	63,447,736
Interest on investments	720,485	1,081,417	673,278	1,297,995
All other	2,761,474	3,241,307	2,949,048	4,031,112
Total revenues from local sources	<u>131,576,090</u>	<u>130,409,552</u>	<u>124,482,157</u>	<u>123,445,730</u>
Revenues from state sources :				
Minimum Foundation Program (2)	190,941,850	183,636,614	178,984,428	169,193,691
State contribution to teachers' retirement	-	-	-	-
Revenue sharing	3,660,036	3,532,425	3,521,208	3,693,935
All other (3)	5,430,687	12,218,737	6,033,834	6,161,136
Total revenues from state sources	<u>200,032,573</u>	<u>199,387,776</u>	<u>188,539,470</u>	<u>179,048,762</u>
Revenues from federal sources :				
Social Security XIX	-	-	-	-
Public Law 874 - Impact Aid	1,798,228	1,971,759	2,319,717	2,285,726
Indirect cost	839,944	962,305	2,533,603	2,645,740
All other	1,783,533	1,574,441	1,515,176	1,409,882
Total revenues from federal sources	<u>4,421,705</u>	<u>4,508,505</u>	<u>6,368,496</u>	<u>6,341,348</u>
Total revenues	<u>\$ 336,030,368</u>	<u>334,305,833</u>	<u>319,390,123</u>	<u>308,835,840</u>

- (1) Millage related property tax revenues for 1990-91, 1989-90, and 1988-89 were included with the Special Revenue and Capital Project Funds. Millage related property tax revenues for 1991-92, 1992-93, 1993-94, 1994-95, and 1995-96 are included in the Financial Section with the General Fund (for Purposes A, B, and C) and the Debt Service and Capital Projects Funds (for Purpose D). Revenues for Purposes A, B, and C are itemized in Note 11 (c).
- (2) Beginning in 1992-93, the Minimum Foundation Program (MFP) includes the State's contribution to Teachers' Retirement and Block Grants.
- (3) In 1994-95, the State of Louisiana funded a state pay supplement in the amount of \$6,407,159.

Table 1

<u>1991-92</u>	<u>1990-91</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1987-88</u>	<u>1986-87</u>
31,829,655	15,448,751	23,093,021	20,792,916	20,526,526	17,962,338
17,231,637	16,713,022	11,388,490	9,652,388	10,884,827	10,286,773
8,683,721	3,962,994	4,260,499	3,228,636	3,308,000	1,680,648
743,776	537,839	619,956	553,335	374,212	319,055
<u>58,488,789</u>	<u>36,662,606</u>	<u>39,361,966</u>	<u>34,227,275</u>	<u>35,093,565</u>	<u>30,248,814</u>
61,245,778	59,918,677	60,772,368	56,070,286	55,200,821	55,483,587
1,516,953	3,257,866	3,585,198	2,755,068	1,045,969	1,078,650
3,292,235	2,520,155	2,584,327	2,150,004	2,587,117	2,366,247
<u>124,543,755</u>	<u>102,359,304</u>	<u>106,303,859</u>	<u>95,202,633</u>	<u>93,927,472</u>	<u>89,177,298</u>
114,286,781	111,950,343	102,780,504	93,019,057	93,711,296	89,605,909
19,227,275	14,585,637	16,624,697	9,069,143	9,316,443	8,960,888
3,852,894	5,411,104	5,425,870	5,437,384	4,133,458	4,135,141
33,358,247	32,621,610	35,810,738	32,668,864	12,668,814	11,789,662
<u>170,725,197</u>	<u>164,568,694</u>	<u>160,641,809</u>	<u>140,194,448</u>	<u>119,830,011</u>	<u>114,491,600</u>
-	-	243,747	712,649	688,824	245,353
2,285,726	1,525,912	2,531,915	1,303,352	2,725,365	2,584,789
1,884,670	1,495,050	1,672,678	1,732,472	1,250,181	1,476,627
1,346,134	1,346,223	359,499	369,707	372,196	405,458
<u>5,516,530</u>	<u>4,367,185</u>	<u>4,807,839</u>	<u>4,118,180</u>	<u>5,036,566</u>	<u>4,712,227</u>
<u>300,785,482</u>	<u>271,295,183</u>	<u>271,753,507</u>	<u>239,515,261</u>	<u>218,794,049</u>	<u>208,381,125</u>

ORLEANS PARISH SCHOOL BOARD
General Fund Expenditures by Function
Last Ten Fiscal Years
(Unaudited)

	<u>1995-96</u>	<u>1994-95 (4)</u>	<u>1993-94</u>	<u>1992-93</u>
Instructional :				
Regular	\$ 117,023,613	117,090,081	114,749,376	117,785,070
Special	37,285,793	38,888,485	37,368,146	36,362,084
Support Services :				
Pupil	20,861,965	22,744,860	21,584,344	22,802,848
Instructional Staff	6,999,901	7,195,512	6,922,213	7,608,882
General administration	3,684,264	3,165,404	2,879,773	2,917,944
School administration	15,695,557	15,849,698	15,589,967	15,436,655
Business administration :				
Business services	58,732,817	58,970,773	55,944,093 (3)	56,958,502
Maintenance of plant	28,686,802	27,401,521	28,929,999	27,404,324
Pupil transportation	14,194,036	13,729,887	13,292,033	17,982,405
Central services	6,220,103	6,635,546	11,277,609 (3)	6,604,373
Debt Service (1)	<u>1,546,083</u>	<u>1,734,728</u>	<u>1,837,683</u>	<u>1,521,359</u>
Total (2)	<u>\$ 310,930,934</u>	<u>313,406,495</u>	<u>310,375,236</u>	<u>313,384,446</u>

- (1) The amount shown for Debt Service in this table represents expenditures for Bond Debt Service, the EPA loan, the LPFA short term loans, and capital lease outlays.
- (2) Millage related expenditures for 1990-91, 1989-90, and 1988-89 were included with the Special Revenue and Capital Projects Funds. Millage related expenditures for 1991-92, 1992-93, 1993-94, 1994-95, and 1995-96 are included in the Financial Section with the General Fund (for Purposes A, B, and C) and Debt Service and Capital Projects Funds (for Purpose D. Expenditures for Purposes A, B, and C are itemized in Note 11 (c).
- (3) Reflects the savings achieved through the fiscal 1994 restructuring of the risk management program and the increase in projected exposure to general liability lawsuit claims as a result of the 1994 Louisiana Supreme Court decision to eliminate the maximum award from School Boards.
- (4) In 1994-95, the state issued a one-time state pay supplement which increased salary expenditures in the various categories.

Table 2

<u>1991-92</u>	<u>1990-91</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1987-88</u>	<u>1986-87</u>
113,195,325	102,706,305	94,577,861	86,522,234	83,980,555	83,715,473
34,155,612	30,532,251	28,769,419	26,777,845	23,515,515	22,910,417
20,234,258	15,615,688	15,646,004	15,483,449	11,861,552	10,401,853
7,639,861	7,145,574	6,958,665	6,234,221	5,369,087	5,302,663
2,819,720	3,350,531	3,254,242	3,003,501	3,035,569	2,852,053
14,656,344	13,293,160	12,364,201	11,792,672	11,396,694	11,091,683
57,272,709	45,415,851	5,285,493	3,189,438	2,417,006	2,306,800
24,110,725	21,991,868	22,437,091	21,297,166	20,927,174	20,579,461
12,689,653	10,761,870	8,712,227	8,801,466	9,477,236	9,683,259
5,853,443	6,376,283	48,937,476	36,887,283	31,814,658	31,511,425
1,470,597	1,009,734	715,761	70,484	-	-
<u>294,098,247</u>	<u>258,199,115</u>	<u>247,658,440</u>	<u>220,059,759</u>	<u>203,795,046</u>	<u>200,355,087</u>

ORLEANS PARISH SCHOOL BOARD

Property Tax Levies and Collections – Cash Basis

School Board's Portion

**Last Ten Calendar Years
(Unaudited)**

Calendar Year	Real Estate Tax			Personal Property Tax		
	Amount of Tax Levied	Amount of Tax Collected	%	Amount of Tax Levied	Amount of Tax Collected	%
1996	\$40,050,539	\$34,507,869	86.16	\$25,285,631	\$18,567,518	73.43
1995	37,329,127	33,176,476	88.88	23,692,220	18,847,965	79.55
1994	36,711,400	32,978,104	89.83	22,920,133	17,387,299	75.86
1993	38,257,787	34,042,504	88.98	22,488,656	16,370,288	72.79
1992	39,434,082	34,193,718	86.71	23,078,116	17,231,637	74.67
1991	40,006,150	33,502,350	83.74	22,242,736	16,713,022	75.14
1990	40,422,592	34,718,732	85.89	22,294,738	17,121,792	76.80
1989	41,956,013	33,919,928	80.85	20,625,434	15,746,146	76.34
1988	24,544,621	20,526,526	83.63	13,464,281	10,884,829	80.84
1987	23,908,485	17,962,338	75.13	13,809,977	10,286,773	74.49

Sources: Board of Assessors, City of New Orleans, and Orleans Parish School Board financial records.

Notes: (*) = The amount of delinquent taxes shown represents the amount outstanding for all years prior to 1988. The individual amount for each year before 1988 is not available.

N/A = Not Available

Table 3

<u>Amount of Tax Levied</u>	<u>Total</u>		<u>Delinquent Taxes</u>	
	<u>Amount of Tax Collected</u>	<u>%</u>	<u>Amount Outstanding</u>	<u>Percent of Total Tax Levy</u>
\$65,336,170	\$53,075,387	81.23	N/A	—
61,021,347	52,024,441	85.26	N/A	—
59,631,533	50,365,403	84.46	N/A	—
60,746,443	50,412,792	82.99	N/A	—
62,512,198	51,425,355	82.26	N/A	—
62,248,886	50,215,372	80.67	7,154,206	11.5%
62,717,330	51,840,524	82.66	3,841,852	6.1%
62,581,447	49,666,074	79.36	5,100,083	8.1%
38,008,902	31,411,355	82.64	1,469,025	3.9%
37,718,462	28,249,111	74.89	1,075,452 (*)	2.9%

ORLEANS PARISH SCHOOL BOARD

Table 4

Assessed and Estimated Market Value of Taxable Property

Last Ten Calendar Years

(Unaudited)

Calendar Year	* Net Assessed Value		* Total Net Assessed Value	Total Estimated Market Value	Ratio of Total Net Assessed to Total Estimated Market Value
	Real Estate	Personal Property			
1996	\$885,533,225	\$535,898,822	\$1,421,432,047	\$12,427,991,063	11.4
1995	824,697,530	477,374,987	1,302,072,517	11,429,475,213	11.4
1994	825,668,157	454,681,962	1,280,530,119	11,287,894,650	11.3
1993	857,708,856	441,534,663	1,299,243,519	11,520,652,980	11.3
1992	896,856,403	468,537,628	1,365,394,031	11,212,538,984	12.2
1991	937,131,824	439,224,172	1,376,355,996	11,763,726,462	11.7
1990	953,587,912	525,943,330	1,479,531,242	12,593,609,773	11.7
1989	989,762,048	486,563,675	1,476,325,723	12,647,045,474	11.7
1988	937,710,876	524,732,443	1,462,443,319	13,057,529,633	11.2
1987	931,558,303	479,888,850	1,411,447,153	12,439,218,137	11.3

Source : Louisiana Tax Commission Report, Board of Assessors, Orleans Parish

(*) Excludes Homestead Exemptions

ORLEANS PARISH SCHOOL BOARD

Table 5

Property Tax Rates – Direct and Overlapping Governments

Number of Mills
(per \$1,000 of assessed value)

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of New Orleans	Orleans Levee Board	Orleans Sewerage & Water Board	Orleans Parish School Board	Audubon Commission	Total
1996	77.09	12.01	22.59	45.10	4.55	161.34
1995	77.09	12.01	22.59	45.10	4.55	161.34
1994	77.09	12.01	22.59	45.10	4.55	161.34
1993	77.09	11.29	22.59	45.10	4.55	160.62
1992	76.99 (1)	12.01	22.59	45.10	4.55	161.24
1991	72.30 (2)	11.29	25.23	42.39	4.27	155.48
1990	59.40	11.29	25.23	42.39	4.27	142.58
1989	59.40	11.29	25.23	42.39	4.27	142.58
1988	59.40	11.29	25.23	25.99	4.20	126.11
1987	55.54	11.12	24.86	25.66	4.20	121.38

Source : City of New Orleans

- Notes :
- (1) Millage rates were adjusted upward to offset an approximate 6 % decrease in assessment values, and generate the same level of income as fiscal year 1990–91.
 - (2) Effective for fiscal years beginning after June 30, 1990, the Homestead Exemption is not allowed for the new 9 – Mill Police and Fire Tax.

ORLEANS PARISH SCHOOL BOARD

Table 6

Principal Taxpayers

June 30, 1995

(Unaudited)

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>1995 Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
South Central Bell Telephone Company	Telephone Utilities	\$77,956,850	4.4%
New Orleans Public Service, Inc.	Electric and Gas Utilities	69,302,230	3.9%
First National Bank of Commerce	Financial Institution	23,177,270	1.3%
Hibernia National Bank	Financial Institution	19,917,440	1.1%
Whitney National Bank	Financial Institution	19,819,645	1.1%
A T & T Communications	Telephone Utility	18,429,270	1.0%
Metropolitan Life Insurance Co.	Insurance	11,300,249	0.6%
Poydras Square Associates	Office Real Estate	10,855,837	0.6%
International River Center	Office Real Estate	9,832,717	0.6%
Times Picayune Publishing Corporation	Newspaper Publishing	8,690,360	0.5%
Total Assessed Value of Principal Taxpayers		<u>\$269,281,868</u>	<u>15.1%</u>

Source: Board of Assessors, Orleans Parish and City of New Orleans

Note: The information for 1996 is not available.

State Support and
Local Support Per Student

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Number of Students	State Support	State Support per Student	Total Student Expenditures (1) (2)	Total Cost per Student	Local Support per Student
1996	82,285 (3)	\$200,032,573	\$2,431	\$350,992,385	\$4,266	\$1,599
1995	82,520	199,387,776	2,416	352,707,365	4,274	1,580
1994	82,436	188,539,470	2,287	351,571,516	4,265	1,536
1993	82,090	179,048,762	2,181	356,297,244	4,340	1,522
1992	81,523	170,725,197	2,094	331,822,459	4,070	1,528
1991	82,609	164,568,894	1,992	308,332,554	3,732	1,465
1990	82,419	160,709,629	1,950	293,008,244	3,555	1,524
1989	83,113	140,194,448	1,687	262,935,365	3,164	1,337
1988	83,601	121,160,425	1,449	225,805,544	2,701	1,123
1987	84,164	116,114,703	1,380	224,961,745	2,673	1,061

- Notes:
- (1) For comparability, bond debt service expenditures have been excluded.
 - (2) General Fund and Special Revenue Funds expenditures, except for Child Nutrition, have been included in total student expenditures.
 - (3) Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1995-96 is 85,433. Total student enrollment is not available for prior years.

ORLEANS PARISH SCHOOL BOARD

Table 8

Computation of Legal Debt Margin

June 30, 1996

(Unaudited)

Net assessed value	\$ 1,421,432,047 (1)
Plus exempt property	<u>448,231,776</u>
Total assessed value	<u>\$ 1,869,663,823</u>
Debt limit : 35% of assessed value (2)	\$ 654,382,338
Amount of general obligation bonded debt applicable to legal debt limit of Parishwide School District of Parish of Orleans	<u>70,000,000</u>
Legal debt margin	<u>\$ 584,382,338</u>

Notes: (1) Does not include assessed valuation of motor vehicles.

(2) Source: Louisiana Revised Statutes Title 39, Section 562, as amended.

ORLEANS PARISH SCHOOL BOARD

Table 9

Schedule of Direct and Overlapping Debt

December 31, 1995

(Unaudited)

	<u>Net Outstanding Debt</u>	<u>Percentage Overlapping</u>	<u>Overlapping Debt</u>
Orleans Parish School Board at June 30, 1996 (*)	\$ <u>265,982,765</u>	<u>100%</u>	\$ <u>265,982,765</u>
Overlapping debt:			
City of New Orleans -- general obligation bonds	432,260,829	100%	432,260,829
Audubon Commission	49,030,000	100%	49,030,000
Sewerage & Water Board of New Orleans	16,500,600	100%	16,500,600
Orleans Levee District at June 30, 1996 (*)	<u>211,736,652</u>	<u>100%</u>	<u>211,736,652</u>
Total overlapping debt	<u>709,528,081</u>	<u>100%</u>	<u>709,528,081</u>
Total direct and overlapping debt	<u>\$ 975,510,846</u>	<u>100%</u>	<u>\$ 975,510,846</u>

Source: City of New Orleans and Orleans Levee District

(*) The fiscal year of the Orleans Parish School Board and Orleans Levee District ends on June 30th.

ORLEANS PARISH SCHOOL BOARD

**Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita**

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Population</u>	<u>Number of Students</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less: Debt Service Funds</u>
1996	496,938	82,285	\$ 1,421,432,047	\$ 265,982,765	\$ 11,605,815
1995	496,938	82,520	1,353,023,221	177,822,203	3,980,591
1994	493,021	82,436	1,322,206,950	166,816,850	4,014,249
1993	495,116	82,090	1,346,927,802	169,046,850	4,387,501
1992	497,230	81,523	1,386,079,795	170,940,618	4,630,780
1991	496,938	82,609	1,468,480,461	155,008,097	6,652,685
1990	533,564	82,419	1,479,531,242	160,750,000	7,547,360
1989	558,961	83,113	1,476,325,723	162,130,000	5,200,314
1988	555,641	83,601	1,462,443,319	127,695,000	7,412,311
1987	563,811	84,164	1,411,447,153	116,921,335	16,776,232

Sources : Board of Assessors, Orleans Parish, City of New Orleans and Woods & Poole Economics, Inc.

Note: Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1995-96 is 85,433. Total student enrollment is not available for prior years.

Table 10

<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Net Assessed Value</u>	<u>Net Bonded Debt per Capita</u>	<u>Net Bonded Debt per Student</u>
\$ 254,376,950	17.90%	\$512	\$3,091
173,841,612	12.85%	350	2,107
162,802,601	12.31%	330	1,975
164,659,349	12.22%	333	2,006
166,309,838	12.00%	334	2,040
148,355,412	10.10%	299	1,796
153,202,640	10.35%	287	1,859
156,929,686	10.63%	281	1,888
120,282,689	8.22%	216	1,439
100,145,103	7.10%	178	1,190

ORLEANS PARISH SCHOOL BOARD

Ratio of Annual Debt Service
Expenditures for General Bonded Debt to
General Fund Expenditures and Revenues

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>
1996	\$3,090,000	\$7,800,085	\$10,890,085	\$310,930,934
1995	2,655,000	8,850,410	11,505,410	313,406,495
1994	2,230,000	9,005,338	11,235,338	310,375,236
1993	1,895,000	9,134,583	11,029,583	313,384,446
1992	1,522,749	9,356,770	10,879,519	294,098,247
1991	1,340,000	11,715,173	13,055,173	275,763,256
1990	1,380,000	13,406,912	14,786,912	265,855,853
1989	-	12,894,254	12,894,254	234,705,265
1988	6,912,050	3,908,780	10,820,830	203,795,046
1987	4,050,000	7,971,060	12,021,060	200,355,087

Table 11

<u>Ratio of Debt Service To General Fund Expenditures</u>	<u>Total General Fund Revenues</u>	<u>Ratio of Debt Service To General Fund Revenues</u>
3.50%	\$336,030,368	3.24%
3.67%	334,305,833	3.44%
3.62%	319,390,123	3.52%
3.52%	308,835,840	3.57%
3.70%	300,785,492	3.62%
4.73%	288,272,127	4.53%
5.56%	289,556,962	5.11%
5.49%	255,209,742	5.05%
5.31%	218,794,049	4.95%
6.00%	208,381,125	5.77%

ORLEANS PARISH SCHOOL BOARD

Table 12

Demographic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Population (1)	Total Students	Public Schools		Non-Public Schools	
			Number (2)	%	Number	%
1996	496,938	109,099	82,285	75.42	26,814	24.58
1995	496,938	108,691	82,520	75.92	26,171	24.08
1994	493,021	109,735	82,436	75.12	27,299	24.88
1993	495,116	110,085	82,090	74.57	27,995	25.43
1992	497,230	108,505	81,523	75.13	26,982	24.87
1991	496,938	113,059	82,609	73.07	30,450	26.93
1990	533,564	112,914	82,410	72.98	30,494	27.01
1989	558,961	116,338	83,113	71.44	33,225	28.56
1988	555,641	118,400	83,601	70.61	34,799	29.39
1987	563,811	117,370	84,164	71.71	33,206	28.29

(1) 1990 and 1980 U.S. Census, Louisiana Tech University for 1986-90 population and Woods & Poole Economics, Inc.

(2) Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1995-96 is 85,433. Total student enrollment is not available for prior years.



NEW ORLEANS PUBLIC SCHOOLS

3510 GENERAL DEGAULLE DRIVE • NEW ORLEANS, LOUISIANA 70114

MORRIS L. HOLMES, Ed.D.
Superintendent

October 30, 1996

Members, Orleans Parish School Board:

Enclosed for your review are the following reports, bound together, relating to the fiscal year ended June 30, 1996 (FY 1996), and issued by the independent accounting firms of KPMG Peat Marwick LLP and Bruno & Tervalon:

- (1) Single Audit Reports and Findings (See Section I)
- (2) Independent Auditors' Management Letter (See Section III)

Management has compiled responses to these reports, and they are included after each of the respective reports in Sections II and IV.

Single Audit

This audit is made in compliance with federal requirements. The Independent Auditors' Report states that the Schedule of Federal Financial Assistance (Schedule), on pages 2 and 3, detailing the revenues and expenditures for federally funded programs, is fairly presented in all significant respects in relation to the School Board's financial statements taken as a whole. The Schedule summarizes the \$69.2 million of revenues and expenditures for over twenty-five unique programs.

The independent auditors' findings noted two instances of non-compliance in the 1996 fiscal year. In addition, all prior year's findings and questioned costs have been resolved through appropriate measures or corrective action. This has been achieved through the cooperation of the staff members in administrative departments and those located at school sites.

Independent Auditors' Management Letter


The Independent Auditors' Management Letter is prepared by the independent auditors to suggest areas in which there are opportunities for improvement in procedures or efficiency. We are in agreement with the independent auditors' suggestions. However, implementation of recommendations involving additional staff and/or equipment will require the School Board's authorization and allocation of funds. Funding will be particularly crucial in the electronic data processing area and in the settlement of the outstanding claims and judgments that originated from the self insured health plan (terminated August 1994) and the previously self insured General Liability Plan.

Members, Orleans Parish School Board
October 30, 1996
Page 2

We consider staying aware of current service requirements, technologies and systems to be a continual process. The examinations and reviews performed by the external auditing firms complement our efforts to enhance the quality of our services. Accordingly, we welcome the external auditors' comments and recommendations of opportunities to improve and refine our procedures.

We thank all applicable staff members for their cooperation in addressing and responding to the independent auditors' findings and recommendations.

Sincerely,



Morris L. Holmes, Ed.D.
Superintendent



Reginald E. Zeno
Budget Director



Anthony V. Stoltz
Comptroller

MLH/dar
Enclosures

**Independent Auditors' Report on
Schedule of Federal Financial Assistance**

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996. These general purpose financial statements are the responsibility of the management of the School Board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Orleans Parish School Board, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

Bruno & Tervalon

October 11, 1996

ORLEANS PARISH SCHOOL BOARD

Schedule of Federal Financial Assistance

Year ended June 30, 1996

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Revenue Recognized	Expenditures
U.S. Department of Education Direct Programs:					
Dropout Prevention	84.201B	S201B12014-94	\$ 309,638	291,868	291,868
Dropout Prevention	84.201B	S201880096	-	70,511	70,511
Project Acheive	84.291R	T291R50015	513,558	32,075	32,075
Impact Aid	84.041	-	-	1,798,228	1,798,228
Pass-Through State Department of Education:					
* IASA Title I	84.010	95-057-36	30,306,600	26,592,558	26,592,558
* IASA Title I Carryover	84.010	95-057-36 C/O	3,357,879	600,850	600,850
* IASA Title I	84.010	95-057-36	-	1,506,954	1,506,954
* IASA Title I Capital Expense	84.010	-	513,213	478,780	478,780
* IASA Title I Capital Expense	84.010	-	-	208,952	208,952
Migrant Education	84.011	96-M-28-36-1	185,000	185,213	185,213
Migrant Education	84.011	95-MES-28-36-1	-	5	5
Migrant Education/Even Start	84.011	96-MES-28-36-1	58,013	52,938	52,938
Migrant Education/Even Start	84.011	95-MES-28-36-1	-	7,662	7,662
IASA Title VI	84.298A	28-96-0036-2	671,810	538,640	538,640
IASA Title VI	84.298A	28-95-0036-2	-	8,027	8,027
IASA Title VI Carryover	84.298A	28-95-0036-2 C/O	-	106,524	106,524
IASA Title VI Carryover	84.298A	28-94-0036-2 C/O	-	57,651	57,651
IASA Title II	84.281A	28-96-5036-II	602,280	322,636	322,636
IASA Title II	84.281A	28-95-5036-II	-	5,820	5,820
IASA Title II Carryover	84.281A	28-95-5036-II C/O	149,888	113,775	113,775
Drug Free Schools	84.186A	28-96-7036-D	1,303,824	766,084	766,084
Drug Free Schools	84.186A	28-95-7036-D	-	283,777	283,777
Drug Free Schools Carryover	84.186A	28-95-7036-D C/O	-	19,207	19,207
* IDEA P. L. 101-476	84.027	96-FT-36	2,447,184	1,608,949	1,608,949
* IDEA P. L. 101-476	84.027	95-FT-36	-	323,597	323,597
* IDEA P. L. 101-476 Carryover	84.027	95-FT-36 C/O	88,129	87,366	87,366
IDEA P. L. 101-476 Preschool	84.024	96-PF-36	354,312	302,459	302,459
IDEA P. L. 101-476 Preschool	84.024	95-PF-36	-	44,413	44,413
P. L. 101-476 Preschool Carryover	84.024	95-PF-36 C/O	25,510	25,137	25,137
Adult Basic Education	84.002	-	349,773	345,572	345,572
Project Independence	84.002	-	570,691	566,218	566,218
Project Independence	84.002	-	-	10,258	10,258
Vocational Education-Basic Grants	84.048	28-96-BM-2-BG	1,192,010	913,577	913,577
Vocational Education-Basic Grants	84.048	28-95-BM-2-B6	-	314,857	314,857
Vocational Education-Single Parents	84.048	28-95-2-SP, C/O	-	43,642	43,642
Vocational Education- Homemaking Education	84.048	28-96-BM-3-PB	92,190	60,415	60,415
Vocational Education-Community Based Organizations	84.048	28-96-BM-3-PA	98,248	65,558	65,558
Homeless Assistance Program	84.096	-	110,000	71,137	71,137
Homeless Assistance Program	84.096	-	-	19,427	19,427
Goals 2000	-	10253-2610	150,000	2,552	2,552
Starting Points Preschool	93-576	-	406,836	396,625	396,625
Starting Points Preschool	93-576	-	-	5,254	5,254
Total U.S. Department of Education				<u>39,255,748</u>	<u>39,255,748</u>
National Science Foundation:					
Math and Science Study Grant	93-50090	ORS-93-50090	36,049	17,469	17,469
Urban Systemic Initiative	94-53666	ESR-9453014	2,000,000	479,345	479,345
Total Science Foundation				<u>496,814</u>	<u>496,814</u>

(Continued)

ORLEANS PARISH SCHOOL BOARD

Schedule of Federal Financial Assistance, (Continued)

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Program or Award Amount	Revenue Recognized	Expenditures
U.S. Department of Labor -					
Pass-Through City of New Orleans-					
JTPA Summer Program	17.246	-	\$ 4,500	2,992	2,992
JTPA Summer Program	17.246	-	-	(304,526)	(304,526)
JTPA Computer Lab	17.246	-	150,000	<u>111,390</u>	<u>111,390</u>
Total Department of Labor				<u>(190,144)</u>	<u>(190,144)</u>
U.S. Department of Agriculture -					
Pass-Through State Department of Education:					
Summer Feeding	10.559	-	-	840,651	840,651
Food Distribution	10.550	-	-	1,634,190	1,634,190
* School Breakfast Program	10.553	-	-	4,322,540	4,322,540
* School Lunch Program	10.555	-	-	<u>16,326,615</u>	<u>16,326,615</u>
Total Department of Agriculture				<u>23,123,996</u>	<u>23,123,996</u>
U.S. Department of Health and Human					
Services - Direct Programs:					
E.P.S.D.T. Nursing	13.714	-	-	1,374,846	1,374,846
AIDS Education	13.118	U62/CCU602856-01	253,281	133,927	133,927
AIDS Education Prior Year	13.118	U63/CCU602856-01	-	73,173	73,173
Pass-Through State Department of Education:					
Emergency Immigrant	84.162	-	43,046	<u>41,255</u>	<u>41,255</u>
Total U.S. Department of Health and Human Services				<u>1,623,201</u>	<u>1,623,201</u>
U.S. Department of Defense Direct Program -					
ROTC	-	-	-	<u>408,687</u>	<u>408,687</u>
Total Federal Assistance before loans				64,718,302	<u>64,718,302</u>
Loan amounts, including cumulative amounts outstanding:					
U.S. Environmental Protection Agency - Direct Program -					
*Asbestos Abatement Grant	66.702	-	-	<u>4,496,759</u>	
Total federal assistance				<u>\$ 69,215,061</u>	

* Denotes a major program

See accompanying notes to Schedule of Federal Financial Assistance.

ORLEANS PARISH SCHOOL BOARD

Notes to Schedule of Federal Financial Assistance

June 30, 1996

1. General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the Orleans Parish School Board (the School Board). The School Board reporting entity is defined in note 1 to the general purpose financial statements for the year ended June 30, 1996. All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed through other government agencies. The following programs are considered major federal programs of the School Board: Elementary and Secondary Education Act IASA Title I, (ESEA) Chapter 1, Idea P.L. 101-476, and School Lunch and Breakfast Programs.

2. Basis of Accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in note 2 to the School Board's general purpose financial statements for the year ended June 30, 1996. The value of noncash assistance is the value of the noncash items used during the year. Any received, but unused commodities are reflected as deferred revenue until used.

3. Relationship to General Purpose Financial Statements

Federal financial assistance revenues are reported in the School Board's general purpose financial statements as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Federal Financial Assist- ance before loans (note 5)</u>
From federal sources	\$ 3,581,761	<u>61,136,541</u>	<u>64,718,302</u>
Indirect costs reimbursed through application of state-approved rate and other federal indirect cost reimbursements	<u>839,944</u>		
	<u>\$ 4,421,705</u>		

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule of Federal Financial Assistance agree with the amounts reported in the related federal financial reports, except for the accrual adjustments recorded after June 30, 1996.

5. EPA Loan

The School Board has outstanding loans from the Environmental Protection Agency totaling \$4,496,759 as of June 30, 1996. These loans are to be repaid over the next 18 years.

Independent Auditors' Report on Compliance
at the General Purpose Financial Statement Level

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the School Board is the responsibility of the management of the School Board. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the School Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the School Board, management and the State of Louisiana Department of Education. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

Bruno & Tervalon

October 11, 1996

**Independent Auditors' Report on the Internal Control Structure at the
General Purpose Financial Statement Level**

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of the School Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the School Board for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the School Board in a separate letter dated October 11, 1996.

This report is intended for the information of the School Board, management and the State of Louisiana Department of Education. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

Bruno & Levahn

October 11, 1996

**Independent Auditors' Report on Compliance with
General Requirements**

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We have applied procedures to test the School Board's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance for the year ended June 30, 1996: political activity, civil rights, cash management, federal financial reports, Davis-Bacon Act, allowable costs/cost principles, drug-free workplace act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the School Board's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that the Orleans Parish School Board had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the School Board, management and the State of Louisiana Department of Education. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

Bruno & Tervalon

October 11, 1996

**Independent Auditors' Report on
Compliance with Specific Requirements
Applicable to Major Federal Financial Assistance Programs**

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We have also audited the School Board's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; reporting; claims for advances and reimbursements; and special requirements pertaining to needs assessment and record retention that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the School Board is responsible for the School Board's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In addition, the results of our audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above, which is described in the accompanying Schedule of Findings and Questioned Costs. We considered this instance of noncompliance in forming our opinion on compliance which is expressed in the following paragraph.

In our opinion, the Orleans Parish School Board complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; reporting; claims for advances and reimbursements; and special requirements pertaining to needs assessment and record retention that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the School Board, management and the State of Louisiana Department of Education. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

Bruno & Levada

October 11, 1996

**Independent Auditors' Report on Compliance
with Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions**

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

In connection with our audit of the general purpose financial statements of the School Board, and with our consideration of the School Board's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the School Board's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the School Board had not complied, in all material respects, with those requirements.

This report is intended for the information of the School Board, management, and the State of Louisiana Department of Education. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

Bruno & Tervalon

October 11, 1996

**Independent Auditors' Report on the Internal Control Structure Used in
Administering Federal Financial Assistance Programs**

The Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996. We have also audited the School Board's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 11, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the School Board complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit of the School Board for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the School Board and on the compliance of the School Board with requirements applicable to major programs, and report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated October 11, 1996.

The management of the School Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in

any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Accounting controls
 - Purchases/disbursements
 - Payroll
- Administrative controls
 - General requirements:
 - Political activity
 - Civil rights
 - Cash management
 - Federal financial reports
 - Drug-free workplace
 - Allowable costs/cost principles
 - Administrative requirements
 - Davis-Bacon Act
 - Specific requirements:
 - Types of services
 - Eligibility
 - Matching
 - Level of effort
 - Reporting
 - Special requirements:
 - Needs assessment
 - Record retention
 - Claims for advances and reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the School Board expended 82 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to each of the School Board's major federal financial assistance programs, which are

identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render any opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the School Board in a separate letter dated October 11, 1996.

This report is intended for the information of the School Board, management, and the State of Louisiana Department of Education. However, this report is a matter of public record and its distribution is not limited.

KPMG Pat Warwick LLP

Bruno & Levalan

October 11, 1996

ORLEANS PARISH SCHOOL BOARD

Schedule of Findings and Questioned Costs

June 30, 1996

<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
General Requirements	<p>1. The School Board has in place a system to resolve EEOC cases and is presently involved in four such claims. The amount of liabilities and questioned costs, if any, is not presently determinable. The claims are currently under investigation.</p>	\$ -0-
	<p>2. According to the new Title I school attendance area eligibility and selection compliance requirements issued by the Department of Education, a Local Educational Agency (LEA) must determine which school attendance areas are eligible to participate in the Title I program. A school attendance area is generally eligible to participate if the percentage of children from low-income families is at least as high as the percentage of children from low-income families in the LEA as a whole or above thirty-five percent poverty. An LEA has a selection from various methods to determine poverty level. One of which is the number of children eligible for free and reduced priced lunches, which is the method the School Board uses. The LEA must use that measure consistently across the district to rank all its school attendance areas according to their percentage of poverty. An LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty. In order to test that the School Board had complied with these requirements, KPMG requested support for the Attendance Area Ranking Report in the 1995-96 grant application. The support provided by the School Board did not agree to the grant application. Various school rankings were different than the support provided. Consequently, the testwork related to these procedures cannot be completed. No questioned costs, if any, can be determined.</p>	-0-

ORLEANS PARISH SCHOOL BOARD

Status of Prior Year's Findings and Questioned Costs

June 30, 1995

PRIOR YEAR
RECOMMENDATION

COMMENT
DISPOSITION

- | | |
|---|----------------|
| 1. The School Board has in place a system to resolve EEOC cases and is presently involved in one such claim. The amount of liabilities and questioned costs, if any, is not presently determinable. The claim is currently under investigation. | Not applicable |
|---|----------------|

ORLEANS PARISH SCHOOL BOARD

Management's Corrective Action Plan for Findings and Questioned Costs

June 30, 1996

<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
General Requirements	<p>1. The School Board has in place a system to resolve EEOC cases and is presently involved in four such claims. The amount of liabilities and questioned costs, if any, is not presently determinable. The claims are currently under investigation.</p> <p><u>Management's Response</u></p> <p>Management is aware of these cases. The status of each case is monitored by the Risk Management Department and Board attorneys during the period of investigation.</p>	\$ -0-
	<p>2. According to the new Title I school attendance area eligibility and selection compliance requirements issued by the Department of Education, a Local Educational Agency (LEA) must determine which school attendance areas are eligible to participate in the Title I program. A school attendance area is generally eligible to participate if the percentage of children from low-income families is at least as high as the percentage of children from low-income families in the LEA as a whole or above thirty-five percent poverty. An LEA has a selection from various methods to determine poverty level. One of which is the number of children eligible for free and reduced priced lunches, which is the method the School Board uses. The LEA must use that measure consistently across the district to rank all its school attendance areas according to their percentage of poverty. An LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty. In order to test that the School Board had complied with these requirements, KPMG requested support for the Attendance Area Ranking Report in the 1995-96 grant application. The support provided by the School Board did not agree to the grant application. Various school rankings were different than the support provided. Consequently, the testwork related to these procedures cannot be completed. No questioned costs, if any, can be determined.</p>	\$ -0-

(Continued)

ORLEANS PARISH SCHOOL BOARD

Management's Corrective Action Plan for Findings and Questioned Costs

Program

Findings/Noncompliance

Questioned
Costs

Management's Response

Rankings of schools received from the Department of Educational Accountability for the 1995-96 school year are different from the rankings submitted in the Title I application. The Department of Educational Accountability report reflected data collected during December 1994. Because several high schools did not have the actual count of eligible students for free and reduced lunch, a grace period was given for all schools to review the free and reduced lunch data and update it accordingly. The new ranking of schools was then conducted by the Title I office based on the updated data and the previous report by the Department of Educational Accountability. The more recent and updated ranking was used in the Title I application.

October 11, 1996

Members of the Orleans
Parish School Board
3510 General DeGaulle
New Orleans, Louisiana 70114

Dear Members of the Board:

We have audited the general-purpose financial statements of the Orleans Parish School Board (the School Board) for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

In planning and performing our audit of the general-purpose financial statements of the School Board, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure.

In accordance with Government Auditing Standards, as part of our audit, we are required to report to you reportable conditions and material weaknesses. A reportable condition is a significant deficiency in internal controls. A material weakness is a more serious reportable condition that is of such magnitude that it could potentially result in a material misstatement of the financial statements. By definition, all material weaknesses are reportable conditions. Not all reportable conditions, however, are material weaknesses. This management letter reflects some of our suggestions regarding improvements to the School Board's internal control structure and efficiency. Our aim in this letter is to provide constructive, realistic and an independent view on topics such as organization and efficiency, fiscal matters, and uses of resources.

During our audit we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies and are listed in Appendix A to this report.

The Members of the Orleans
Parish School Board
October 11, 1996
Page 2

The status of comments from our prior year letter to you is included in Appendix B. Comments from the October 11, 1995 letter, as well as pending comments for prior years which are currently being addressed by management, are so noted in Appendix B.

Conditions of noncompliance with federal regulations which we noted during our audit are presented in the independent auditors' reports on compliance at the general-purpose financial statement level, compliance with general requirements and compliance with specific major and nonmajor program requirements, each dated October 11, 1996. These conditions were considered in determining the nature, timing and extent of the audit tests applied in our audit of the 1996 general-purpose financial statements. Furthermore, these conditions do not affect our report on the general-purpose financial statements dated October 11, 1996.

This report is intended for the information of the School Board, management and the State Department of Education. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Very truly yours,

Bruno & Lewaler *KPMG Peat Marwick HP*

ORLEANS PARISH SCHOOL BOARD

CURRENT YEAR COMMENTS

OMB Circular A-87

Effective October 1, 1995, changes were made by the Office of Management and Budget to Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments". The School Board has created a committee to study the effect of the changes on School Board operations. We support and encourage these efforts as well as other efforts to review the impact of changes of federal regulations and state policy on the operations of the School Board.

Financial Reporting

The School Board currently receives national recognition for its annual and budgetary reporting. The achievements reflect the hard-work and dedication of management and staff. In further expanding these reporting efforts, we are suggesting consideration of the following:

- Expanding Quarterly/Monthly GAAP Reporting -- Consideration should be given to expanding the existing reporting to include balance sheet reporting and/or analysis. Management is in the process of reassessing its financial data processing needs. Part of this effort will include consideration of systems to allocate certain expenditures by program and a system to generate full financial statements. The types of financial report generated and the frequency of adjusting certain accounts should be included in this reassessment process.
- Cash and Investment Reporting -- During 1996, the School Board adopted a cash and investment policy which was very comprehensive. We would like to congratulate the School Board on this policy and supporting its implementation, such as submission of investment and collateral reports. These additional reports will compliment the previous suggestions.

Revenues

The School Board is currently anticipating revenue shortages for fiscal year 1997, primarily as a result of the reduction in Minimum Foundation Funding. In conjunction with the anticipated decrease, further review of other revenue sources should be considered. In a recent article the local newspaper reported a study by the Bureau of Government Research which concluded that ad valorem tax assessments and exemptions should be reviewed and discrepancies appeared to exist. Follow-up on this study should be pursued.

Insurance

The School Board is self-insured in several areas, with excess commercial coverage. In review of the self-insurance fund activities and accounting, we recommend consideration of the following:

- The School Board uses third-party claim adjusters (TPA) to process claims. Current procedures should be expanded to ensure that claim reserves are reasonable and appropriate and relate to current cases. The review of reserves provided by the TPA should include a determination that the liability reserves set by Board attorneys are not duplicated in the liability reserves set by the TPA. The TPAs should also provide their monthly reports on diskette to assist the School Board in analyzing its claim exposure.

ORLEANS PARISH SCHOOL BOARD
CURRENT YEAR COMMENTS, Continued

- The School Board uses several insurance experts to assist it in determining incurred but not reported claims as well as outstanding claims. Some of the estimates derived relate to older years. For example, the reserve for workers' compensation related to the years 1973-84 is \$452,143. The School Board should perform a detailed review of all of these estimates, attempt to consolidate the expert services, and determine if old claims should be settled.
- The Internal Service funds, specifically the Other Insurance Fund, had a \$13 million deficit for the year ended June 30, 1996. Because of the significant increase in the deficit and because of anticipated cash flow issues, re-consideration of the accounting for general liability claims in an internal service fund should be made. In addition, plans to reduce all deficits should be revised accordingly.

Inventory

The School Board does not have procedures to maintain perpetual records or physical counts of the auxiliary warehouse, which contains primarily obsolete and donated items. To ensure proper safeguard controls, accounting procedures should be developed.

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGE- MENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<u>FUND BALANCE/ACCUMULATED DEFICIT</u>			
<p>As of June 30, 1994, the unreserved, undesignated fund balance of the General Fund is \$148,979. This amount of fund balance represents .05% of the total expenditures of the General Fund in the 1994 fiscal year. With increasing costs of operating and maintaining the school system, the Board needs to develop a contingency plan to meet future operational needs.</p> <p>In addition to the minimal unreserved, undesignated equity in the General Fund, the Other Insurance Fund in the Self Insurance Fund has a deficit of \$1,564,669 and the Health Insurance Fund has a deficit of \$5,503,250. Since these funds are a servicer primarily of the General Fund's general liability and health-care claims, and given the present General Fund's financial viability, the Board has a risk that it will be unable to finance and timely pay its claims.</p> <p>Based on the estimated liabilities for claims, additional sources of cash as well as revenues may be required to meet these demands. In addition, the Board has virtually no "cushion" for emergencies and unforeseen events for its general operations. A contingency plan for emergencies as well as short-term and long-term plans to obtain additional revenues and/or reduce expenditures as well as ensuring adequate cash flow needs to be developed and updated annually. The involvement of community organizations, such as the Business Council, is critical. While the Board has already presented its capital needs to the public and demonstrated that additional funds are needed to meet</p>	Concur	In-process	<p>Administration and the School Board are aware of the need to build a fund balance of at least 5% of annual revenues. A fund balance of this size would help absorb emergency needs and minimize cash flow shortages.</p> <p>For the second consecutive fiscal year, the Board allocated from the General Fund operating budget for fiscal 1996, the required payment to systematically retire the deficit in the Other Insurance and Health Insurance Funds. Since the deficit was scheduled to be retired by 1999, the amount transferred was equal to one-fourth of the remaining deficit. The management of School Board is currently reassessing the accounting for the self-insurance funds.</p>

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGE- MENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<p>minimum safety standards in the schools, the current General Fund balance and accumulated deficits in two of the Insurance Funds are likewise critical issues that need action and resolution immediately.</p>			
<u>SCHOOL ACCOUNTING</u>			
<p>In our review of specific items at 5 schools, we noted at each school instances of noncompliance with purchase authorization procedures and/or bid and quote requirements. At one school, one bank reconciliation observed did not contain evidence of review by the principal or ranking teacher. In our review of fixed assets, 2 items were not tagged.</p>	Concur	In-process	<p>Presently, all except one school has been converted to the automated Student Activity Fund accounting system. The Associate Superintendent for this school has been informed of this condition.</p>
<p>With the recent establishment of off-site purchasing at the school level, the Board needs to establish policies for which principals will be held accountable. For example, in our review of 65 disbursements at 5 schools, 16 disbursements were not approved by the area superintendent, 2 were not approved by the principal, and 17 did not comply with current purchasing procedures relative to quote requirements. Uniform standards need to be adopted whereby the Board ensures compliance with state bid law procedures as well as adequate internal controls.</p>			<p>With the conversion to the automated system nearly complete, the focus of supporting the school accounting function has been directed at improving the timeliness and quality of the financial information. Specifically, updates as to timeliness of report are issued regularly to the three associate superintendents. Also, several workshops have been held concerning procedures needing additional explanation and/or performance improvement.</p>
			<p>A draft of the new policy has been prepared; however, additional review is needed to ensure appropriate consistency in purchasing and disbursement policies for school site and central office expenditures. Joint involvement with a principal's committee and the internal audit department is being established to finalize the</p>

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<u>IMPROVING EDP CONTROLS</u>			policies and procedures. To provide additional assistance, nine accountants were hired at the start of 1996-97 to assist the elementary schools that did not have business managers.
<u>EDP Assessment</u>			
<p>Although initial long-range planning has been started, the School Board needs to formalize its data processing planning for both its short-term and long-term plans. With hardware processing capacity concerns, disaster recovery needs, software considerations and staffing issues, the School Board needs to first determine what the required EDP functions are, what hardware will best serve these functions and then review the software options available.</p>	Concur	In-process	<ul style="list-style-type: none"> - EDP Assessment - Insufficient EDP Staff - Disaster Recovery Plan - Long-range Data Processing Plan - Hardware Processing Capacity - Payroll Software - Electrical Service Disruptions and Documentation
<p>Some of the initiatives in this assessment process have begun. While we recognize the School Board's limited resources, the benefits of the results of this process to the School Board are significant, especially with the increasing/changing state and federal government requirements. Management of the School Board should initiate a formal assessment, identifying the areas of EDP functions and the structure of EDP framework, and then determine what type of hardware best provides the capacity and efficiencies to service the framework needed. A Request for Proposals should then be prepared for hardware, after which software issues should be addressed.</p>			<p>Due to the interrelationship of these items, solutions to these areas will be handled as part of the EDP assessment which was funded for fiscal 1996. A request for proposal (RFP) was released to advertise the School Board's need for consultants to perform this evaluation. Key staff members in operational, administrative and financial areas have collaborated in this effort. Proposals have been received and are currently being evaluated by a six-member staff committee, comprised of instructional and administrative areas.</p>
<u>Insufficient EDP Staff</u>			
<p>The School Board's management should review the current organization within the computer services department for adequacy of staffing and take appropriate action to ensure quality performance of tasks assigned. Special emphasis should be placed on the staffing of:</p>	Concur	In-process	<p>Staffing will be addressed in the planned needs assessment for all information management functions in the current year.</p>

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<ul style="list-style-type: none"> - the Applications Development Section, and - Systems Programming. 			
<u>Disaster Recovery Plan</u>			
The School Board should take steps to invest in an alternative "emergency" processing agreement with a disaster recovery processing provider.	Concur	In-process	Disaster recovery planning will be addressed in the planned needs assessment for all information management functions in the current year.
<u>Long-range Data Processing Planning</u>			
The School Board needs to develop a long-range data processing plan to be used in determining when technology should be used to meet the goals of a three-to-five year planning horizon. The plan should be reviewed and updated annually.	Concur	In-process	The planned needs assessment for all information management functions will result in a long-range data processing plan with a structure and policy for maintaining the plan. This will be addressed in the current year.
<u>Hardware Processing Capacity</u>			
The School Board should explore all options available to deal with its mainframe processing capacity issues. Few new software upgrades and applications will be able to be implemented by the School Board until these capacity issues are resolved.	Concur	In-process	Hardware processing capacity will be addressed in the planned needs assessment for all information management functions in the current year.
<u>Payroll Software</u>			
The School Board should continue its efforts to find a replacement for their payroll application. However, this may not be feasible until hardware processing capacity issues are resolved.	Concur	In-process	The payroll software as well as all other applications of software will be addressed in the planned needs assessment for all information management functions in the current year.
<u>Electrical Service Disruptions</u>			
The School Board does not have an uninterruptable power supply (UPS) in its current system configuration. A UPS provides for continuous power in the event of a spike or other type of electrical service disruption. The School Board should consider investing in a UPS to protect itself from unexpected power fluctuations.	Concur	In-process	Protection from electrical service disruptions is a part of disaster recovery planning which will be addressed in the planned needs assessment for all information management functions in the current year.

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<u>Documentation</u>			
The School Board should have complete program change documentation to ensure that all requests for modifications are approved by the required supervisory personnel, tested, approved by the user and implemented on a timely basis.	Concur	Compete	A new project management procedure and forms for project authorization and planning have been developed. Software to facilitate project tracking has been implemented. A form for required approval signatures on project completion has been developed.
<u>1995 Comments</u>			
<u>PERFORMANCE BUDGETING</u>			
The budget process of the School Board appears to be effective for both the Board and the Community. The documents generated by this process are award-winning and provide the Board and management with a tool to monitor the financial condition of the School Board. As an enhancement to this process, management should consider developing a performance-based budget, expanding the current budget document to include the product/services that will be generated as a result of the expenditures provided to a department. This expanded process can be used to set performance standards that can be used by management to monitor their staff and their progress toward the School Board's goals.	Concur	Complete	The Budget Department incorporated in its 1996-97 budget process instructions to each department to enumerate the product/services that will be produced from the funding provided to the department. Successful implementation should allow the School Board to generate data for performance measurement.
<u>INVESTMENTS</u>			
In view of the recent legislature enactments related to investments, as well as the general industry concerns regarding certain types of investments, we recommend that the School Board update its investment policy and review its investment portfolio to ensure compliance with state law. Cash flow requirements should also be considered, including the investment and cash flow needs of the School Board and at what time an investment should be sold or if it should be held for maturity.	Concur	Completed	In collaboration with the Budget and Finance Committee of the School Board, a Cash Management and Investment Policy (Policy) was drafted. The Policy was reviewed by the Committee members and submitted for scrutiny by two banks, general counsel and legal counsel of the Board, the external auditing firms and the Bureau of Government Research. The Policy was submitted to the Board, and later approved at its March 11, 1996 Board Meeting.

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<u>FIXED ASSETS</u>			
<p>As previously mentioned and discussed at audit committee meetings and with management, the School Board, similar to other school systems throughout the state, has concerns and problems related to its fixed asset system. As reported for several years in internal audit reports and external audit reports, the safeguard controls on fixed assets, particularly related to furniture and equipment, need improvement; while policy does exist, the accurate compliance with the policy and performance of the related procedures are not always achieved. As required in other similar school systems, annual fixed asset inventory observations are requested of the principal of each school. Each year, there are several schools that do not comply with the policy and other schools for which the procedures performed were not accurate. While management has created a committee to address this concern and others related to site-based management, we are suggesting several items for consideration in this process:</p> <ul style="list-style-type: none"> • Review of items over a scope to ensure proper and accurate data entry. By reviewing items over specific dollar amounts annually, significant key punch errors can be detected and corrected. • Development of a fixed asset department. The School Board currently has one person responsible for all fixed assets in the school system - which in essence means that there is no "fixed asset department." A determination of how fixed asset items will be tagged and who will be responsible for accounting for fixed assets needs to be made as well as the determination of the staffing requirements to maintain fixed asset records in accordance with federal and state laws. 	Concur	Complete	<p>The reporting requirements will be implemented with the first quarter interim financial presentation.</p> <p>After an in-depth review of the exiting policies and procedures, a committee composed of Internal Audit, school principals, administrative and financial representatives developed revised policies and updated the Fixed Asset Accounting Manual. The revised Policy and Fixed Asset Accounting Manual were adopted at the September 9, 1996 Board Meeting. Workshops are being conducted to inform staff of the changes.</p> <p>Additional plans to improve safeguarding fixed assets include:</p> <ol style="list-style-type: none"> a. reviews of carrying values of assets for abnormal balances to detect and correct keypunch errors; b. formally requested and received nine (9) itinerant accountants in the 1996-97 Budget; these additional staff members will be working primarily with elementary schools to provide student activity fund assistance, and will work with all schools as related to student data and fixed asset services. These staff members began employment in August 1996.

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<ul style="list-style-type: none"> Determine the specific procedures for verification of compliance with policy. Should Internal Audit perform random samples at the time of the physical inventory? Should the "fixed asset department," if established, perform random samples? What measures are available to management for non-compliance by the schools? The committee should also consider the impediments to compliance with the policy by the schools. For example, instead of requesting fixed asset inventories to be performed at the end of the school year when a school is closing, it may be more practical to perform the inventories at mid-year. 			c. joint collaboration with the Internal Audit Department to identify methods for evaluating compliance with policy.

SITE BASED PURCHASING

Site-based purchasing is an initiative that the School Board has undertaken over the past two years. To summarize briefly, management has installed a computer system and software at virtually all school sites, and has trained the principals or their designees at each school site. Currently, the Finance Department has organized a committee to address the concerns of site-based purchasing. However, as noted in the prior year management letter, and again in the current year, School Board policies are not always being adhered to at the school sites.

Concur	In-Process	<p>A site-based purchasing workshop was held in February for all 46 schools that have elected the site-based purchasing option. The workshop featured Finance and Purchasing Department representatives and the material provided in-depth coverage of how to initiate, record and document purchases at the school site. Participants were also instructed as to which purchases needed associate superintendent's approval. Guidance was also given relative to transactions that are always required to be processed through the Purchasing Department.</p>
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	<u>1995</u>
Number of schools reviewed	4
Number of disbursements selected	45
Number of selected disbursements without proper approval	17
Percentage	38%
Number of selected disbursements not in compliance with bid policy	4
Percentage	100%

In addition to the material distributed at the workshop, a detailed packet of accounting and purchasing procedure information has been developed and will be issued in conjunction with finalized policy and procedures manual. This packet also

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DISPOSITION</u>
<p>We encourage the committee's efforts in this area to resolve the non-compliance issues. The objective of the site-based purchasing program appeared to be to provide the individual school sites with funds for the schools to control and administer, in accordance with the School Board's budget and policies. Decentralizing the procurement process, however, does have certain risks that need to be addressed. The School Board's Purchasing and Finance Departments are familiar with Board policy and state law requirements, whereas the individuals administering the site-based funds may not. Also, the establishment of procurement priorities and appreciation of the reason and background for School Board policy and state law may not be the same for the individuals at the school site as compared to the individuals in the Purchasing Department. If the School Board does intend to keep decentralization of some of the procurement efforts, policies may need revision to strengthen controls at off-site locations. In addition, procedures should also be developed to ensure that policy is being followed and the role of Internal Audit in ensuring policy compliance needs to be addressed.</p>			<p>contains specific responses and guidance to areas for which the school treasurers requested specific information.</p> <p>The refinement of the student activity fund policy and procedure manual will incorporate the information given in the packet and the workshop. Completion and issuance of this revised policy and procedure manual is scheduled for January 1997. A committee of principals will participate in the development of the revision.</p> <p>Based upon the new policy and procedure manual, the Finance Department and the Internal Audit Department will collaborate to develop routines to measure whether the schools are following the prescribed policies and procedures in an effective and efficient manner.</p>

CHILD NUTRITION PROGRAM

<p>For the year ended June 30, 1995, the Child Nutrition program had a deficit of approximately \$850,000, which has been funded by the general fund. Over the past 3 years, the general fund has transferred approximately \$1,650,000 to support the program's operations. The Child Nutrition program should be a break-even type of program, whereby expenses are covered by revenue, either from federal sources or fees from other participants. The cause for the deficit should be investigated to identify what the needs of the program are and potential revenue sources.</p>	Concur	Complete	<p>Management has made a detailed examination of the operation of the program. This has resulted in additional efforts to reduce fixed costs. Additionally, a pilot program has been developed to increase student meal participation, particularly for breakfasts. This has included a promotional campaign to better alert and inform the students, parents and staff of meal offerings. Also, management explored ways to reduce the cost of food and supplies in 1995-1996, which resulted in a reduced</p>
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DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

PRIOR YEAR
RECOMMENDATION

MANAGEMENT
RESPONSE

STATUS

COMMENT
DISPOSITION

deficit for fiscal year 1996. Additional plans for 1996-97 include implementation of the plan to encourage breakfast participation, to maximize efficiency opportunities, and to continue to explore methods of achieving cost savings.

ORLEANS PARISH SCHOOL BOARD

Management's Response to the Independent Auditors' Management Letter

June 30, 1996

OMB CIRCULAR A-87

Effective October 1, 1995, changes were made by the Office of Management and Budget to Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments". The School Board has created a committee to study the effect of the changes on School Board operations. We support and encourage these efforts as well as other efforts to review the impact of changes of federal regulations and state policy on the operations of the School Board.

Management's Response

Concur. An analysis of the provisions of the new regulations has been made by a committee composed of financial staff members. With this information as a basis, new procedures are being devised to comply with the changes in the regulations. All changes will be implemented by December 31, 1996.

FINANCIAL REPORTING

The School Board currently receives national recognition for its annual and budgetary reporting. The achievements reflect the hard-work and dedication of management and staff. In further expanding these reporting efforts, we are suggesting consideration of the following:

- Expanding Quarterly/Monthly GAAP Reporting -- Consideration should be given to expanding the existing reporting to include balance sheet reporting and/or analysis. Management is in the process of reassessing its financial data processing needs. Part of this effort will include consideration of systems to allocate certain expenditures by program and a system to generate full financial statements. The types of financial report generated and the frequency of adjusting certain accounts should be included in this reassessment process.

Management's Response

Concur. As part of its ongoing effort to refine the financial reporting process, the Financial Services Division will prepare its quarterly financial reports in accordance with Generally Accepted Accounting Principles (GAAP) and include Balance Sheet Reports, Cash Flow Reporting and other financial information. In addition, monthly analytical procedures will be expanded to improve the monitoring of certain accounts on a year round basis. This will improve the quality of quarterly reporting and minimize the effort to close the financial records at the end of the fiscal year.

The new financial system will be chosen with the objective that it will facilitate instantaneous availability of operating data based upon easily chosen criteria and is designed such that the efficiency of producing financial statements will be improved.

- Cash and Investment Reporting -- During 1996, the School Board adopted a cash and investment policy which was very comprehensive. We would like to congratulate the School Board on this policy and supporting its implementation, such as submission of investment and collateral reports. These additional reports will complement the previous suggestions.

Management's Response

Concur. Since filling the Cash Manager position vacancy in late May, Management has proceeded to implement the various provisions of the Cash Management Policy.

Through a competitive bid process, a new bank has been chosen for the main operating account; terms with the new banking agent will result in greater interest earnings on idle funds. Effective with the quarter ended September 30, 1996, a Cash and Investment Section has been added to the Interim Quarterly Financial Statements. Currently in progress is a plan to streamline the number of bank accounts. Also, staff and the Board's Financial Advisor are currently screening potential broker/dealers for the purpose of establishing business relationships providing more direct access for investment purchases, thus improving the opportunity for investment yield.

An investment advisor was recently approved by the School Board to provide recommendations for cash management and investment procedures and report compliance with the Cash Management and Investment Policy.

Recently, the School Board was notified that its Cash Management and Investment Policy has been certified by the Municipal Treasurers' Association of United States and Canada.

REVENUES

The School Board is currently anticipating revenue shortages for fiscal year 1997, primarily as a result of the reduction in Minimum Foundation Funding. In conjunction with the anticipated decrease, further review of other revenue sources should be considered. In a recent article the local newspaper reported a study by the Bureau of Governmental Research which concluded that ad valorem tax assessments and exemptions should be reviewed and discrepancies appeared to exist. Follow-up on this study should be pursued.

Management's Response

Concur. Additional follow-up of exemptions and the study will be made so that viable opportunities for change can be identified. Also, Management will consider requesting its government liaison to draft legislation to modify exemptions considered inappropriate that are currently enjoyed by nonprofit entities.

INSURANCE

The School Board is self-insured in several areas, with excess commercial coverage. In review of the self-insurance fund activities and accounting, we recommend consideration of the following:

- The School Board uses third-party claim adjusters (TPA) to process claims. Current procedures should be expanded to ensure that claim reserves are reasonable and appropriate and relate to current cases. The review of reserves provided by the TPA should include a

determination that the liability reserves set by Board attorneys are not duplicated in the liability reserves set by the TPA. The TPAs should also be requested to provide electronic access of their data to assist the School Board in analyzing its claim exposure.

Management's Response

Concur. The Risk Management Department is in the process of hiring a Claims Supervisor who will monitor claims closely from inception to settlement or dismissal. This process will be facilitated by computer hardware and networked software which will provide the ability to have an integrated claims management system between School Board staff and Third Party Administrators.

- The School Board uses several insurance experts to assist it in determining incurred but not reported claims as well as outstanding claims. Some of the estimates derived relate to older years. For example, the reserve for workers' compensation related to the years 1973-84 is \$452,143. The School Board should perform a detailed review of all of these estimates, attempt to consolidate the expert services, and determine if old claims should be settled.

Management's Response

Management agrees that the estimates for old claims should be reviewed closely. This review will be done by the Claims Supervisor, once hired. For two reasons, it may not be feasible to move old claims to the current insurance expert firms that are determining exposure on new claims. First, the agent handling the old cases has already been paid. Secondly, many of the cases, such as Workers' Compensation involve employees who are reaching the maximum age for collection of benefits; therefore, a lump sum settlement may be disadvantageous.

- The Internal Service funds, specifically the Other Insurance Fund, had a \$13 million deficit for the year ended June 30, 1996. Because of the significant increase in the deficit and because of anticipated cash flow issues, re-consideration of the accounting for general liability claims in an internal service fund should be made. In addition, plans to reduce all deficits should be revised accordingly.

Management's Response

Concur. Considering present and future financial resources of the School board, Staff has invested considerable effort in evaluating the options available for retiring the estimated claim reserve and deficit for self-insured losses in the Health Insurance Fund and the General Liability portion of the Other Insurance Fund.

Based upon this review, Staff is of the opinion that the School Board can not continue to fund the retirement of the \$13 million deficit in the Health Insurance Fund (\$2.4 million) and the Other Insurance Fund (\$10.6 million) over the remaining three years of the five-year deficit elimination plan. Accordingly, Staff has recommended to the School Board that the Claim Reserve for litigated cases be reported in the Long-Term Debt Account Group and that the assets of the General Fund be made available for retirement of the Health Insurance fund deficit and for general liability claim payment, when feasible.

School Board transfers from the General Fund providing funds for payment of nonlitigated cases would continue to be deposited in and paid from the General Liability Sub Fund within the Other Insurance Fund. Claims and judgments transferred to the Long-Term Debt Account Group would be settled based upon the current available resources of the School Board, as indicated above.

INVENTORY

The School Board does not have procedures to maintain perpetual records or physical counts of the auxiliary warehouse, which contains primarily obsolete and donated items. To ensure proper safeguard controls, accounting procedures should be developed.

Management's Response

Concur. Accounting procedures will be developed to provide proper safeguards and controls and maintain a perpetual inventory system for donated items and other assets stored at the auxiliary warehouse.

ORLEANS PARISH SCHOOL BOARD

Table 13

Bonded Debt

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Bonded Debt</u>
1996	\$265,982,765
1995	177,822,203
1994	166,816,850
1993	169,046,850
1992	170,940,618
1991	155,008,097
1990	160,750,000
1989	162,130,000
1988	127,695,000
1987	116,921,335

New Construction, Bank Deposits, and Property Values

Last Ten Calendar Years

(Unaudited)

Calendar Year	New Commercial Construction (1)		New Residential Construction (1)		Bank Deposits (2) (in thousands)	Estimated Market Value of Property Values (3)
	Number of Units	Value	Number of Units	Value		
1995	385	\$160,185,622	295	\$47,756,865	\$6,267,311	\$11,429,475,213
1994	349	62,145,507	200	32,367,696	6,008,343	11,287,894,650
1993	434	57,199,428	200	26,511,285	6,224,997	11,520,652,980
1992	363	69,267,396	182	20,935,541	6,154,171	11,212,538,984
1991	294	62,444,141	157	21,823,647	6,274,839	11,763,726,462
1990	345	58,375,443	204	31,344,162	6,170,174	12,593,609,773
1989	108	35,951,916	282	18,986,669	6,355,493	12,647,045,474
1988	112	45,184,225	611	24,245,414	5,948,698	13,057,529,633
1987	70	59,352,074	556	33,669,285	5,884,179	12,439,218,137
1986	55	48,586,980	575	38,834,185	7,870,164	10,300,325,737

Sources :

- (1) Department of Safety and Permits, Building Permit Report, City of New Orleans
- (2) Summary of Deposits (as of June 30) – bank branches located in New Orleans, Federal Deposit Insurance Corporation; latest available figures shown as of June 30, 1994
- (3) Board of Assessors, Orleans Parish

Note : For the years 1990 through 1995, the amounts are on a permits issued basis, not a units issued basis as in the years 1986 through 1989.

ORLEANS PARISH SCHOOL BOARD

Child Nutrition Program

School Lunch and Breakfast Data

(Unaudited)

	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>
<u>LUNCH - STUDENT PARTICIPATION</u>					
Number of Schools Served	123	121	120	120	120
Number of Days Served	175	173	174	171	173
<u>Free Lunches</u>					
Number Served	8,774,364	8,842,984	8,981,029	8,839,534	8,648,001
Average Number Served	50,139	51,116	51,615	51,693	49,988
<u>Reduced Lunches</u>					
Number Served	419,975	387,844	365,166	374,407	345,642
Average Number Served	2,400	2,242	2,099	2,190	1,998
<u>Full Price Lunches</u>					
Number Served	840,514	770,376	736,506	683,615	651,778
Average Number Served	4,803	4,453	4,233	3,998	3,768
Total Served	10,034,853	10,001,204	10,082,701	9,897,556	9,645,421
Average Number Served	57,342	57,810	57,947	57,880	55,754
Average Daily Attendance	72,944	72,937	73,845	74,632	72,558
Number Served as Percentage of Daily Attendance	78.61	79.26	78.47	77.55	76.84
<u>Price per Lunch to Students</u>					
Full Price - Elementary	0.65	0.65	0.65	0.65	0.65
Full Price - Secondary	0.75	0.75	0.75	0.75	0.75
Reduced Price - Elementary	0.25	0.25	0.25	0.25	0.25
Reduced Price - Secondary	0.25	0.25	0.25	0.25	0.25
<u>Lunch - Adult Participation</u>					
Number Served to Adults	309,235	317,424	301,218	304,385	308,140
Average Number Served	1,767	1,835	1,731	1,780	1,781
Price per Lunch to Adults	2.00	2.25	2.25	2.25	2.25

Note: Does not include meals served for extended school year summer program.

Table 16

	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>
<u>BREAKFAST - STUDENT PARTICIPATION</u>					
Number of Schools Served	120	114	116	117	120
Number of Days Served	175	173	174	171	173
<u>Free Breakfasts</u>					
Number Served	3,017,335	3,268,828	3,558,542	3,564,675	3,618,624
Average Number Served	17,242	18,895	20,451	20,846	20,917
<u>Reduced Price Breakfasts</u>					
Number Served	49,489	52,370	52,200	48,405	49,270
Average Number Served	283	303	300	283	285
<u>Full Price Breakfasts</u>					
Number Served	44,848	49,447	49,861	45,568	78,971
Average Number Served	256	286	287	266	456
Total Served	3,111,672	3,370,645	3,660,603	3,658,648	3,714,313
Average Number Served	17,781	19,483	21,038	21,396	21,470
Average Daily Attendance	71,255	73,331	72,477	72,890	72,558
Number Served as Percentage of Daily Attendance	24.95	26.57	29.03	29.35	29.59
<u>Price per Breakfast to Students</u>					
Full Price - Elementary	0.50	0.50	0.50	0.50	0.50
Full Price - Secondary	0.50	0.50	0.50	0.50	0.50
Reduced Price - Elementary	0.20	0.20	0.20	0.20	0.20
Reduced Price - Secondary	0.20	0.20	0.20	0.20	0.20
<u>Breakfast - Adult Participation</u>					
Number Served to Adults	140,101	148,024	150,917	144,303	160,326
Average Number Served	801	856	867	844	927
Price per Breakfast to Adults	1.00	1.10	1.10	1.10	1.25

Teachers' Retirement System of Louisiana
Analysis of Funding Progress

Last Ten Years
(in millions of dollars)
(Unaudited)

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) / (5)
1995	\$6,081.7	\$10,570.3	57.5%	\$4,488.6	\$2,187.0	205%
1994	5,694.6	9,928.5	57.4	4,233.9	2,180.3	194
1993	5,154.1	9,522.4	54.1	4,368.3	2,181.4	200
1992	4,473.6	9,046.0	49.5	4,572.4	2,155.8	212
1991	3,934.5	8,455.6	46.5	4,521.1	2,146.6	211
1990	3,587.1	7,808.0	45.9	4,220.9	2,033.5	208
1989	3,144.0	7,550.6	41.6	4,406.6	1,927.2	229
1988	2,944.8	7,085.4	41.6	4,140.6	1,833.0	226
1987	2,822.0	6,147.3	43.3	3,325.3	1,789.3	186
1986	2,458.5	5,081.1	44.9	2,622.6	1,822.3	144

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of Teachers' Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system.

Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of Teachers' Retirement System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system. For the 1991 and 1990 fiscal years, there were significant changes in the actuarial assumptions principally related to investment rate of return and utilization of more current mortality tables.

Source: Teachers' Retirement System of Louisiana Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 1995.

ORLEANS PARISH SCHOOL BOARD

Miscellaneous Statistical Data

June 30, 1996

(Unaudited)

Year of incorporation : 1841
 Form of government : School Board / President
 Area of parish : 363.5 square miles with 199.4 square miles (54%) of land

Population : 496,938

Number of Schools

Elementary	80
Middle/Junior and Senior	36
Other	21
Total	<u>137</u>

Enrollment

Elementary	50,143
Middle/Junior and Senior	34,144
Other	1,146
Total	<u>85,433</u>

Number of Teachers, Levels of Degree, and Years of Experience

<u>Degree</u>	<u>Education</u>	
	<u>Number of teachers</u>	<u>% of total</u>
No Degree	7	0.15
Bachelor of Arts	2,733	59.54
Master's Degree	1,342	29.24
Master's + 30	459	10.00
Education Specialist	13	0.28
Doctorate	36	0.78
Total	<u>4,590</u>	<u>100.00</u>

<u>Years of Experience</u>	<u>Experience</u>	
	<u>Number of teachers</u>	<u>% of total</u>
0 - 5	847	18.45
6 - 10	532	11.59
11 - 15	630	13.73
16 - 20	908	19.78
21 - 24	640	13.94
25 - over	1,033	22.51
Total	<u>4,590</u>	<u>100.00</u>

* Excludes Librarians, Counselors, School Social Workers and Employees on Leave.

SINGLE AUDIT REPORTS AND FINDINGS

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

ORLEANS PARISH SCHOOL BOARD NEW ORLEANS, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted 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 _____

FISCAL YEAR ENDED
JUNE 30, 1996



**SINGLE AUDIT REPORTS AND
FINDINGS**

**INDEPENDENT AUDITORS'
MANAGEMENT LETTER**

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

**FISCAL YEAR ENDED
JUNE 30, 1996**



ORLEANS PARISH SCHOOL BOARD

Single Audit Reports and Findings and
Independent Auditors' Management Letter

June 30, 1996

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ORLEANS PARISH SCHOOL BOARD

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