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Union Parish School Board
Farmerville, Louisiana

Annual Financial Report
As of and for the Year Ended June 30, 1999

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or relevant, 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 11/10/2000

Union Parish School Board
Farmerville, Louisiana

Annual Financial Report
As of and for the Year Ended June 30, 1999

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Union Parish School Board
Farmerville, Louisiana
Annual Financial Report
As of and for the Year Ended June 30, 1999

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ALLEN, GREEN & COMPANY, LLP

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Ernest L. Hill, CPA
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Accounting Firm
Tim Green, CPA
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Independent Auditors' Report

Board Members
Union Parish School Board
Farmerville, Louisiana

We have audited the accompanying **GENERAL-PURPOSE FINANCIAL STATEMENTS** of the Union Parish School Board, Farmerville, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School Board's management. 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 the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the School Board as of June 30, 1999, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, we have also issued our report dated September 18, 1999, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the School Board taken as a whole. The accompanying **SUPPLEMENTAL INFORMATION**, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. 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 stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The year 2000 information on page 25 is not a required part of the basic financial statements but is supplementary information required by the **Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 99-1, Disclosures About Year 2000 Issues - an amendment of Technical Bulletin 98-1**. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the School Board is or will become year 2000 compliant, that the School Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the School Board does business are or will become year 2000 compliant.

Board Members
Union Parish School Board
Farmerville, Louisiana

Also, the accompanying OTHER INFORMATION, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the School Board. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 30, 1999

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

All Fund Types and Account Groups
Combined Balance Sheet
June 30, 1999

	*****GOVERNMENTAL FUNDS*****		
	GENERAL	SPECIAL	DEBT
	FUNDS	FUNDS	FUNDS
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 2,897,833	\$ 387,488	\$ 137,284
Investments	1,312	0	435,880
Receivables	55,241	792,848	15,284
Interfund receivable	418,216	94,058	0
Inventory	0	48,748	0
Fixed assets	0	0	0
Other debits:			
Amount available in debt service funds	0	0	0
Amount to be provided for payment of debt	0	0	0
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 3,373,592</u>	<u>\$ 1,223,184</u>	<u>\$ 628,346</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts, salaries and other payables	\$ 1,313,308	\$ 221,821	\$ 0
Interfund payable	968	480,518	0
Deposits due others	0	0	0
Capital reserves	0	33,433	0
Bonds payable	0	0	0
Leases payable	0	0	0
Compensated absences payable	0	0	0
Workers' compensation payable	0	0	0
Total Liabilities	<u>\$ 1,314,276</u>	<u>\$ 705,772</u>	<u>\$ 0</u>
Equity and other credits:			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Fund balances:			
Assigned:			
For inventory	0	18,325	0
Debt service	0	0	838,346
Unassigned:			
Designated	366,820	0	0
Unassigned	1,651,830	547,287	0
Total Equity and other credits	<u>\$ 1,658,650</u>	<u>\$ 565,612</u>	<u>\$ 628,346</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 3,072,926</u>	<u>\$ 1,271,384</u>	<u>\$ 628,346</u>

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

Statement A

****ACCOUNT GROUPS****

FEDERAL- AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL BALANCE/SUMMARY OWING
\$ 191,029 \$	\$ 0 \$	\$ 0 \$	3,001,504
0	0	0	678,312
0	0	0	894,566
0	0	0	491,488
0	0	0	48,748
0	18,200,843	0	18,200,843
0	0	628,248	628,248
0	0	1,072,070	1,072,070
<u>\$ 191,029 \$</u>	<u>18,200,843 \$</u>	<u>2,328,367 \$</u>	<u>23,849,548</u>
\$ 0 \$	\$ 0 \$	\$ 0 \$	1,440,897
0	0	0	491,488
191,029	0	0	191,029
0	0	0	23,423
0	0	1,000,000	1,000,000
0	0	51,844	51,844
0	0	940,853	940,853
<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0</u>
<u>\$ 191,029 \$</u>	<u>0 \$</u>	<u>2,328,367 \$</u>	<u>4,291,230</u>
\$ 0 \$	18,200,843 \$	\$ 0 \$	18,200,843
0	0	0	90,000
0	0	0	628,248
0	0	0	300,880
<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>2,100,880</u>
<u>0 \$</u>	<u>18,200,843 \$</u>	<u>0 \$</u>	<u>18,249,213</u>
<u>\$ 191,029 \$</u>	<u>18,200,843 \$</u>	<u>2,328,367 \$</u>	<u>22,549,545</u>

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

GOVERNMENTAL FUNDS
Condensed Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1999

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTAL BUDGETARY BALANCE
REVENUES				
Local sources:				
Taxes				
Ad valorem	\$ 548,861	\$ 82,782	\$ 472,365	\$ 1,003,908
Sales and use	0	1,443,822	0	1,443,822
Interest earnings	148,800	20,800	48,000	217,600
Food service	0	207,000	0	207,000
Other	55,400	27,450	0	112,850
State sources:				
Equitization	18,082,888	248,298	0	18,331,186
Other	257,102	585,428	0	842,530
Federal sources	8,000	2,428,000	71,000	2,438,000
Total revenues	\$ 11,888,132	\$ 5,485,788	\$ 523,365	\$ 17,897,285
EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 5,714,718	\$ 719,259	\$ 0	\$ 6,433,977
Special programs	895,176	895,579	0	1,790,755
Other instructional programs	910,880	823,820	0	1,734,700
Support services:				
Student services	389,841	54,855	0	444,696
Instructional staff support	552,836	552,836	0	1,105,672
General administration	550,807	113,706	18,248	682,761
School administration	888,888	82,271	0	971,159
Business services	71,418	27,266	0	98,684
Plant services	791,361	458,045	0	1,249,406
Student transportation services	1,508,524	98,478	0	1,607,002
Central services	32,822	8,187	0	41,009
Food services	52,454	1,045,108	0	1,097,562
Community service program	3,800	1,028	0	4,828
Facilities acquisition and construction	71,125	0	0	71,125
Debt service:				
Principal retirement	1,218	32,082	482,000	515,300
Interest and bond charges	1,278	2,584	184,472	188,334
Total expenditures	\$ 11,828,881	\$ 5,481,672	\$ 616,728	\$ 17,927,281
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 59,251	\$ 64,116	\$ 106,637	\$ 229,004

(CONTINUED)

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1999

Statement B

	<u>GENERAL</u>	<u>SPECIAL</u>	<u>DEBT</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>SERVICE</u>	<u>(RESERVED)</u>
	<u>FUND</u>	<u>FUNDS</u>	<u>FUND</u>	<u>ONLY</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 0	\$ (255,710)	\$ 0	\$ (255,710)
Operating transfers out	0	(255,000)	0	(255,710)
Sale of equipment	0	1,901	0	1,901
	<u>0</u>	<u>1,901</u>	<u>0</u>	<u>1,901</u>
Total other financing sources (uses)	\$ (2,842)	\$ 1,750	\$ 0	\$ 1,751
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 325,957	\$ 188,021	\$ (87,752)	\$ 426,226
FUND BALANCES AT BEGINNING OF YEAR	<u>1,551,850</u>	<u>574,873</u>	<u>718,358</u>	<u>2,845,081</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,877,807</u>	<u>\$ 662,894</u>	<u>\$ 630,606</u>	<u>\$ 3,171,307</u>

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

BRON PARISH SCHOOL BOARD
Bossierite, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2009

Statement 2

	*****GENERAL FUNDS*****		
	BUDGET	ACTUAL	VARIANCE (FAVORABLE/ UNFAVORABLE)
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 260,000	\$ 265,861	\$ (5,840)
Interest earnings	121,000	140,500	19,500
Other	83,000	83,490	(5,100)
State sources:			
Equalization	10,846,000	10,846,210	(210)
Other	280,818	284,846	4,028
Federal sources			
	0	0	0
Total revenues	\$ 11,840,818	\$ 11,855,707	\$ 14,889
EXPENDITURES			
Current			
Instruction:			
Regular programs	\$ 5,736,820	\$ 6,114,119	\$ 377,297
Special programs	1,880,849	890,138	990,711
Other instructional programs	549,761	613,668	63,907
Support services:			
Student services	361,700	388,040	26,340
Instructional staff support	876,880	860,898	15,982
General administration	204,741	218,607	13,866
School administration	670,790	668,668	2,122
Business services	73,817	71,418	2,399
Plant services	868,800	791,267	77,533
Student transportation services	1,448,644	1,386,504	62,140
Central services	62,000	41,368	20,632
Food services	67,000	62,464	4,536
Community service program	2,000	2,500	(500)
Facilities acquisition and construction	11,125	11,125	0
Debt service:			
Principal retirement	0	0	0
Interest and bond charges	0	0	0
Total expenditures	\$ 11,871,427	\$ 11,865,881	\$ 5,546

-CONTINUED-

BRON PARISH SCHOOL BOARD
 Ferrisville, Louisiana

GOVERNMENTAL FUNDS
 Combined Statement of Revenues, Expenditures, and Changes
 in Fund Balances - Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 1999

Statement C

	*****GENERAL FUND*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 29,349	\$ 305,218	\$ 275,869
OTHER FINANCING SOURCES (USES)			
Ceasing transfers out	\$ (78,000)	\$ (5,040)	\$ 4,360
Designation of fund balance	<u>28,000</u>	<u>(20,000)</u>	<u>8</u>
Total other financing sources (uses)	\$ 30,000	\$ (25,040)	\$ 4,368
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (784)	\$ 320,178	\$ 320,992
FUND BALANCES AT BEGINNING OF YEAR	<u>1,298,000</u>	<u>1,521,883</u>	<u>(223,883)</u>
FUND BALANCES AT END OF YEAR	\$ 1,297,216	\$ 1,842,061	\$ 544,845

WICH PARRISH SCHOOL BOARD
 Farmerville, Louisiana

GOVERNMENTAL FUNDS
 Condensed Statement of Revenues, Expenditures, and Changes
 in Fund Balances - Budget (Prior-GAAP Basis) and Actual
 For the Year Ended June 30, 1988

Statement C

	-----SPECIAL FUND(S)-----		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 26,700	\$ 22,792	\$(3,908)
Sales and use	1,450,800	1,058,158	392,642
Interest earnings	28,200	32,800	4,600
Food service	208,830	207,900	930
Other	26,000	27,481	1,481
State sources:			
Equalization	378,822	371,888	6,934
Other	541,500	588,408	46,908
Federal sources	2,474,308	2,389,583	84,725
Total revenues	\$ 3,235,212	\$ 3,441,083	\$ 205,871
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 683,038	\$ 749,250	\$(66,212)
Special programs	1,070,000	830,879	239,121
Other instructional programs	581,750	700,485	\$(118,735)
Support services:			
Student services	83,040	64,850	18,190
Instructional staff support	225,318	206,850	18,468
General administration	121,288	115,704	5,584
District administration	55,078	62,211	\$(7,133)
Business services	80,247	85,888	\$(5,641)
Food services	411,285	450,645	\$(39,360)
Student transportation services	80,780	98,478	\$(17,698)
Counsel services	9,880	5,157	4,723
Food services	1,850,488	1,682,878	167,610
Community service program	8,892	7,522	1,370
Total expenditures	\$ 5,820,876	\$ 6,428,730	\$(607,854)
(EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES)	\$ (3,585,664)	\$ 2,982,353	\$ 6,568,017

(CONTINUED)

UPON PARISH SCHOOL BOARD
Farmerville, Louisiana

GOVERNMENTAL FUNDS
Condensed Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-SAMP State) and Actual
For the Year Ended June 30, 1999

Statement C

	*****SPECIAL REVENUE*****		
	VARIANCE		
	FUNDABLE		
	BUDGET	ACTUAL	DIFFERENCE(\$)
	-----	-----	-----
OTHER FINANCING SOURCES (USES):			
Operating transfers in	\$ 248,800	\$ 258,718	\$ 9,918
Operating transfers out	(\$110,800)	(\$58,057)	(\$52,743)
Sale of equipment	0	1,937	1,937
	-----	-----	-----
Total other financing sources (uses)	\$ 138,000	\$ 102,598	\$ (35,402)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 800	\$ 48,158	\$ 48,858
FUND BALANCES AT BEGINNING OF YEAR	424,848	374,571	50,277
FUND BALANCES AT END OF YEAR	\$ 425,648	\$ 422,729	\$ 2,919

CONTINUED

IRION PARISH SCHOOL BOARD
Farmerville, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2009

Statement 5

	DEBT SERVICE		VARIANCE FAVORABLE UNFAVORABLE
	BUDGET	ACTUAL	
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 478,840	\$ 478,001	\$ (839)
Interest earnings	42,500	48,660	6,160
Federal sources - payment in lieu of taxes	15,800	13,928	(1,872)
Total revenues	\$ 537,140	\$ 539,589	\$ 2,449
EXPENDITURES			
Current:			
Support services:			
General administration	\$ 17,148	\$ 18,248	\$ 1,100
Debt service:			
Principal retirement	400,000	400,000	0
Interest and bank charges	192,102	184,472	7,630
Total expenditures	\$ 609,250	\$ 602,728	\$ 6,522
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (72,110)	\$ (63,139)	\$ (8,979)
FUND BALANCES AT BEGINNING OF YEAR	783,181	776,380	6,801
FUND BALANCES AT END OF YEAR	\$ 711,071	\$ 713,241	\$ (2,830)

(DOLLARS)

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

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

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**Union Parish School Board
Farmerville, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Union Parish School Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Union Parish School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 to provide public education for the children within Union Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government, consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of nine members who are elected from nine districts for terms of four years.

The School Board operates eleven schools within the parish with a total enrollment of approximately 3,700 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is financially independent of other state or local governments. As used in GASB Statement 14, financial independence means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and incur bonded debt. The School Board also has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

B. FUNDS AND ACCOUNT GROUPS

The accounts of the School Board are organized and reported on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in these funds.

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

Union Parish School Board
Farmerville, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

Governmental Funds

Governmental funds are used to account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund — the primary operating fund of the School Board. It accounts for all financial resources of the School Board, except those required to be accounted for in another fund.

Special revenue funds — account for revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

Debt service fund — accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds

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

Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

School activity agency fund — accounts for assets held by the School Board as an agent for the individual schools and school organizations.

Sales tax collection agency fund — accounts for monies collected on behalf of other taxing authorities within the parish.

Account Groups

The *general fixed assets group* is used to account for fixed assets not accounted for in proprietary or trust funds.

The *general long-term debt account group* is used to account for general long-term debt and contains other liabilities that are not specific liabilities of proprietary or trust funds.

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental Funds

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

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

Revenues

All income taxes and sales taxes are susceptible to accrual.

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

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

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees who elect to be paid over twelve months are accrued at June 30.

Other Financing Sources (Uses)

Transfers between funds that are not reported to be repaid (or any other type, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, or interest) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Agency Funds

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the School Board holds for others in an agency capacity.

D. BUDGETS

General Budget Policies

The School Board follows three procedures in establishing the budgetary data reflected in the combined financial statements:

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

The debt service fund's budget is approved by the Board even though not required by state.

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

Appropriations (unexpended budget balances) lapse at year end.

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

Encumbrances

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

Union Parish School Board
Bossierville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS (Continued)

Budget Basis of Accounting

All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP) except for a special-revenue fund that did not include on-benefit payments. Also, all debt service expenditures were reported separately for GAAP reporting purposes, but were reported in the appropriate functional category for budget purposes. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources (including fund balances) must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more, unless expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

E. CASH AND CASH EQUIVALENTS

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

Under state law, the School Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, except for investments in deferred compensation agency fund, which are reported at market.

F. INVESTMENTS

Investments are limited by LSA-R.S. 33:2955 and the School Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure in per GASB Statement No. 31.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operating, numerous transactions occur between individual funds for goods, privileges or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term inter-fund loans are classified as inter-fund receivables/payables.

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

II. INVENTORY AND PREPAID ITEMS

Inventories of the governmental fund type are recorded as expenditures at purchased except for inventory of the school food service fund.

Inventory of the school food service fund (special revenue fund) consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are valued at cost using the first-in, first-out (FIFO) method. The value of commodity inventory is the assigned value provided by the United States Department of Agriculture.

I. FIXED ASSETS

Fixed assets used in governmental fund types of the School Board are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Inland during construction is not capitalized on general fixed assets.

Fixed assets valued at estimated historical cost where no historical records exist were \$2,280,576 at year-end.

Public domain (infrastructure)/general fixed assets (e.g., roads, bridges, sidewalks and other assets that are inseparable and of value only to the government) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

J. COMPENSATED ABSENCES

All 12-month employees earn ten days of accumulated vacation leave each year. Upon separation of employment, all unused vacation leave is forfeited.

All 12-month employees earn from 12 to 15 days of sick leave each year, depending on their length of service with the School Board, and 9-month employees earn ten days of sick leave each year. Sick leave can be accumulated without limitation.

Upon retirement or death, unused accumulated sick leave of up to 15 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation at current service.

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES (Continued)

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

GAISS Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as liability as the benefits are earned by the employees if both of the following conditions are met:

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

GAISS Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Substantial leave benefits are recorded as expenditures in the period paid.

Only the current portion of the liability for compensated absences is reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is reported in the general long-term obligations account group.

K. LONG-TERM OBLIGATIONS

The School Board reports long-term debt of 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.

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

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1977

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. FUND EQUITY

Reserves

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

Designated Fund Balances

Designations of fund balance represent tentative management plans that are subject to change.

M. INTERFUND TRANSACTIONS

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonreversing or nonreciprocal permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as spending transfers.

N. SALES TAXES

The voters of Union Parish approved on May 19, 1975, a one percent sales tax to be collected within Union Parish. The tax is for an indefinite period of time. The proceeds from the tax are dedicated for salaries and retirement benefits for school teachers and other school employees and/or for maintaining and operating school buildings, facilities, and equipment. The costs of collecting and administering the tax are paid from the sales tax special revenue fund.

O. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the general-purpose financial statements are captioned as "Information Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in aggregation of this data.

P. USE OF ESTIMATES

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

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 1999:

Special revenue funds	Budget	Actual	Unfavorable Variance
Special fund	\$ 680,168	\$ 747,258	\$ 67,090
Sales tax	1,475,000	1,538,738	63,738
District A	332,080	349,900	17,820

Actual expenditures exceeded appropriations as a result of unanticipated expenditures occurring in the month of June after the last budget revision.

NOTE 3 - BUDGET/GAP RECONCILIATION

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget to Actual, to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances:

	General Fund	Special Revenues
Fund balances (budget)	\$ 1,816,828	\$ 412,671
Revenues:		
Local sources:		
Taxes:		
Sales and use	-	(78,944)
State sources:		
Deductions	(51,597)	(23,580)
Other	52,197	-
Federal sources:		
-	-	42,808
Expenditures:		
Instruction: special programs	-	(91,142)
Capital services	(8,488)	-
Fund services	-	32,778
Debt services:		
Principal retirement	3,216	(31,812)
Interest - bank charges	1,276	(3,694)
Other financing sources (uses):		
Other use	28,080	-
Fund balance designation	(30,800)	-
Fund balances (GAAP)	\$ 1,876,833	\$ 352,503

Union Parish School Board
Farmerville, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 3 - BUDGET/GAAP RECONCILIATION (Continued)

For the general fund, budget/GAAP reporting differences are a result of reclassification. The change for the year for workers' compensation and property insurance (board-designated) fund balance was classified as an "other financing use" for budget purposes, but reported as designated fund balance for GAAP purposes. All debt service expenditures were reported separately for GAAP reporting purposes, but were reported in the appropriate functional category for budget purposes. Also, on/balloon payments from another governmental entity, as well as, sales and use tax amounts were not reported for budget purposes.

NOTE 4 - LEVIED TAXES

The School Board levies taxes on real and business personal property located within Union Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Union Parish tax assessor and approved by the State of Louisiana Tax Commission.

The Union Parish sheriff's office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

Property Tax Calendar

Millage rates adopted	September 14, 1998
Levy date	October 14, 1998
Tax bills mailed	On or about November 15, 1998
Due date	December 31, 1998
lien date	January 1, 1999

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1996. Total assessed value was \$41,118,000 in calendar year 1998. Louisiana state law exempts the first \$15,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$12,992,100 of the assessed value in calendar year 1998.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, cases bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the Commission of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Union Parish School Board
Farmerville, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 4 - LEVIED TAXES (Continued)

All property taxes are recorded in the general, District A special revenue fund and debt service fund on the basis explained in Note 3. Revenues in both funds are recognized on the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. But unmeasured uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or just due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year-end.

The tax roll is not prepared by the parish tax assessor in November of each year; therefore, the amount of 1999 property taxes to be collected within the next year is not known. As a result, no property taxes receivable for 1999 taxes is included in the accompanying combined balance sheet.

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

	Authorized Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
Constitutional	5.60	3.42	Statutory
Maintenance	1.84	1.65	2000
Maintenance	3.18	2.80	2000
District taxes:			
Bond and interest	Variable	8.25	2002

NOTE 5 - CASH AND INVESTMENTS

As June 30, 1999, the School Board has cash and cash equivalents (bank balances) totaling \$2,323,534 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or collateral bank that is mutually acceptable to both parties.

At year-end, the School Board's carrying amount of deposits was \$2,799,836 and the bank balance was \$5,651,973. Of the bank balance, \$215,318 is covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GAAP Category 1). \$3,483,574 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GAAP Category 2). The remaining balance of \$113,081 is not secured by the pledge of securities and is a violation of state law.

**Union Parish School Board
Farmerville, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Even though the pledged securities are considered noncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 30:1219 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand.

Investments are categorized into three broad categories of credit risk:

1. Issued or registered, or securities held by the School Board or its agent in the School Board's name.
2. Unissued and unregistered, with securities held by the counter party's trust department or agent in the School Board's name.
3. Unissued and unregistered, with securities held by the counter party, or by its trust department or agent but not in the School Board's name.

At year end, the School Board investment balances were as follows:

Type of Investment	Category			Carrying Amount		Total Carrying Amount
	I	II	III	Fair Value	Amortized Cost	
Certificate of deposit	\$ -	\$475,000	\$ -	\$ -	\$ -	\$475,000
Cash held in state treasury	1,312	-----	---	---	---	1,312
Total	1,312	\$475,000	\$---			
Total Investments				\$---	\$---	\$476,312

NOTE 4 - RECEIVABLES

The receivables of \$664,563 at June 30, 1998, are as follows:

Class of Receivables	General Fund	Special Revenue Funds	Debt Service Fund	Total
Taxes:				
Ad valorem	\$43,071	\$ 3,217	\$16,264	\$ 62,552
Sales and use	-	174,344	-	174,344
Intergovernmental - grants:				
State	6,043	373,256	-	379,299
Other	3,522	41,513	---	45,035
Total	\$53,636	\$218,240	\$16,264	\$668,140

**Union Parish School Board
Farmerville, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999**

NOTE 1 - FIXED ASSETS

The changes in general fixed assets follow:

	Balance			Balance	
	July 1, 1998			June 30, 1999	
	\$	196,384	\$	\$	196,384
Land					
Buildings	9,343,987	18,000	-	-	9,361,987
Furniture and equipment	<u>5,437,021</u>	<u>455,382</u>	<u>(92,641)</u>	<u>-</u>	<u>5,804,728</u>
Total	<u>\$14,877,392</u>	<u>\$163,766</u>	<u>\$(92,641)</u>	<u>\$14,784,751</u>	

NOTE 2 - RETIREMENT SYSTEMS

Plan descriptions

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

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

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with ten years of service, or at any age with 30 years of service. The formula for annual maximum retirement benefit is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$240 applicable in previous biennial members prior to July 1, 1984).

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

Employees participating in the School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55 or after ten years of service at age 60. The maximum retirement allowance is computed at 1.5 percent times the highest sixty-six months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Union Parish School Board
Farmerville, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 8 - RETIREMENT SYSTEMS (Continued)

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

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 929-6444

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

Funding Policy

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

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

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 1999 are as follows:

	Employee	Employer
Louisiana Teachers' Retirement System:		
Regular	8.00%	16.50%
Plan A	9.10%	16.90%
Louisiana School Employees' Retirement System	6.25%	6.00%

**Union Parish School Board
Farmerville, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999**

NOTE 8 - RETIREMENT SYSTEMS (Continued)

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan A, and LSERS for the year ended June 30, 1999 amounted to \$8,492,858, \$81,281, and \$1,278,628 respectively. Employee contributions for the year ended June 30, 1999 and each of the two preceding years are as follows:

Fiscal Year Ending	TRS		LSERS	
	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution
		Paid		Paid
June 30, 1997	\$1,368,808	92.85	\$74,726	97.83
June 30, 1998	1,435,648	89.88	77,840	96.53
June 30, 1999	1,561,839	89.11	78,150	96.53

Annual actuarially required contributions for each plan above is based on the plan's annual financial report for that year except for the year ended June 30, 1999. Each annual actuarially required contribution for the year ended June 30, 1999 is based upon each plan's annual financial report for the year ended June 30, 1998 which is the latest information available.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

In accordance with state statute, the School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through the Louisiana Employees' Group Insurance Plan, whose monthly premiums are paid jointly by the employee and by the School Board. The cost of various benefits totaled \$501,581 for approximately 242 retirees.

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$1,642,977 at June 30, 1999, are as follows:

	General Fund	Special Revenue Funds	Total
Salaries	\$1,881,700	\$ -	\$1,881,700
Accounts	<u>111,692</u>	<u>650,685</u>	<u>762,377</u>
Total	<u>\$1,993,392</u>	<u>\$650,685</u>	<u>\$2,644,077</u>

Union Parish School Board
Farmersville, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 11 - COMPENSATED ABSENCES

As June 30, 1999, employees of the Union Parish School Board have accumulated and vested \$641,850 of employee leave benefits, which was computed in accordance with GASB-Confiration Section C60. Of this amount, \$640,893 is recorded within the general long-term debt account group.

NOTE 12 - AGENCY FUND DEPOSITS AND OTHERS

A summary of changes in agency fund deposits due others follows:

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
School activity accounts	\$195,780	\$ 563,788	\$ 768,540	\$191,028
Sales tax collection	-----	5,240,236	5,240,236	-----
Total	<u>\$195,780</u>	<u>\$5,804,024</u>	<u>\$6,008,776</u>	<u>\$191,028</u>

NOTE 13 - LEASES

The School Board records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of equipment under capital leases:

Type	Recorded Amount
Computer equipment - school food service	\$ 81,040
Computer software - school food service	89,813
Computer software - general	<u>30,295</u>
Total	<u>\$181,148</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 1999:

	Equipment
1999-2000	\$46,350
2000-2001	<u>8,424</u>
Total minimum lease payments	54,774
Less - amounts representing executory costs	-----
Net minimum lease payments	54,774
Less - amounts representing interest	<u>3,223</u>
Present value of net minimum lease payments	<u>\$51,551</u>

**Union Parish School Board
Farmersville, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999**

NOTE 14 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	Bonded Debt	Lease- Purchase Agreements	Compensated Absences	Workers' Compensation	Total
Balance, beginning of year	\$1,895,080	\$98,899	\$680,244	\$195,896	\$2,870,119
Additions	-	-	288,313	-	288,313
Deductions	<u>458,080</u>	<u>38,281</u>	<u>288,418</u>	<u>128,896</u>	<u>913,675</u>
Balance, end of year	<u>\$1,437,000</u>	<u>\$60,618</u>	<u>\$680,133</u>	<u>\$-</u>	<u>\$2,200,851</u>

The School Board bonded debt at June 30, 1999, is a 1995 issue general obligation bond with an interest rate of 4.97 percent. All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. As June 30, 1999, the School Board has accumulated \$628,348 in the debt service fund for future debt requirements. The bonds are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2000	\$ 310,000	\$ 79,700	\$ 389,700
2001	303,000	54,822	357,822
2002	<u>368,000</u>	<u>27,812</u>	<u>395,812</u>
Total	\$1,001,000	\$162,334	\$1,163,334

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from issuing long-term bonded debt in excess of 15 percent of the assessed value of taxable property. As June 30, 1999, the statutory limit is \$28,388,840, and outstanding bonded debt totals \$1,601,808.

Union Parish School Board
Farmersville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Interfund Receivable/Payable:

Receivable Fund	Payable Fund	Amount
General Fund	Title I	\$121,115
	Title VI	80
	Special education	18,200
	Special fund	271,997
	Sales tax	<u>2,526</u>
Subtotal		<u>413,518</u>
Child nutrition program District A	General	968
	Title I	<u>14,800</u>
Subtotal		<u>15,768</u>
Total		<u>\$431,486</u>

NOTE 16 - RESERVED AND DESIGNATED FUND BALANCES

Reservations:

Inventory: This amount represents the portion of fund balance relating to inventory on hand which is otherwise unavailable to be expended for other purposes.

Debt Service: This amount represents the portion of fund balance that has been reserved in the debt service fund for future payment of principal and interest on bonded debt.

Designations:

Designated for Contingency: This amount represents a portion of fund balance that has been designated to fund possible losses from self-insurance liability for workers' compensation and to cover the deductible for property insurance.

The School Board has designated portions of the fund balance of the general fund for self-insurance for workers' compensation and to cover the deductibles for property insurance. The following is an analysis of the changes in the designated fund balances for the year ended June 30, 1999:

	Property	Workers' Compensation	Total
Balance, beginning of year	\$121,000	\$120,000	\$241,000
Additions	10,000	10,000	20,000
Deductions	-----	-----	-----
Balance, end of year	<u>\$131,000</u>	<u>\$130,000</u>	<u>\$261,000</u>

**Union Parish School Board
Farmerville, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999**

NOTE 17 - INTERFUND TRANSFERS

Operating transfers for the year ended June 30, 1999, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,640
Special Revenue Funds:		
Special Fund	5,649	-
Sales Tax		190,967
District A	158,061	-
	<u>\$223,710</u>	<u>\$192,607</u>

NOTE 18 - RISK MANAGEMENT

The School Board participated in a risk management program for workers' compensation from 1997 through the year ended June 30, 1999. An excess coverage insurance policy covered individual claims in excess of \$200,000. Maximum retentions exposure for aggregate claims amounted to \$1,000,000.

Changes in the claims amount for years ending June 30, 1999, 1998 and 1997 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>Ending of Fiscal Year Liability</u>
1997	\$ 40,484	\$188,718	\$234,232	\$19,970
1998	197,998	167,427	(325,499)	179,926
1999	158,896	-	(318,896)	-

Effective as of the end of the business day on June 30, 1998, the School Board is no longer self-insured.

NOTE 19 - LITIGATION AND CLAIMS

Litigation

As June 30, 1999, the School Board is involved in a few matters involving litigation. It is the opinion of the legal advisor for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.

Grant Disallowances

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

Union Parish School Board
Farmerville, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 19 - LITIGATION AND CLAIMS (Continued)

Tax Arbitrage Refunds

Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense prior to the disbursement of the proceeds must be returned to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage refund liability at year end.

Year 2000 Compliance

The turn of the century will be an exciting time for many, but could turn into a disaster unless plans have been made concerning year 2000 compliance for many School Board's computer systems. The basic problem lies in the way most computer software, both operating systems and application programs, calculate dates. Most programs use two digits to represent the last two years of the Y2K data. Therefore the programs are conditioned to expect dates between the year 1970 and 1999. If data for the year 2000 are entered into these noncompliant programs, the programs will assume for year 2000 to be the year 1980. Many arithmetic calculations, such as due dates and interest calculations, will therefore be incorrect. The impact of this problem, if not corrected, could be that the entire computing system would cease to function. This would obviously cause tremendous problems in important areas such as accounts payable and payroll just to name a few.

School Board's management has been addressing this issue and doesn't expect this matter to have any significant disruption or material financial impact to the School Board.

NOTE 20 - DEFEASANCE OF DEBT

The School Board has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. On June 30, 1999, \$1,660,000 of bonds outstanding are considered defeased.

Union Parish School Board
Farmerville, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1999

NOTE 21 - ON-BEHALF PAYMENTS

On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 14 requires employer governments to recognize revenues and expenditures or expenses for those on-behalf payments.

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$20,715. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

The School Board is one member of the NLSBC LEARN consortium, comprised of eleven school boards. One of the other school boards serves as the fiscal agent and pays the bills for all the participating members in the consortium. The fiscal agent paid \$17,141 for computers, upgrades, computer equipment and services for the School Board. The amount has been recorded as School revenue and as expenditure in the special revenue fund titled special funds.

**Union Parish School Board
Farmerville, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION

**Union Parish School Board
Farmerville, Louisiana**

**Required Supplemental Information
June 30, 1999**

On March 29, 1999, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin (TB) 99-1, *Disclosure about Year 2000 Issues - an amendment of Technical Bulletin 89-1*. The amendment, among other things, provides that required Year 2000 disclosures may be reported as required supplementary information. The School Board reported the Year 2000 disclosures as required supplementary information.

Year 2000 Information

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations.

As of June 30, 1999, the School Board replaced the computer software in the business office. These systems are the financial reporting and payroll processing systems. The systems have been assessed by the vendor to be Year 2000 compliant to the best of their knowledge. On December 7, 1999, central office personnel went to a testing lab and ran bank software programs through a series of test data using the 2000 data. Each program operated fully and we experienced no problems with sample 2000 data.

The state of Louisiana distributes a substantial sum of money to the Board in the form of "foundation" and federal and state grant payments. The foundation payments are based on student and financial data collected from the School Board and its schools. As of June 30, 1999, the school activity accounting systems and educational statistical computers and software were replaced at each school. The systems have been assessed by the vendor to be Year 2000 compliant to the best of their knowledge. The state is responsible for remodeling their systems to be Year 2000 compliant.

As of June 30 1999, the business office had contracted with an outside vendor for the purchase and installation of Y2K patches for the system hardware. However, after the installation of the new Y2K software the processing time seemed too slow. The School Board opted to purchase a new 3-20 Mini-Tower. This is a fully integrated system that has a 500MHz Processor, 128MB SDRAM, with a 16160 Baud T Ethernet. The vendor has assured the Board that this system is fully Y2K compliant to the best of their knowledge.

All of our computer vendors have assured us that they have taken every measure to see that our systems are Year 2000 compliant. We have also been assured of assistance if any emergency should arise. A full system backup of all financial and statistical data will be performed before the close of business for 1999 to assure that full restoration is possible if any unforeseen Y2K problems do arise.

The Union Parish School Board collects and distributes all parish taxes. The sales tax program and hardware have also been updated to be Year 2000 compliant.

The Union Parish Sheriff's Office collects property taxes for distribution to the School Board. The sheriff's office is responsible for remodeling the property tax collection system to be Year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the School Board is or will be Year 2000-ready, that the School Board's remediation efforts will be successful in whole or in part, or that parties with whom the School Board does business will be Year 2000-ready.

**Union Parish School Board
Farmerville, Louisiana**

SUPPLEMENTAL INFORMATION

**Union Parish School Board
Farmerville, Louisiana**

SPECIAL REVENUE FUNDS

TITLE I

To improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Primarily for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

TITLE VI

To assist state and local educational agencies to improve elementary and secondary education.

Grants are awarded for students at risk of failure in school; instructional materials, school-wide improvements and effective school programs; training and professional development; early identification of children with reading disabilities; personal excellence of students and student achievement; and innovative enhancement projects in the educational program and climate of the school.

SPECIAL EDUCATION

PRESCHOOL GRANTS

To provide grants to states to assist them in providing a free appropriate public education to preschool disabled children aged three through five years.

STATE GRANTS

To provide grants to states to assist them in providing a free appropriate public education to all children with disabilities.

SPECIAL FUND

Accounts for various state and federal grants including the following programs:

- Various HUD State Grants
- Vocational Education
- Title II
- Job Training Partnership Act (JTPA)
- Adult Education
- K-3 Reading Initiative
- Classroom - Demand/Technology Grant

(Continued)

Union Parish School Board
Farmerville, Louisiana

SPECIAL REVENUE FUNDS

SALES TAX

The sales tax fund represents for a one percent sales tax used to pay salaries and retirement benefits for school teachers and other school employees and/or to maintain and operate school buildings, facilities, and equipment. The School Board is the centralized sales tax collection agency for all taxing authorities in the parish. As a result, the School Board receives a fee of one percent of collections for performing the duties of the collection agency. The costs of collecting and administering the tax are paid from the fund.

DISTRICT A

The District A fund accounts for the proceeds of an ad valorem tax dedicated for maintenance and upkeep of school facilities.

SCHOOL FOOD SERVICE

To assist through state grants and local donations in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

The Summer Food Service Program for Children provides nonprofit food service program for needy children during the summer months and at other approved times when area schools are closed for vacation.

(Continued)

UNION PARISH SCHOOL BOARD
Farmville, Louisiana

Special Revenue Funds
Combining Balance Sheet
June 30, 1998

	TITLE I	TITLE II	SPECIAL EDUCATION	SPECIAL FUND
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0
Prepaid items	180,482	5,130	21,001	411,000
Instalmt receivable	0	0	0	0
Inventory	0	0	0	0
Total Assets	\$ 180,482	\$ 5,130	\$ 21,001	\$ 411,000
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts, salaries and other payables	\$ 28,371	\$ 5,045	\$ 6,761	\$ 140,883
Instalmt payable	141,110	60	15,238	171,000
Deferred revenue	0	0	0	0
Total Liabilities	\$ 169,481	\$ 5,105	\$ 21,999	\$ 411,883
Fund Equity				
Fund Balances:				
Reserved for inventory	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved and unobligated	0	0	0	0
Total Equity	0	0	0	0
TOTAL LIABILITIES AND FUND EQUITY	\$ 169,481	\$ 5,105	\$ 21,999	\$ 411,883

EXHIBIT 1

	SALES TAX	DISTRICT A	SCHOOL FOOD SERVICES	TOTAL
\$	11,410 \$	200,404 \$	88,004 \$	281,898
	160,800	3,817	0	781,040
	0	14,000	0	14,000
	0	0	40,748	40,748
\$	100,360 \$	217,211 \$	100,310 \$	1,200,134
\$	0 \$	10,040 \$	37,360 \$	207,021
	3,000	0	0	400,000
	0	0	30,400	33,400
\$	3,000 \$	10,040 \$	70,800 \$	481,000
\$	0 \$	0 \$	18,000 \$	18,000
	100,814	207,211	80,360	647,282
	100,814	207,211	80,360	647,282
\$	100,360 \$	217,211 \$	100,310 \$	1,200,134

ERICK PARISH SCHOOL BOARD
Farmerville, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Charges in Fund Statements
For the Year Ended June 30, 1999

	TITLE I	TITLE VI	SPECIAL EDUCATION	SPECIAL FUND
REVENUES				
Local Sources:				
Taxes:				
Ad valorem	\$ 0	\$ 0	\$ 0	\$ 0
State and fed	0	0	0	0
Interest earnings	0	0	0	0
Fees/feinances	0	0	0	0
Other	0	0	0	0
State Sources:				
Unrestricted	0	0	0	0
Restricted	0	0	0	100,400
Federal sources	<u>862,200</u>	<u>18,908</u>	<u>210,742</u>	<u>200,800</u>
Total revenues	\$ 862,200	\$ 18,908	\$ 210,742	\$ 200,800
EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 0	\$ 0	\$ 0	\$ 0
Special Programs	687,765	0	170,800	20,904
Other instructional programs	0	0	0	158,940
Support services:				
Student services	0	0	0	27,200
Instructional staff support	100,070	18,940	21,200	0
General administration	24,587	500	5,000	0
School administration	0	0	0	0
Business services	87,012	0	2,500	0
Plant services	58,188	0	6,500	0
Student transportation services	0	0	182	0
Central services	0	0	0	0
Food services	0	0	0	0
Community action programs	1,020	0	0	0
DEBT SERVICE:				
Principal retirement	0	0	0	0
Interest and other charges	0	0	0	0
Total expenditures	\$ 862,200	\$ 18,908	\$ 210,742	\$ 200,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit B

SALAR TAX	DISTRICT A	SCHOOL FOOD SERVICES	TOTAL
\$ 0	\$ 82,793	\$ 0	\$ 82,793
1,642,632	0	0	1,642,632
17,076	6,274	6,710	29,990
0	0	297,868	297,868
27,457	0	0	27,457
0	25,275	322,865	548,139
0	0	0	548,139
0	2,382	1,108,738	1,489,981
\$ 1,659,638	\$ 128,484	\$ 1,738,432	\$ 3,526,548

\$ 718,258	\$ 0	\$ 0	\$ 718,258
188,888	0	0	308,678
87,477	0	0	393,628
87,792	0	0	54,995
58,584	0	0	208,888
81,821	3,218	0	178,784
82,371	0	0	82,371
2,048	0	0	81,588
51,588	333,883	0	488,048
98,377	0	0	98,678
687	4,820	0	5,187
123,488	0	1,721,845	1,845,188
0	0	0	1,520
0	0	30,080	33,082
0	0	3,824	3,584
\$ 1,482,215	\$ 340,993	\$ 1,758,417	\$ 3,482,825

\$ 482,044	\$ 211,324	\$ 28,088	\$ 721,456
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UNION PARISH SCHOOL BOARD
 Farmerville, Louisiana

SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 1999

	TITLE I	TITLE VI	SPECIAL EDUCATION	SPECIAL FUNDS	
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$	\$	\$	\$	\$548
Operating transfers out	\$	\$	\$	\$	\$
Sale of equipment	\$	\$	\$	\$	\$
Total other financing sources (uses)	\$	\$	\$	\$	\$548
(EXCESS (Deficiency)) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$	\$	\$	\$	\$
FUND BALANCES AT BEGINNING OF YEAR	\$	\$	\$	\$	\$
FUND BALANCES AT END OF YEAR	\$	\$	\$	\$	\$

Exhibit 3

SALES TAX	DISTRICT A	SCHOOL FOOD SERVICES	TOTAL
\$ 0.00 (298,087)	\$ 298,087.00 0	\$ 0.00 0	\$ 298,087.00 (298,087)
<u>0</u>	<u>0</u>	<u>1,761</u>	<u>1,761</u>
\$ (298,087)	\$ 298,087	\$ 1,761	\$ 1,761
\$ 174,877	\$ 81,938	\$ (24,894)	\$ 131,921
<u>14,837</u>	<u>288,233</u>	<u>30,401</u>	<u>314,471</u>
\$ 189,714	\$ 370,171	\$ 65,507	\$ 625,392

(CONCLUDED)

**Union Parish School Board
Farmerville, Louisiana**

AGENCY FUNDS

SCHOOL ACTIVITY FUND

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

SALES TAX COLLECTION FUND

The sales tax collection agency accounts for monies collected on behalf of the other taxing authorities in Union Parish. Upon receipt of sales tax monies and receipts, the School Board issues checks to other taxing authorities periodically throughout each month.

UNION PARISH SCHOOL BOARD
Bossierville, Louisiana

AGENCY FUNDS
Comparing Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 1999

Exhibit 2

	Balance, Beginning		Additions		Deductions		Balance, Ending	
*****SCHOOL ACTIVITY FUND*****								
ASSETS								
Cash and cash equivalents	\$	105,765	\$	105,765	\$	208,542	\$	191,028
LIABILITIES								
Deposits due others	\$	105,765	\$	105,765	\$	208,542	\$	191,028
*****SALES TAX COLLECTION FUND*****								
ASSETS								
Cash and cash equivalents	\$	0	\$	1,242,338	\$	1,242,338	\$	0
LIABILITIES								
Deposits due others	\$	0	\$	1,242,338	\$	1,242,338	\$	0
*****TOTAL*****								
ASSETS								
Cash and cash equivalents	\$	105,765	\$	1,348,103	\$	1,450,880	\$	191,028
LIABILITIES								
Deposits due others	\$	105,765	\$	1,348,103	\$	1,450,880	\$	191,028

IRON PARISH SCHOOL BOARD
Farmerville, Louisiana

SCHOOL ACTIVITY AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 1999

Exhibit A

SCHOOL	Balance, Beginning	Additions	Deductions	Balance, Ending
GERNICE HIGH	\$ 37,247	\$ 97,004	\$ 90,950	\$ 43,291
GOVENSVILLE HIGH	35,876	173,358	157,879	41,355
FARMERVILLE ELEMENTARY	22,897	83,558	88,325	28,130
FARMERVILLE HIGH	45,883	185,581	222,077	9,387
FARMERVILLE MIDDLE	51,427	124,418	118,811	57,034
ELLIS MIDDLE	3,419	88,588	84,168	6,839
LEWISVILLE HIGH	9,880	81,021	78,397	11,504
MARDON HIGH	1,275	95,053	94,105	2,223
ROCKY BRANCH ELEMENTARY	9,195	78,128	78,008	9,315
SPRINGVILLE HIGH	793	74,884	73,808	8,869
Total	<u>\$ 358,733</u>	<u>\$ 1,042,738</u>	<u>\$ 998,942</u>	<u>\$ 402,529</u>

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

SALES TAX COLLECTION AGENCY FUND -
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 1999

Exhibit B

DEPOSIT BALANCE AT BEGINNING OF YEAR	\$ _____ 0
ADDITIONS	
Sales tax collections	\$ 5,342,250
DEDUCTIONS	
Transfers to general fund - sales tax collection fee	\$ 29,540
Payments to:	
Union Parish Sheriff	639,287
Union Parish School Board	1,887,738
Union Parish Police Jury	1,959,469
Town of Farmerville	650,870
Town of Iberia	158,707
Town of Minon	208,807
Town of Justin City	11,499
Audit fee (sales tax vendors)	46,733
Other (refunds)	<u>88,811</u>
Total deductions	\$ 5,342,250
DEPOSIT BALANCE AT END OF YEAR	\$ _____ 0

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1999

Exhibit B

GENERAL

The schedule of compensation paid to the listed Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1999 Session of the Louisiana Legislature. Compensation of the listed Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:55, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$500 per month, and the president receives \$600 per month for performing the duties of this office.

MR. CLYDE HALE, PRESIDENT	3	6,000
MR. HOWARD ALLEN		6,000
MR. BOBBY K. DUPRE		3,000
MR. DOBBY GREEN		6,000
MS. MARCIA HUBBELL		3,000
MR. THOMAS HEAD		3,000
MR. MICHAEL HOLLEY		6,000
MR. ROBERT C. JAMES, JR.		6,000
MR. RONNIE JONES		6,000
MR. MARCUS WOOD SMITHLEY		6,000
MR. C. W. WHEELER		3,000
TOTAL		<u>60,000</u>

**Union Parish School Board
Farmersville, Louisiana**

**Other Report Required by
Government Auditing Standards**

The first report following this page is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or internal weaknesses.

**Other Report Required by
Office of Management and Budget (OMB) Circular No. A-133**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.

ALLEN, GREEN & COMPANY, LLP

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Meghan Mitrovan, CPA



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

Board Members
Union Parish School Board
Farmerville, Louisiana

We have audited the financial statements of the Union Parish School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 98-F1 and 99-F2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Board Member
Union Parish School Board
Farmerville, Louisiana

Management Letter Items

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the School Board in a separate letter dated September 30, 1999, included later in this report.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Green & Company, LLP
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 30, 1999

ALLEN, GREEN & COMPANY, LLP

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Harvey Williams, CPA



Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board Members
Union Parish School Board
Pattersonville, Louisiana

Compliance

We have audited the compliance of the Union Parish School Board with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular No. A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular No. A-133.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

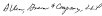
Boaz Henson
Union Parish School Board
Farmerville, Louisiana

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 18, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OIG Circular No. A-133 and is not a required part of the general-purpose financial statements. 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 stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 30, 1999

**Union Parish School Board
Farmersville, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999**

Exhibit 7

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-through Grantor No.	Expenditures
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
School Breakfast Program	18.553	NONE	\$ 377,818
National School Lunch Program	18.555	NONE	671,848
Summer Food Programs for Children	18.599	NONE	_____
Total United States Department of Agriculture			1,049,666
United States Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education - State Grant Program	84.082	98-AE-96-F	22,224
Title I Grants to Local Educational Agencies	84.030	98-185A-96-4	783,423
Title I Grants to Local Educational Agencies (Carryover)		98-185A-96-40-1	77,807
Special Education:			
Grants to States (Part B)	84.027	98-1B-96-5	154,328
Grants to States (Part B)		98-PT-96 EXE.	25,740
Grants to States (Part B)		98-PT-96 c/o	9,283
Preschool Grants	84.175	98-1P-96-3	11,342
Preschool Grants		98-PT-96 c/o	4,565
Preschool Grants		98-PT-96 EXE.	7,471
Vocational Education:			
State Grants to States	84.048	98-VI-96-20/BD	32,734
Innovative Education Program Strategies -			
Title VI (formerly Chapter 2)	84.298	98-1A5A-96-VI	19,588
Title II (Eisenhower Professional Development - State Grants)	84.281	98-1A5A-96-II	22,907
Title IV (Safe and Drug-Free Schools - State Grant)	84.185	98-1A5A-96-IV	22,383
Passed Through Franklin Parish School Board:			
Goals 2000			
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants - Louisiana LEARN for the 21st Century)	84.276	99-01-27-L	58,438
Passed Through Northeast Louisiana University:			
School to Work	84.024	NONE	_____
Total United States Department of Education			1,373,148

(Continued)

**Union Parish School Board
Farmerville, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999**

Exhibit 7

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-through Grantor No.	Expenditures
CASH FEDERAL AWARDS			
United States Department of Labor Passed Through the Community Action of Farmerville, Louisiana: Job Training Partnership Act (JTPA)	17.150	99-0970-C07640	2,25,622
Other Cash Federal Awards Passed Through the Farmerville Housing Authority: Payment in Lieu of Taxes	34.126	NONE	21,261
TOTAL CASH FEDERAL AWARDS			2,46,883
NONCASH FEDERAL AWARDS			
United States Department of Agriculture Passed Through Louisiana Department of Agriculture and Forestry: Food Distribution (Commodities)	10.550	NONE	84,090
TOTAL FEDERAL AWARDS			\$3,30,973
			(Continued)

**Union Parish School Board
Farmersville, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Union Parish School Board (the "School Board"), Farmersville, Louisiana. The School Board reporting entity is defined in Note 1 to the School Board's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

Federal awards expenditures are reported in the School Board's general-purpose financial statements as follows:

	<u>Federal Sources</u>
General Fund	\$ 9,084
Special revenue funds:	
Title I	863,170
Title VI	18,588
Special education fund	312,712
Special fund	200,529
District A	2,182
School food service	<u>1,189,238</u>
Subtotal	2,466,591
Debt service fund	<u>11,092</u>
 Total	 <u>\$2,473,800</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 - MATCHING REVENUES

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

NOTE 6 - NONCASH PROGRAMS

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

Union Parish School Board
Farmerville, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1999

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

The reportable conditions disclosed were not considered material weaknesses as defined by the Government Auditing Standards.

- iii. There was no instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section 5.10(a).
- vii. The major federal program is:

CFDA #94.010 Title I Grants to Local Education Agencies
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 5.20(b) was \$200,000.
- ix. The auditor qualifies as a low-risk auditor under OMB Circular No. A-133, Section 5.10.

Union Parish School Board
Farmerville, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1999

PART II - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference and title: 95-F1 Louisiana Local Government Budget Act

Criteria or specific requirement: LSA-R.S. 95:1110 requires the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Condition: The School Board had two funds to exceed their budgets by more than five percent at June 30, 1999.

Focus procedure for judging the prevalence and consequences: The two funds which exceeded their budgeted expenditures by more than five percent are as follows:

	Budget	Actual	Difference
Special fund	\$680,000	\$797,210	\$63,090
District A	323,883	340,997	18,500

The School Board has a total of ten funds for which budgets are adopted.

Exhibit asserted effect (cause and effect):

Cause: Actual expenditures for the last month of the year exceeded anticipated amount which resulted in actual expenditures exceeding budgeted expenditures for the year.

Effect: The School Board is not in compliance with LSA-R.S. 95:1110.

Recommendations to prevent future occurrences: The School Board should take steps to ensure all fund budgets are monitored more closely and that budget amendments are made when necessary.

**Union Parish School Board
Farmerville, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1998**

PART II - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and Title: 98-02 Inventory of Fixed Assets

Criteria or specific requirement: In accordance with R. S. 24:115(D), the head of every office subject to audit shall maintain records of all land, buildings, improvements other than buildings, equipment and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable.

The lack of a fixed asset listing is a weak internal control situation.

Condition found: The School Board's fixed assets listing is in the process of being updated, but it is not complete. The listing does not include an accurate date of purchase or cost for many items. Until the School Board's listing is complete, the School Board will have inadequate control over fixed assets.

An inventory has been taken for each school and for the central office. The School Board is in the process of updating acquisition dates and costs from historical records available. For items for which historical data is not available, estimates will have to be made.

Proper perspective for judging the prevalence and seriousness: The School Board has made a great effort to compile a complete and current list of fixed assets. The School Board has created a new position which is responsible for fixed assets and has made significant progress towards having a complete listing of fixed assets. The inventories have been completed for each site and acquisition dates and costs are currently being researched.

Possible asserted effect (cause and effect):

Cause: For prior years, no one person was in charge of accounting for fixed assets.

Effect: The School Board has not had a complete fixed asset listing to provide good internal control.

Recommendations to prevent future occurrence: The School Board should continue their effort in completing a fixed asset listing including description, tag number, date of purchase, number of items, location and cost. These records should be updated at least quarterly, and an annual physical inventory should be taken.

**Union Parish School Board
Farmerville, Louisiana**

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. A-133. This information has been prepared by the management of the Union Parish School Board. Management accepts full responsibility, as required by OMB Circular No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular No. A-133 Section 500(c), and accordingly, no opinion is expressed. Section 500(d) requires the auditor to follow-up on prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the auditors, and report, as a current-year audit finding when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit finding.

Also, included at the end of this section is a management letter.

Union Parish School Board
Farmerville, Louisiana

Summary Schedule of Prior Audit Findings
June 30, 1999

Reference # and title: 28-21 School Activity Fund

Finding initially reported: Fiscal year ended June 30, 1998.

Condition: Testing of receipts of student activity by Eastat Marion High School revealed that no receipts were being issued for monies received. The following conditions were found in testing disbursements:

1. Seven disbursements showed no evidence of receipt of goods or services.
2. Three disbursemental invoice amounts did not agree to the disbursement amount.
3. Ten disbursement charges were not supported by proper documentation.
4. Four disbursement invoice dates were not current when compared to the date of the disbursements.
5. Seven disbursement accounting distributions were not consistent or correctly posted.
6. One disbursement charge did not appear to be necessary.

Corrective action taken: Principals and school secretaries were instructed to issue receipts for monies collected. They were also instructed to maintain proper documentation for disbursements made. These items are reviewed internally by each school each year.

Reference # and title: 28-22 Inventory of Fixed Assets

Finding initially reported: Fiscal year ended June 30, 1996.

Condition: The School Board's fixed assets listing is in the process of being updated, but it is not complete. The listing does not include date of purchase for many items which does not allow a complete listing of additions and deletions to be printed. All school inventories have been updated manually, but have not been added to the fixed asset listing, the central office inventory however, is not current. Until the School Board's listing is complete, the School Board will have inadequate control over fixed assets.

Corrective action planned: The School Board continues to support its effort in completing the detailed listing of fixed assets. A new position was opened which assumed responsibility for fixed asset recordkeeping. A complete inventory has been taken for each school for the central office. We are currently updating the fixed asset listing for acquisition dates and costs from historical records. The Superintendent and Business Manager will continue to monitor this undertaking, and plan to have a complete listing by the year 2000.

**Union Parish School Board
Farmerville, Louisiana**

**Corrective Action Plan for Current-Year Findings and Questioned Cost
As of and for the Year Ended June 30, 1999**

Reference # and title: **99-01** **Louisiana Local Government Budget Act**

Condition: The School Board had two funds to exceed their budgets by more than five percent at June 30, 1999.

Corrective action planned: The School Board has a total of ten funds for which budgets are adopted. Budgets are continually monitored and are revised in the spring of each year, or when needed. The District A fund is the Board's maintenance account. Many buildings are old and in need of repairs. Late in the fiscal year, when schools are closed for summer, repairs are being made. These repairs are difficult to budget, as a small repair job can sometimes turn into a major repair at a higher cost. The Special Fund consists of many different grants and awards which are managed by different supervisors. Steps will be taken to provide the accounting office with better communication from the grant director as to the amounts and the time frame that the grants will be used. Management will monitor budgets more closely and adjust as needed.

Person responsible for corrective action:

Ms. Donna Crawford, Business Manager
Union Parish School Board
P. O. Box 308
Farmerville, Louisiana 71243-0308

Telephone: (337) 368-0713
Fax: (318) 368-3311

Anticipated completion date: June 30, 2000.

Reference # and title: **99-02** **Inventory of Fixed Assets**

Condition: The School Board's fixed assets listing is in the process of being updated, but it is not complete. The listing does not include date of purchase for many items which does not allow a complete listing of additions and deletions to be printed. All school inventories have been updated manually, but have not been added to the fixed asset listing, the central office inventory however, is not current. Until the School Board's listing is complete, the School Board will have inadequate control over fixed assets.

Corrective action planned: The School Board continues to support its effort in completing the detailed listing of fixed assets. A new position was opened which assumed responsibility for fixed asset recordkeeping. A complete inventory has been taken for each school for the central office. We are currently updating the fixed asset listing for acquisition dates and costs from historical records. The Superintendent and Business Manager will continue to monitor this undertaking and plans to have a complete listing by the year 2000.

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Ernest L. Allen, CPA
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(504) 885-6620

Tom Green, CPA

Multiple Memberships, CPA



Management Letter

Board Members
Union Parish School Board
Farmerville, Louisiana

In planning and performing our audit of the general-purpose financial statements of the Union Parish School Board, Farmerville, Louisiana for the year ended June 30, 1999, we considered the School Board's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted certain matters involving internal control and other operating matters that are presented for your consideration. This letter does not affect our report dated September 18, 1999, on the financial statements of the School Board. We will review the status of these comments during our next audit engagement. Our comments and recommendations which have been discussed with management are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Management's responses have also been included. We have performed no audit work to verify the content of the responses.

99-M1 Group Insurance Allocation

Comment: The School Board is manually allocating group insurance expenditures. Analytical review performed in the current year identified an instance of one account being overcharged while another was undercharged. Through further research it was noted that allocation percentages are not updated to account for employee transfers on a regular basis.

In the past year, the School Board purchased accounting software which is capable of allocating these expenses automatically.

Recommendation: The School Board should utilize accounting software available which would allocate these amounts automatically through payroll to ensure greater accuracy.

Management's response: The business office will contact the software vendor and research the feasibility of purchasing additional software.

99.012 Student Activity Fund Receipts

Comment: One school was visited in the current year. During the visit an overall review of Student Activity Fund Policies and Procedures was performed as well as testing of receipts, disbursements, and bank reconciliations.

One of the two months of receipts tested did not have adequate documentation of receipts. Neither of the months tested had adequate documentation to trace receipts from initial receipt to deposit.

Recommendation: The School Board should take steps to ensure individual schools are maintaining adequate documentation to trace receipts from initial receipt by an employee to deposit.

Management's response: Principals and school secretaries will be instructed to issue a receipt for each deposit. They will also be instructed to maintain detail of deposits made. This item will be checked when internal review is performed in March 2000.

99.013 Bonded Employees

Comment: Fidelity bond coverage for employees currently covers the Superintendent, the Board president, and several key employees for \$20,000 each. All other employees are covered in a blanket bond for \$10,000 each.

This coverage is low considering the related risk involved. Other school boards have found it beneficial to have coverage for key employees in amounts up to \$200,000.

Recommendation: The School Board should increase their bond coverage of key employees.

Management's response: Management has already increased key-employee bonds to \$200,000. The blanket bond has been increased to \$100,000 for all remaining employees.

99.014 Impact of GASB Statement No. 34

Comment: The Governmental Accounting Standards Board (GASB), which determines the standards of financial reporting for governmental entities, recently released Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB's new reporting model will be mandatory for Louisiana School Boards for filing the fiscal year ending June 30, 2002 or 2003. The amount of the School Board's revenues and other financing sources for the year ended June 30, 1999 will be the criteria for determining the year of required implementation. School Boards with annual revenues and other financing sources exceeding \$100,000,000 will be required to implement for the year ending June 30, 2002. They will allow smaller school districts an additional year. They allow earlier implementation.

This new reporting model will dramatically change several aspects of the financial reporting for the School Board. These major changes are a part of this new model. First, the new reporting model will include the current set of financial statements with modifications and will add a new set of financial statements. The new set will be on the economic resources measurement basis and the full accrual basis of accounting, the same as exist today in the commercial environment. Aiken, Dixon & Company believes, at this early stage, that the prudent approach is for the School Board to continue its current budget or modified accrual methodology for its books. Side adjustments will be made at year-end to convert the financial statements to the full accrual accounting method.

Board Members
Union Parish School Board
Bossierite, Louisiana

The single change that will probably pose the most challenge to the School Board may be accounting for general capital assets. Under the new reporting model, general capital assets will be accounted for in virtually the same manner as commercial entities. Assets will be capitalized, depreciated, and shown consolidated on the new Statement of Net Assets with the funds, rather than displayed separately in the fund assets account group. The changes required by GASB Statement No. 34 will obviously require the School Board to place a greater emphasis on accounting for fixed assets than is required by the current model.

Another addition to the annual financial report will be the Management's Discussion and Analysis (MD&A). This document, which will be several pages in length, will be a narrative explanation of the major financial events/changes during the fiscal year, what caused the events/changes, and project what the events/changes' effects will be on future years. It will also give the reader insight on management's decisions underlying the budget.

Recommendation: Several important issues need to be addressed before setting up the new reporting model.

Since the fixed assets will require depreciation, the fixed assets listing will need to be current and comprehensive. We encourage the current listing be evaluated to decide if efforts are necessary to bring it up to date, both in content and accuracy. An evaluation of the fixed asset software will be necessary to decide if the system can provide a comprehensive listing in a usable format for depreciating assets. The software system should have fields for useful lives, salvage value, depreciation methods and fund assignments. The system should be capable of calculating depreciations and printing reports for assets' depreciation and accumulated depreciation by asset, by fund for each year. The system must also be able to roll-forward information each year.

The School Board should start now to implement the changes. A longer implementation period will allow more time for testing and remediation of the new depreciation system and the other elements of the new model. An early start will spread the cost over a longer period, thereby smoothing the impact to cash flow. Hopefully, the longer implementation period will partially reduce the anxiety.

The School Board should evaluate the need for possible changes to the current basis of accounting and should be cognizant that the new reporting model will provide the reader with more information than is currently being provided.

Management's response: Management will contact the software vendor and research their plans to include depreciation in our accounting system.

Included immediately following this letter is a Status of Prior Management Letter Item. This information has not been audited by Allen, Gross & Company, LLP, and no opinion is expressed. However, we did follow up on prior management letter items and performed procedures to assess the reasonableness of the Status of Prior Management Letter Items prepared by the addressee, and we would report, as a current-year management letter item when Allen, Gross & Company, LLP, concludes that the Status of Prior Management Letter Items materially misrepresents the status of any prior management letter item.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

Board Member
Union Parish School Board
Farmerville, Louisiana

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 30, 1999

Union Parish School Board
Farmerville, Louisiana

Summary Schedule of Prior Management Letter Items
June 30, 1998

Finding reference # and title: 98-01 **Declaring a State of Emergency**

Condition: Public Bid Law LSA-R.S. 38:2211-38:2213 requires all public emergencies to be published within ten days of declaration. A declaration of public emergency was not certified within ten days of declaration. This was the only state of emergency declared for the year ended June 30, 1998.

Management action taken: No public emergencies were declared for the year ended June 30, 1998.