

Management's Response - Management will present to the Finance Committee a written plan for monitoring the school activity internal control structure. The written plan will include evidence of compliance or corrective action to be taken and the results presented to the Finance Committee. A meeting was held with all Principals concerning the findings contained within the agreed-upon procedures audit. Changes in procedures have been made to conform to the policy manual.

III. PURCHASING PROCEDURES

Objective - A clearly written policies and procedures manual should be maintained and complied with.

Condition - A written purchasing policy was adopted on June 21, 1993; however, some of the wording is somewhat ambiguous and/or confusing. In addition, I noted during the audit several minor instances of non-compliance.

Auditor's Recommendation - Management should review the existing purchasing policy and recommend whatever changes are needed. Management should also monitor the purchasing internal control structure to determine that it is operating as intended, and that it is modified as appropriate for changes in conditions.

Prior-year Finding - The prior year audit also reported internal control weaknesses in purchasing procedures. These weaknesses have partially been corrected.

Management's Response - Management will review and recommend changes to the Purchasing Policy. Also included will be a review of the internal control structure to ensure it is operating as intended and changes made where necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I consider the above matters involving the internal control structure and its operation to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of the City of Englewood School Board for the year ended June 30, 1996.

Auditor's Recommendation - Internal control would be strengthened if management would prescribe the format of the income statement to be used by High School and Junior High, and take the necessary steps to insure that all school activities comply with the reporting requirements of the School Activity Policy Manual.

Management's Response - Management will develop a monthly income statement to be used by High School and Junior High (to include booster or support organizations). Monthly reporting will be required from all school activity accounts to remain affiliated with the School District.

II. AUDIT OF SCHOOL ACTIVITY FUNDS

Criteria - In February, 1996 a CPA firm was engaged to perform an agreed upon procedures audit of the School Activities Funds at nine school sites for the calendar year ending December 31, 1995. The audit report was delivered to the School Board on May 20, 1996, which stated, among other things, that:

- a. Most of the schools did not use the purchase order system and expenditures were not properly documented as required by the Policy Manual.
- b. Most of the schools did not properly document receipts, and deposits were not made daily as required by the Policy Manual.
- c. The gross profit margins on concession sales at two schools were significantly lower than expected, but the auditors were unable to determine why.
- d. There was a theft of approximately \$5,000 of ticket sales for a football game on October 31, 1995. The theft had previously been reported to the 1995 fiscal and compliance audit of the School System, and was investigated.

Condition - Management of the City of Rogaland School Board is responsible for establishing and maintaining an internal control structure. A comprehensive School Activity Policy Manual had been adopted by the School Board to strengthen internal control, but compliance was not properly monitored by management.

Auditor's Recommendation - To properly maintain an internal control structure it should be monitored by management to determine that it is operating as intended, and that it is modified as appropriate for changes in conditions. I recommend that management present to the Finance Committee a written plan for monitoring the school activity internal control structure.

Prior-year Findings - The prior year audit also reported internal control weaknesses in School Activities. Those weaknesses have partially been corrected.

In planning and performing my audit of the general-purpose financial statements of the City of Bogalusa School Board for the year ended June 30, 1990, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

1. REPORTING BY SCHOOL ACTIVITY FUNDS

Criteria - The School Board, as the governing body of all public school activities within its jurisdiction, has a responsibility for the supervision and control of funds generated by individual schools, particularly since a school is without authority to receive funds, incur obligations, or disburse funds except under the authority granted by the Board.

Condition - The School Activity Policy Manual requires each school to submit the following reports to the Business Office on a monthly basis:

1. Income Statement * * (Exhibit 1)
2. Miscellaneous Expenses (Exhibit 2)
3. Lease Payments (Exhibit 3)
4. Ticket reconciliation (Exhibit 4)
5. Bank statement reconciliation (Exhibit 5)

* * Income statements for Bogalusa Junior High School and Bogalusa High School may vary from the format of Exhibit 1.

Bogalusa High School submits a balance sheet, and a list of checks written and the amount of total deposits. None of the above five required reports are submitted to the business office.

In addition, Band Boosters' Club, Quarterback Club, and Lumberjack Diamond Club do not submit any monthly reports to the Business Office.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL AS PART OF AN AUDIT OF THE
GENERAL PURPOSE FINANCIAL STATEMENTS

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1998, and have issued my report thereon dated December 3, 1998, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

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

CITY OF BOSSHARTE SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

Management plans to eliminate the deficit through a combination of additional revenue and a reduction in certain expenditures.

15. LITIGATION

At June 30, 1996, the School Board was a defendant in several lawsuits arising principally from the normal course of operations. The ultimate resolution of these lawsuits would not materially affect the financial statements in the estimation of the legal advisor of the School Board. He has also advised that provisions of the Louisiana Constitution do not permit a person holding a judgment against the School Board to levy or collect that judgment against any assets of the School Board in a judicial fashion.

16. EXPENDITURES - ACTUAL AND BUDGET

In the following individual funds, actual expenditures exceeded budgeted expenditures for the year ended June 30, 1996.

	<u>Expenditures</u>		<u>Unfavorable</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Regular programs	\$ 5,175,386	\$ 5,333,890	\$ (158,504)
General administration	2,652,903	2,825,091	(172,188)
Business services	862,664	864,971	(2,307)
Plant services	963,482	1,071,096	(107,614)
Student transportation services	545,511	567,119	(21,608)
Special Revenue Funds:			
Food services	479,289	479,486	(197)
Debt Service Fund:			
Interest	74,165	88,768	(14,603)

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

School Board's employee contribution is funded by the State of Louisiana through annual appropriations. Benefits granted by the retirement systems are guaranteed by the State of Louisiana under provision of the Louisiana Constitution of 1974. For the year ended June 30, 1996, the current-year payroll of the School Board totaled \$ 10,668,046. The employer contributions and total current-year payroll of covered employees for the year ended June 30, 1996 follow:

	Louisiana Teachers Retirement System		Louisiana School Employees Retirement System	Total
	Plan A	Regular		
Employer contribution	\$ 34,822	\$ 1,388,385	\$ 50,874	\$ 1,474,081
Total covered current- year payroll	\$ 211,046	\$ 8,413,971	\$ 847,903	\$ 9,472,918

Position disclosures regarding actuarial funding and ten-year historical trend information required by the Governmental Accounting Standards Board is presented in the audit report of each retirement system.

13. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The City of Bogalusa 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 State Employees Group Benefits Program whose monthly premiums are paid jointly by the employee and by a state appropriation of the School Board. The School Board recognizes the cost of providing these benefits (the board's portion of premiums) as an expenditure when the premiums are due. The cost of retiree benefits totaled \$ 409,349 for 1996.

14. FUND DEFICIT

The following individual fund had a deficit unreserved-designated fund balance at June 30, 1996:

School Lunch Fund \$ 68,462

CITY OF BOZALOU SCHOOL BOARD

Bozoula, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

Property Tax Calendar

Assessment date	January 1
Levy date	Not later than June 15
Total taxes are due	November 15
Penalties and interest are added	December 31
Lien date	January 1
Tax sale - delinquent property	About June 1

The following is a summary of levied ad valorem taxes for the year ended June 30, 1990:

Bozoula School Board taxes:	Levied \$/acre	Expiration Date
Constitutional	6.43	Indef.
Operations	6.43	2003
Construction, operation, and maintenance	5.02	2002
Operations	3.11	1998
Special Leeway Maintenance	3.36	1998
Operations (2 $\frac{1}{2}$ mill)	22.00	1998

11. RETIREMENT SYSTEMS

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and handicapped workers are members of the Louisiana Teachers Retirement System (LTRS); 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 systems, with employee benefits vesting after 10 years of service.

Benefits of the systems are funded by employee and employer contributions. The contribution rates (as a percent of covered salaries) are established by state law as follows:

	Employee	Employer
Louisiana Teachers Retirement System - Plan A	6.10%	16.3%
Louisiana Teachers Retirement System - Regular	8.00%	16.3%
Louisiana School Employees Retirement System	6.35%	8.9%

The School Board's employer contribution for the Teachers Retirement System, 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, all of the

CITY OF BOGALUSA SCHOOL BOARD
 Bogalusa, Louisiana
 Note to the General-Purpose Financial Statements (Continued)

10. RESERVATION AND DESIGNATIONS OF FUND BALANCES

The following reservations and designations exist for various funds:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
<u>Air Conditioning Auditorium</u> - This reserve represents donations from the public dedicated to air conditioning the Bogalusa High School Auditorium.	\$ 717		
<u>Inventory</u> - This reserve represents the portion of fund balance recovered in the Special Revenue fund for inventory. It is reserved which indicates that the balance does not constitute available expendable resources even though inventory is a component of net current assets.		\$ 28,243	
<u>Debt Service</u> - This reserve 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.			\$ 42,544
<u>Sales Tax Supplement</u> - This designation was established when the School Board voted to retain \$30,000 to cover supplemental salary expenditures should receipts decline below anticipated disbursements.	27,826		

11. PROPERTY TAXES

The School Board levies taxes on real and business personal property located within Ward 4 of Washington Parish. Property taxes are levied by the School Board on property values assessed by the Washington Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Washington Parish Sheriff's Office bills and collects property taxes for the School Board.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
ALL-GOVERNMENTAL FUND TYPES

Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1996

	General Fund		Special Revenue Fund		Debt Service Fund	
	Actual	Number Funds Affected	Actual	Number Funds Affected	Actual	Number Funds Affected
Revenues (including expenses and other financing sources not reportable as other revenue)	\$ 218,049	8	\$ 10,793	8	\$ 1,049	8
Expenditures (including depreciation)	218,118	8	1,028	8	8,731	8
Fund Balance (beginning of year)	1,111,543	8	1,111,543	8	1,111,543	8

(Continued)
The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

7. SALARIES AND OTHER PAYABLES

The payables at June 30, 1996, are as follows:

	General Fund	Special Revenue Funds	Total
Salaries	\$ 524,945	\$ 81,576	\$ 606,521
Withholdings	283,530	18,700	302,230
Employer's portion of retirement payable	140,764	6,579	147,343
Total	\$ 949,239	\$ 106,855	\$ 1,056,094

8. CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 1996:

	Balance June 30, 1995	Additions	Retirements	Balance June 30, 1996
Certificates of indebtedness payable	\$ 1,415,800	\$	\$ 321,800	\$ 1,094,000
Capital leases payable	26,421	5,736	8,092	24,065
Compensated absences payable	302,233	43,278	—	345,511
Total	\$ 1,744,454	\$ 48,914	\$ 330,892	\$ 1,462,476

During the fiscal year ended June 30, 1996, the School Board issued \$ 694,000 of Certificates of Indebtedness. The proceeds of the certificates were limited to capital improvements. The certificates are secured by a pledge and dedication of the avails of the 25 mill special tax approved by the voters on April 29, 1985. The certificates bear interest at 7.75%. \$ 275,000 remained outstanding on June 30, 1996.

During the fiscal year ended June 30, 1996, the School Board issued \$ 1,075,000 of Certificates of Indebtedness. The proceeds of the certificates were deposited in the General Fund for the purpose of eliminating the deficit. The certificates are also secured by a pledge and dedication of the avails of the 25 mill special tax. The certificates bear interest between 7.125% and 6.497%. \$290,000 remained outstanding on June 30, 1996.

Condition - At June 30, 1996 the School Lunch Fund had an unreserved-undesignated deficit of \$69,463.

Auditor's Recommendation - Management should monitor revenues and control expenditures to avoid deficits.

Exist-year Finality - The audit report for June 30, 1996 also reflected a deficit in the School Lunch Fund of \$22,324.

Management's Response - The adopted budget for the 1996-97 fiscal year eliminates this deficit through a combination of revenue enhancements and expenditure reductions. This situation will be monitored during the year and adjustments made as necessary.

I considered this instance of noncompliance in forming my opinion on whether the City of Bogalusa School Board's 1996 general-purpose financial statements are presented fairly, in all material respects, in conformity with generally-accepted accounting principles, and this report does not affect my report dated December 3, 1996 on those general-purpose financial statements.

This report is intended for the members of the Bogalusa School Board, management, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 3, 1996

CITY OF BOSSALISA SCHOOL BOARD
Bozeman, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

5. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 1996 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 717,986	\$ 4,932
Special revenue funds:		
Laneway Maintenance		277,193
School Lunch		145,670
Special Education		125,446
Education Consolidation and Improvement Act - Title I		159,070
Home Instruction Program for Preschool Youngsters (HIPPY)		12,732
Education for Economic Security Act - Title II		1,829
Debt Service	<u>4,932</u>	<u> </u>
Total	<u>\$ 722,898</u>	<u>\$ 722,898</u>

6. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Land	\$ 225,426	\$	\$	\$ 225,426
Buildings	8,660,565		64,371	8,684,934
Improvements other than buildings	860,044			860,044
Furniture and equipment	<u>2,477,968</u>	<u>433,463</u>	<u>142,537</u>	<u>2,885,665</u>
Total	<u>\$ 12,233,899</u>	<u>\$ 433,463</u>	<u>\$ 206,908</u>	<u>\$ 12,480,359</u>

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

\$1,051,184 in deposits (collected bank balances). These deposits are secured from risk by \$207,512 of federal deposit insurance and \$1,463,342 of pledged securities held by the custodial bank in the name of the fiscal agent bank. The deposits in the fiscal agent bank are considered collateralized (Category 3) by GASB Statement 3.

3. RECEIVABLES

The receivables at June 30, 1996, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes:			
Ad valorem	\$ 1,331	\$	\$ 1,331
Sales and use	309,091		309,091
Grants:			
Federal	215,408	215,214	430,642
State	32,721	41,735	74,456
Other	<u>5,136</u>	<u> </u>	<u>5,136</u>
Total	<u>\$ 563,627</u>	<u>\$ 256,982</u>	<u>\$ 820,646</u>

4. INVESTMENTS

At June 30, 1996 the School Board holds investments totaling \$39,283, as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
U. S. Treasury Bills	\$ 35,683	\$ 35,683
Certificates of Deposit	<u>3,600</u>	<u>3,600</u>
Total	<u>\$ 39,283</u>	<u>\$ 39,283</u>

The investments are in the name of the School Board and are held in the trust department of a custodial bank. Because the investments are in the name of the School Board and are held by the School Board or its agent, the investments are considered insured (Category 1), in applying the credit risk of GASB Codification Section 190.164.

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General Purpose Financial Statements (Continued)

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

M. SALES AND USE TAX

On September 10, 1965, the voters of Washington Parish approved (for an indefinite period) a one percent sales and use tax. The proceeds of the tax are allocated on the basis of 55 percent to the City of Bogalusa School Board and 45 percent to the Washington Parish School Board. The sales and use tax is collected and remitted to the School Board by an independent collecting agent for a monthly fee. The proceeds of the sales tax are dedicated for salaries of teachers and/or for the general operations of the schools. All of the funds generated are distributed to employees twice a year, except for \$50,000 which the School Board voted to retain. These salary payments are included in business services expenditures in these financial statements.

O. TOTAL COLUMNS OF COMBINED STATEMENTS

Total columns of the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1. CASH AND CASH EQUIVALENTS

At June 30, 1996, the School Board has cash and cash equivalents (book balances) totaling \$736,293, as follows:

Party cash	\$ 200
Demand deposits	267,068
Interest-bearing demand deposits	<u>469,025</u>
Total	<u>\$ 736,293</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or collateral bank that is mutually acceptable to both parties. At June 30, 1996, the School Board has

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Note to the General-Purpose Financial Statements (Continued)

is paid to employees or their heirs at the employer's current rate of pay. Under the Louisiana Teachers Retirement System, the total unused accumulated sick leave, including the 25 days paid, is used in the retirement benefit computation as earned service. Under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

Sabbatical leave may be granted for rest and recuperation and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave benefits are recorded as expenditures in the period paid.

The cost of leave privileges, computed in accordance with GASB Codification Section 680, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

K. LONG-TERM DEBT

Long-term debt expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term debt are recognized in the governmental funds when due.

L. FUND EQUITY

Reserve - Use of the term "reserve" in describing governmental fund "Fund Balance" indicates that a portion of the fund balance is not available to appropriate for expenditure or is legally segregated for a specific future use.

Designated - Use of the term "designated" in describing governmental fund "Fund Balance" indicates that a portion of the fund balance has been segregated to indicate tentative plans for future resource use.

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.

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

these 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, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City of Bogalusa 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.

II. INVENTORY

Inventory of the School Lunch Fund consists of kitchen supplies and 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 revenue when received; however, all inventory is recorded as an expenditure when consumed. All inventory items purchased are valued at cost and commodities are assigned values based on information provided by the United States Department of Agriculture.

1. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are capitalized. No depreciation has been provided on general fixed assets.

Prior to June 30, 1989 the School Board did not maintain records of its fixed assets. The Board decided to make a concerted effort to identify and inventory their fixed assets that were on hand at June 30, 1989. The costs assigned to the fixed assets consisted of estimated costs and actual costs. The estimated costs were arrived at by the various personnel responsible for the assets such as principals, teachers and department heads. Also, a significant portion of the building costs were estimated by a local architect using an engineering cost index. Approximately 46 percent of fixed assets were valued at actual cost, while the remaining 54 percent were valued at estimated cost.

3. COMPENSATED ABSENCES

All 12-month employees earn 10 days of vacation leave each year, which can be accumulated up to 25 days at the end of each fiscal year.

Most School Board employees earn 10 days of sick leave each year, which can be accumulated without limitation. Upon retirement or death, unused sick leave of up to 25 days

CITY OF BOGALUSA SCHOOL BOARD
Regulais, Louisiana
Note to the General Purpose Financial Statements (Continued)

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or their heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

Principal and interest of general long-term debt are recognized when due.

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

E. BUDGETS

The proposed budgets for the General Fund and the special revenue funds for the fiscal year beginning July 1, 1995, and ending June 30, 1996, were made available for public inspection and comments from taxpayers at the School Board's office on June 12, 1995. The budget, which included proposed expenditures and the means of financing them, was published in the official journal 18 days prior to the public hearing. The budget was adopted on August 21, 1995.

The budget is prepared on the modified accrual basis of accounting. All appropriations lapse at year end. The Superintendent and/or the administrators of the separate funds are hereby authorized to make changes within those funds as necessary, except that said changes may not exceed five percent of the revenues or expenditures in any fund. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded, is not employed by the School Board, and encumbrances outstanding at year end are not reported.

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, certificates of deposit, and money market accounts. Cash equivalents include amounts in time deposits and

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

1. School Activity Agency Fund -- accounts for assets held by the School Board as an agent for the individual schools and school organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Federal and state grants are recorded when the reimbursable expenditures have been incurred.

All valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest on checking accounts is recorded monthly when the interest is available.

Sales and use tax revenues are recorded in the month collected by merchants.

Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned. Teachers' salaries are earned over a 9-month period, but are paid over a 12-month period.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

C. FUND ACCOUNTING

The School Board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

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

Governmental Funds

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

1. **General fund** -- the general operating fund of the School Board. The general fund accounts for all financial resources, except those required to be accounted for in other funds.
2. **Special revenue funds** -- account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. **Debt service fund** -- accounts for transactions relating to resources retained and used for the payment of principal and interest on these long-term obligations recorded in the general long-term debt account group.

Fiduciary Funds

Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School Board. Fiduciary funds include:

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1996

INTRODUCTION

The City of Bogalusa School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 for the purpose of providing public education for the children within Ward 4 of Washington 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 seven members who are elected from seven districts for terms of four years.

The School Board operates 10 schools within the city with a total enrollment of approximately 2,510 pupils. In conjunction with the regular education 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the City of Bogalusa 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.

B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the School Board has a separately elected governing body and is legally separate and fiscally independent, the School Board is a separate governmental reporting entity. The School Board includes all funds, account groups, activities, or centers, that are within the oversight responsibility of the School Board.

Certain units of local government over which the School Board exercises no oversight responsibility, such as the parish police jury and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the City of Bogalusa School Board.

CITY OF BOGALUSA SCHOOL BOARD

Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

During the fiscal year ended June 30, 1995, the School Board issued \$ 400,000 of Certificates of Indebtedness. The proceeds of the certificates were used to purchase a building for school board offices. The certificates are also secured by a pledge and dedication of the assets of the 20 mill tax. The certificates bear interest between 5.5% and 6%; \$ 300,000 remained outstanding on June 30, 1996.

The three issues of Certificates of Indebtedness listed above are due as follows:

Year Ending <u>June 30</u>	Principal <u>Payments</u>	Interest <u>Payments</u>	<u>Total</u>
1997	\$ 342,000	\$ 71,345	\$ 413,345
1998	382,000	49,484	431,484
1999	<u>182,000</u>	<u>25,803</u>	<u>207,803</u>
Total	<u>\$ 1,004,000</u>	<u>\$ 146,632</u>	<u>\$ 1,150,632</u>

9. LEASES

The School Board is obligated under certain leases for copying equipment accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. The following is a schedule of future minimum lease payments as of June 30, 1996:

Year ending <u>June 30</u>	
97	\$ 13,890
98	12,260
99	9,664
2000	<u>3,822</u>
	Minimum lease payments for capital leases 39,636
	Less: amount representing interest (5,318)
	amount representing maintenance <u>(11,260)</u>
	Present value of minimum lease payments \$ 17,058

purpose financial statements explain that I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1994, since I was engaged as auditor after that date. In my opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary to adjust the Food Distribution Grant from the United States Department of Agriculture stated at \$75,328, had I been able to observe the taking of the School Lunch Fund inventory at June 30, 1994, the Schedule of Federal Financial Assistance is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.



Certified Public Accountant

Nogales, Louisiana
December 3, 1996

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT - CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1996, and have issued my report thereon dated December 3, 1996, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1996.

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

With respect to the items tested, the results of those procedures disclosed no material instances of non-compliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the City of Bogalusa School Board had not complied, in all material respects, with those requirements.

I conducted my audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-128, *Audit of State and Local Governments*. These standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Bogalusa School Board's compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the City of Bogalusa School Board complied, in all material respects, with the above listed requirements that are applicable to each of its major Federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the members of the Bogalusa School Board, management, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 1, 1996

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED-GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1996, and have issued my report thereon dated December 3, 1996, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1996.

I have also audited the City of Bogalusa School Board's compliance with the requirements governing:

1. Types of services allowed or unallowed
2. Eligibility
3. Matching, level of effort, and/or cost-sharing requirements
4. Special reporting requirements
5. Special tests and provisions

that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance for the year ended June 30, 1996. The management of the City of Bogalusa School Board is responsible for the City of Bogalusa School Board's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the City of Bogalusa School Board had not complied, in all material respects, with those requirements.

This report is intended for the information of the City of Bogalusa School Board, management, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 9, 1996

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED-GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1996, and have issued my report thereon dated December 1, 1996, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1996.

I have applied procedures to test the City of Bogalusa School Board's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996.

General requirements:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

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

During the year ended June 30, 1996, the City of Bogalusa School Board expended 39 percent of its total federal financial assistance under major federal financial assistance programs.

I performed tests of controls, as required by COMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs of the City of Bogalusa School Board, which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

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

This report is intended for the members of the Bogalusa City School Board, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 3, 1996

internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general-purpose financial statements in a separate report dated December 3, 1996.

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

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

General Requirements

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable cost/charge principles
- Administrative requirements

Specific Requirements

- Types of services allowed or unallowed
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Cost allocation
- Special requirements, if any

Claims for Advances and Reimbursements

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

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1996, and have issued my report thereon dated December 3, 1996, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1996. I have also audited the compliance of the City of Bogalusa School Board with requirements applicable to major federal financial assistance programs and have issued my report thereon dated December 3, 1996.

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

In planning and performing my audit for the year ended June 30, 1996, I considered the internal control structure of the City of Bogalusa School Board in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements of the City of Bogalusa School Board, and on the compliance of the City of Bogalusa School Board with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of

This report is intended for the members of the Bogalusa School Board, management, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 3, 1996

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Schedule of Federal Financial Assistance
For the Year Ended June 30, 1990

<u>FEDERAL GRANTOR, PASS-THROUGH GRANTOR PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
UNITED STATES DEPARTMENT OF AGRICULTURE		
Passed through Louisiana Department of Agriculture and Forestry:		
Food Distribution	10.150	\$ 75,558
Passed through Louisiana Department of Education:		
School Breakfast Program	10.151	287,970
National School Lunch	10.153 *	<u>624,262</u>
Total United States Department of Agriculture		997,808
UNITED STATES DEPARTMENT OF EDUCATION		
Passed through Louisiana Department of Education:		
Adult Education - State Administered Basic Grant	84.002	7,984
Educationally Deprived Children-Title I	84.010*	961,470
Handicapped State Grant	84.027	125,120
Vocational Education:		
Basic Grant to States	84.045	59,000
Consumer and Homemaking Education	84.049	1,307
Federal, State, and Local Partnership for Educational Improvement (Title VI of ESEA)	84.101	21,813
Elementary Professional Development (Title II)	84.281	17,483
Safe and Drug-Free Schools Grant	84.186	21,283
Pre-School Flow-Through	84.173	45,074
Even Start	84.218C	179,013
Goals 2000	84.246A-D	<u>582,591</u>
Total United States Department of Education		1,996,547

(Continued)

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AS PART OF AN AUDIT OF THE GENERAL-PURPOSE FINANCIAL STATEMENTS

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board, as of and for the year ended June 30, 1996, and have issued my report thereon dated December 3, 1996, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of my tests disclosed the following instance of noncompliance that is required to be reported herein under Government Auditing Standards:

L. SCHOOL LUNCH DEFICIT

Critic's - R.S. 38:1310 (C) states that:

"The adopted budget and any duly authorized amendments required by this section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the year."

*AUDIT REPORTS REQUIRED BY
SINGLE AUDIT ACT*

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
SCHOOL ACTIVITY AGENCY FUND

Schedule of Changes in School Account Balances
For the Year Ended June 30, 1996

School	Balance July 1, 1995	Additions	Deductions	Balance June 30, 1996
Bogalusa High - Activity	\$ 15,915	\$ 138,467	\$ 136,463	\$ 14,919
Bogalusa High - General	10,419	112,129	118,948	3,600
Bogalusa High - Athletics	(5,483)	63,889	59,057	(6,651)
Bogalusa High - Band Boosters' Club	7,912	16,932	19,074	5,770
Bogalusa High - Quarterback Club	3,275	7,585	7,035	3,825
Bogalusa High - Lumberjack Diamond Club	1,988	10,318	10,100	1,706
Bogalusa Jr. High	13,087	69,693	61,316	21,464
Byrd Avenue Elementary	1,738	31,834	45,600	7,972
Columbia Street Elementary	4,526	42,857	39,919	8,264
Debarbours Elementary	4,762	48,987	50,325	3,424
Long Avenue Elementary	2,508	48,284	41,608	1,184
Phelan Hill Elementary	16,383	38,853	37,689	17,547
Superior Avenue Elementary	14,212	25,688	30,618	13,282
Terrace Elementary	5,819	32,802	34,388	2,673
	<u>\$ 85,861</u>	<u>\$ 700,356</u>	<u>\$ 689,898</u>	<u>\$ 104,317</u>

See accompanying auditor's report.

FIDUCIARY FUND

School Activity Fund - The School Activity Agency Fund accounts for monies generated by the schools and organizations within the schools of the City of Hogansaw. While these 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.

CITY OF BOCA RATON SCHOOL BOARD
Boca Raton, Louisiana
SPECIAL REVENUE FUNDS

**Combining Statement of Revenue, Expenditures,
and Changes in Fund Balance**
For the Year Ended June 30, 1996

Expenditures	Leverage Maintenance	School Lease	Education Consolidation and Improvement Act		Education For Economic Security Act	These Activities For Provided Transports	Total
			Table 1	Table 2			
\$	\$	\$	\$	\$	\$	\$	\$
Special programs	390,479	88,752	134,008	472	503	5,349	529,461
Support services		80,440	540,000	2,341	4,076	114,418	1,327,265
Plant services		479,406				67,289	479,406
General administration							
Food services							
Instruction support			5,511			1,582	8,093
Community services							
Total expenditures	266,618	1,348,035	680,479	3,183	17,483	167,148	2,033,816
Excess (deficiency) of revenue over expenditures	4,464	(11,979)	--	--	--	--	(17,514)
Fund balance (deficit), beginning	1,283	732	--	--	--	--	1,015
Fund balance (deficit), ending	\$ 1,382	\$ (11,247)	\$ --	\$ --	\$ --	\$ --	\$ (10,865)

(Continued)
See accompanying auditor's report.

CITY OF BOSSALUSA SCHOOL BOARD
Region, Louisiana
SPECIAL REVENUE FUNDS

**Comparing Statement of Revenue, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1965**

	Taxes Admitted	School Lease	Education Construction and Improvement Act		Education For Economic Security Act (Title I)	Special Education	Hans Instructors For Preschool Youthcare (HSPTC)	Total
			204-1	204-2				
Revenue								
Local income	\$ 242,187	\$	\$	\$	\$	\$	\$	\$ 242,187
Ad valorem taxes	3,169							4,497
Interest		1,128						20,329
Student loan payments		28,824						31,312
Adult health payments		23,132						8,129
Reading teacher payments		8,129						1,701
Adult teacher payments		1,701						675
Other		975						16,128
Room sales		16,128						191,219
State program		180,210						183,288
Expenses								
Other	55,678						107,680	
Public services:								
Social (Y)		50,000						80,660
Business (Y)		250,112						281,212
Foodline (Y)		227,375						287,370
Foodline (Y)			27,273	479	214	2,148		52,212
Unemployment (Y)			954,897	21,218	16,979	187,796		1,160,296
Business (Y)								78,652
Other (Y)								
Total revenue	370,251	1,119,665	661,425	31,813	17,481	191,168	107,680	1,922,384

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
SPECIAL REVENUE FUNDS

Comparing Balance Sheet
June 30, 1995

	Levy Maintenance	Bond Lease	Education Construction and Improvement Aid	Education		New Initiatives For Preschool Youngsters (NETED)	Total
				For Economic Security Aid	Special Education		
Cash and cash equivalents	\$ 283,000	\$ 111,684	\$ 59	\$ 53	\$ 76,790	\$	\$ 466,078
Receivables	2		262,862	2,093	80,287	6,179	349,869
Inventory		33,143					33,143
Total assets	\$ 283,002	\$ 144,827	\$ 262,921	\$ 2,146	\$ 157,077	\$ 6,179	\$ 611,680

LIABILITIES AND FUND EQUITY

	Liabilities	Fund Equity	Total	Total	Total	Total	Total
Accounts payable	\$ 69,414	\$ 5,377	\$ 74	\$	\$ 24,894	\$	\$ 100,722
Salaries and other payables	117,258	96,177	1,429	1,413			197,117
Due to other funds		130,075		130,075	12,211		117,568
Total liabilities	186,672	291,452	1,503	151,052	17,105	17,105	305,680
Fund equity—fund balances (deficit)		24,243					24,243
Reserve for inventory	5,897	(59,462)					(53,565)
Unreserved-unassigned	8,892	(26,219)					(17,327)
Total fund equity							6,916
Total liabilities and fund equity	\$ 194,564	\$ 165,283	\$ 1,503	\$ 151,052	\$ 17,105	\$ 17,105	\$ 312,696

See accompanying auditor's report.

SPECIAL REVENUE FUNDS

- Leeway Maintenance Fund** - Accounts for the receipt and disbursement of a 1.36 mill ad valorem tax. The proceeds are dedicated as a special tax leeway for maintenance.
- School Lunch Fund** - A program that provides nourishing meals to students in all grades. This program is supplemented by both federal and state funds that are based on reimbursement and participation.
- Title I of the Education Consolidation and Improvement Act (ECIA)** - A program designed to meet the educational needs of students at risk of failure in school and of dropping out.
- Title VI of the Education Consolidation and Improvement Act (ECIA)** - A program by which the federal government provides programs and projects to meet the educational needs of students at risk of failure in school and of dropping out, and which will enhance the general education climate of the schools.
- Title II of the Education for Economic Security Act (EESA)** - Authorizes federal funding to improve the quality of instruction and to improve in-service training of teachers and other appropriate school personnel in the field of mathematics and science.
- Special Education Fund** - Federal and state programs which provide a free, appropriate, publicly supported education to every exceptional child in a least restrictive environment. Services are provided through various programs: IDEA-B, Preschool, Child Search, 92-313 Grant, Extended School Year, Non-Competitive Grant 93, and Homebound.
- Home Instruction Program for Preschool Youngsters (HIPHY)** - HIPHY is a two-year program in which parents participate with their 3 or 4 year old child in pre-school activities at home to stress the importance of a parent's role in a child's transition from preschool to kindergarten.

SUPPLEMENTAL INFORMATION

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1996

J. L. Bickham	\$ 8,800
Richard E. Bonds	8,800
Elmer Crod	8,800
Wilson R. Dunaway	8,800
Joel C. Foster	8,800
Gayle Jenkins	8,800
Raymond E. Mirra	<u>8,800</u>
	<u>\$ 61,600</u>

See accompanying auditor's report.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Schedule of Federal Financial Assistance
For the Year Ended June 30, 1990

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME	CFDA NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF LABOR		
Passed through Tangipahoa Parish School Board		
Job Training Partnership Act	17.150	<u>15,000</u>
Total United States Department of Labor		15,000
UNITED STATES DEPARTMENT OF THE ARMY		
Junior Reserve Officers Training Corp		<u>70,000</u>
Total United States Department of the Army		<u>70,000</u>
Total Federal Financial Assistance		<u>\$ 1,682,100</u>

■ A major federal financial assistance program as defined by OMB Circular A-128

(Continued)

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
GOVERNMENTAL FUNDS

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 1998

	General Fund	Special Revenue Funds	Debt Service Fund	Total (Monomembers Only)
Expenditures (Costs):				
Student transportation services	\$ 567,119	\$ 479,486	\$	\$ 1,046,605
Food services		479,486		479,486
Debt service:				
Principal			311,080	311,080
Interest			88,798	88,798
Total expenditures	<u>1,134,293</u>	<u>1,358,658</u>	<u>409,798</u>	<u>2,902,749</u>
Excess (deficiency) of revenues over expenditures	7,048	(10,404)	(408,383)	(411,689)
Other financing sources (uses):				
Capital lease financing	5,736			5,736
Operating transfers in (out)	(418,185)		418,185	
Total other financing sources (uses)	<u>(412,449)</u>		<u>418,185</u>	<u>(4,713)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(405,401)	(10,404)	1,802	(414,003)
Fund balances (deficit), beginning	405,668	2,824	48,742	457,234
Fund balances (deficit), ending	<u>\$ 4,267</u>	<u>\$ (17,580)</u>	<u>\$ 50,544</u>	<u>\$ 37,231</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
 Bogalusa, Louisiana
GOVERNMENTAL FUNDS

**Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances**
For the Year Ended June 30, 1995

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total (Miscellaneous Only)</u>
Revenues:				
Local sources:				
Taxes				
Ad valorem	\$ 1,248,244	\$ 242,197	\$	\$ 1,588,441
Sales and use	1,732,532			1,732,532
Interest earnings	2,795	-4,487	1,468	8,353
Food services		100,997		100,997
Other	74,549	12,183		86,732
State sources:				
Reparations	8,756,873	155,239		8,912,112
Other	781,488	163,368		944,856
Federal sources:				
Unassigned/indirect cost recoveries	28,352	33,752		62,104
Federal grants-in-aid	583,936	2,082,498		2,666,434
Other-commodities		29,678		29,678
Total revenues	<u>13,321,820</u>	<u>2,921,884</u>	<u>1,468</u>	<u>16,145,172</u>
Expenditures:				
Instruction:				
Regular programs	5,331,038			5,331,038
Special programs	1,438,466	346,710		1,785,176
Adult and continuing education programs	179,129			179,129
Support services:				
Student services	302,385			302,385
Instructional staff support	383,487	62,309		445,796
General administration	2,835,081	1,367,648		4,202,729
School administration	604,049			604,049
Business services	866,971			866,971
Plant services	1,071,096	519,441		1,590,537
Community services		9,074		9,074

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1994

	CONTINGENT LIABILITIES			PREPARED BY CONTRACT			ACCOUNTS RECEIVABLE			Total (Overhead/Under)
	General Fund	Special Revenue Funds	MMF	Special Revenue Funds	MMF	MMF	General Fund	Special Revenue Funds	MMF	
ASSETS										
Current and other receivables	14,477	98,479	1,487	1,487	1,487	1				104,954
Accounts receivable	54,077	50,000								104,077
Due from other funds			31,000							31,000
Inventory	71,794		4,811							76,605
Prepaid items		14,203							14,203	14,203
Interest receivable (school account fund interest to be remitted to retirement - Payment Suspense Fund)								11,496,079	42,144	11,538,223
Total receivables and other assets	140,348	162,682	37,287	37,287	162,682	1		11,496,079	42,144	12,381,804
LIABILITIES AND EQUITIES										
Accounts payable	87,641	81,222		81,222	81,222					168,863
Salaries and other payables	1,148,109	987,217		987,217	987,217					2,135,326
Due to other funds	100	97,944								98,044
Payables to other						963,137				963,137
Capital lease payables										1,000,000
Compensated absence payables										14,000
Prepaid interest payables										58,000
Total liabilities	1,235,850	1,166,383		968,439	968,439				1,003,167	3,075,089
Equity and other assets								11,496,079		11,496,079
Investment in general fund assets		717								717
Fixed fund assets (net)		14,203		14,203	14,203					28,406
Inventory										76,605
Prepaid		63,600								63,600
Unexpended		11,480		11,480	11,480					22,960
Unexpended		11,480		11,480	11,480					22,960
Total equity and other assets	1,235,850	1,166,383		37,287	37,287			11,496,079		12,982,603
Total liabilities, equity and other assets	1,235,850	1,166,383		968,439	968,439			11,496,079		12,982,603

The accompanying notes are an integral part of this statement.

In accordance with Government Auditing Standards, I have also issued a report dated December 3, 1996 on my consideration of the City of Bogalusa School Board's internal control structure and a report dated December 3, 1996 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Bogalusa School Board. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, except for the School Lunch Fund limitations stated above, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.



Certified Public Accountant

Bogalusa, Louisiana
December 3, 1996

**INDEPENDENT AUDITORS REPORT ON
GENERAL-PURPOSE FINANCIAL STATEMENTS**

**City of Bogalusa School Board
Bogalusa, Louisiana**

I have audited the accompanying general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1996, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Bogalusa School Board's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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

I did not observe the taking of the School Lunch Fund inventory at June 30, 1996, stated at \$28,243 in Special Revenue Funds, since I was engaged as auditor after that date. I was unable to satisfy myself about inventory quantities by means of other auditing procedures.

In my opinion, except for the effects of such adjustment, if any, as might be determined to be necessary had I been able to observe the School Lunch Fund inventory as of June 30, 1996, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bogalusa School Board as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

***AUDIT REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS***

CITY OF MOGULUSH SCHOOL BOARD
Budgetary Estimates
June 30, 1998

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CITY OF BOSSALUSA SCHOOL BOARD
 Bogalusa, Louisiana
 June 30, 1999

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CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

*General-Purpose Financial Statements,
Supplemental Information and Independent Auditor's Reports*

Year Ended June 30, 1996

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

Release Date: **JAN 08 1997**

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

This report is intended for the members of the Bogalusa School Board, management, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 3, 1996

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

City of Bogalusa School Board
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the City of Bogalusa School Board as of and for the year ended June 30, 1996, and have issued my report thereon dated December 3, 1996, which was qualified because I was unable to observe the taking of the School Lunch Fund inventory at June 30, 1996. These general-purpose financial statements are the responsibility of the City of Bogalusa School Board's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the City of Bogalusa School Board taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Except as described in the following sentence, such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements. The third paragraph of my report on the general-

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
ALL GOVERNMENTAL FUNDS TYPES

Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1996

	General Fund		Special Revenue Funds		Debt Proceeds Fund	
	Actual	Amend.	Actual	Amend.	Actual	Amend.
Revenues:						
Local revenues						
Tax	\$ 1,055,150	\$ 1,144,064	\$ 24,016	\$ 40,117	\$	\$
Admission	1,000,000	1,010,000				
Gifts and contributions	1,000	1,000	1,100	4,401		
Interest earnings			18,000	80,000		
Fund activity			11,000	17,000	1,000	1,000
Other	44,000	44,000				
Total revenues	2,500,150	2,616,064	54,116	141,518	1,000	1,000
Expenditures	2,750,000	2,710,000				
Other	160,000	110,000				
Total expenditures	2,910,000	2,820,000				
Fund balance	590,150	796,064				
Fund balance - beginning	30,000	80,000				
Fund balance - ending	560,150	716,064				
Other contributions			2,000,000	2,000,000	1,000	1,000
Total revenues	2,500,150	2,616,064	2,002,000	2,000,000	2,000	2,000
Expenditures:						
Instruction	1,170,000	1,200,000				
Capital projects	1,000,000	1,000,000				
Special programs	1,000,000	1,000,000				
Student activities	1,000,000	1,000,000				
Administrative programs	1,000,000	1,000,000				
Supplies	1,000,000	1,000,000				
Student services	1,000,000	1,000,000				
Miscellaneous supplies	1,000,000	1,000,000				

(Continued)

The accompanying notes are an integral part of this statement.