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CITY OF BOCALUSA SCHOOL BOARD
GENERAL-PURPOSE FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITOR'S REPORTS

For the Year Ended June 30, 1997

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

Release Date: FEB 11 1998

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

City of Bogalusa School Board
1305 Sullivan Drive
Bogalusa, LA 70429

Dear Board Members:

We have audited the accompanying general-purpose financial statements of the City of Bogalusa School Board, as of and for the year ended June 30, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Bogalusa 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 City of Bogalusa School Board, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also listed our report dated September 26, 1997 on our consideration of the City of Bogalusa 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 City of Bogalusa Special District, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, 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.

Roberts & Company

September 26, 1987

CITY OF BOWLING GREEN, OHIO
Highland, Locusts

Combined Major Items - All Fund Types and Account Groups
June 30, 1997

	00-10000-1-0000		00-10000-2-0000		00-10000-3-0000		00-10000-4-0000		00-10000-5-0000		Total (Major Item Total)
	Owned Fund	Leased Fund	Special Revenue Fund	Other Revenue Fund	Special Activity Account	Other Activity Account	Special Activity Account	Other Activity Account	Special Activity Account	Other Activity Account	
ADDITIONAL OTHER REVENUE											
Out and out revenues	78,271	225,460	0	0	0	128,220	0	0	0	0	1,212,028
Intergovernmental	82,044	143,751		0							82,044
State				0		0					0
Local				0		0					0
Other				0		0					0
Other revenues				0		0					0
Amount available to other services (not amounts to be provided for retirement of general obligation debt)				0		0					0
Total revenues and other items	160,315	369,211		0		128,220					1,294,072
LIABILITIES AND DEFERRED EXPENSES											
Accounts payable	28,046	43,011		0		0					71,057
Salaries and other payable	1,013,046	43,011		0		0					1,056,057
Due to other funds	4,000	29,128		0		0					33,128
Deferred liabilities				0		0					0
Contingent liabilities payable				0		0					0
Deferred capital projects				0		0					0
Compensated absences payable				0		0					0
Total liabilities	1,045,092	115,150		0		0					1,160,242
Special and other funds				0		0					0
Transfers to general fund items				0		0					0
Transfers (to/from)				0		0					0
Unexpended				0		0					0
Total equity (deficit) and other results	(54,877)	(54,877)		0		0					(112,170)
Total liabilities, equity and other results	1,045,092	115,150		0		0					1,160,242

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, 1997

	General Fund	Special Revenue Funds	Debt Service Fund	Total (Minority Only)
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 1,521,837	\$ 379,715	\$	\$ 1,899,762
State and local	1,789,884			1,789,884
Interest earnings	3,999	4,485	3,891	13,981
Fees services		152,475		152,475
Other	358,640	84,333		213,994
State sources:				
Equities	9,412,171	187,748		9,599,919
Other	706,818	116,329		823,147
Federal sources:				
Unrestricted-indirect cost revenues		46,853		46,853
Restricted grants-in-aid	343,528	1,230,180		2,585,928
Other-commodities		85,216		85,216
Total revenues	14,842,804	3,122,967	3,891	17,171,672
Expenditures:				
Instruction:				
Regular programs	5,847,119			5,447,119
Special programs	1,623,644	323,899		2,166,744
Adult and continuing education programs	183,214			369,534
Support services:				
Student services	108,368			108,368
Instructional staff support	191,837	317,636		398,643
General administration	2,928,788	1,448,183		4,276,976
School administration	755,479			755,479
Business services	862,348			843,148
Plant services	1,824,081	568,081		1,584,172
Community services		21,744		21,744

(Continued)

CITY OF BOGALUSA SCHOOLS BOARD
 Bogalusa, Louisiana
 ALL CONVENTIONAL FUND TYPES

Combined Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (GAAP Basis) and Actual
 For the Year Ended June 30, 1997

Department	Actual		Budget		Variance		Actual		Budget		Variance	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Local Revenues												
Total	\$ 1,203,024	\$ 1,203,024	\$ 665,070	\$ 170,720	\$ 627,950	\$ 1,032,304	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0	\$ 0
AP system	1,050,541	1,050,541	587,170	4,877	582,293	1,045,664	48	48	4,829	4,829	4,829	4,829
State and Fed	9,508	9,508	2,436	22,970	13,534	22,970	22,970	22,970	1,934	1,934	1,934	1,934
Income tax			1,471	64,011	62,540	64,011	64,011	64,011				
Other												
Revenues	1,059,049	1,059,049	591,077	91,858	549,167	1,112,645	91,858	91,858	4,763	4,763	4,763	4,763
Other	143,975	143,975	174,000	178,862	174,000	178,862	178,862	178,862	178,862	178,862	178,862	178,862
Total	\$ 1,203,024	\$ 1,203,024	\$ 765,077	\$ 350,720	\$ 723,167	\$ 1,291,507	\$ 350,720	\$ 350,720	\$ 350,720	\$ 350,720	\$ 350,720	\$ 350,720
Capital Revenues												
Total	\$ 1,203,024	\$ 1,203,024	\$ 665,070	\$ 170,720	\$ 537,950	\$ 1,032,304	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0	\$ 0
Capital	1,203,024	1,203,024	665,070	170,720	537,950	1,032,304	5	5	5	5	0	0
Total	\$ 1,203,024	\$ 1,203,024	\$ 665,070	\$ 170,720	\$ 537,950	\$ 1,032,304	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0	\$ 0
Expenditures												
Total	\$ 1,203,024	\$ 1,203,024	\$ 665,070	\$ 170,720	\$ 537,950	\$ 1,032,304	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0	\$ 0
Capital	1,203,024	1,203,024	665,070	170,720	537,950	1,032,304	5	5	5	5	0	0
Total	\$ 1,203,024	\$ 1,203,024	\$ 665,070	\$ 170,720	\$ 537,950	\$ 1,032,304	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0	\$ 0

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
ALL DEPARTMENTAL FUND TYPES

**Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget (GAAP Basis) and Actual (Continued)
For the Year Ended June 30, 1997**

	Fund Total		Revenue Available		Capital Revenue Growth		Revenue Available		Total Available	
	Bal.	Chg.	Adm.	Proj.	Adm.	Proj.	Adm.	Proj.	Adm.	Proj.
Expenditures (Continued)										
Instructional materials	1,000,000	3,100,000	\$ (1,000,000)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000				
Books and supplies	700,000	700,000	0	0	0	0				
Business administration	1,000,000	1,000,000	0	0	0	0				
Plant services	1,000,000	1,000,000	0	0	0	0				
Community services					200,000	200,000				
Business expenditures					80,000	80,000				
Food services	300,000	300,000	0	0	0	0				
Other services					470,000	470,000				
Tuition									21,000	21,000
Fees									3,000	3,000
Interest									10,000	10,000
Depreciation									10,000	10,000
Other (deduction) of revenue										
- non-expendable										
Other Revenues (Continued)										
Operating revenues (cont)										
- non-expendable										
Total revenues	1,000,000	3,100,000	1,000,000	3,100,000	2,000,000	2,000,000			20,000	20,000
Total revenues less expenditures	1,000,000	3,100,000	1,000,000	3,100,000	2,000,000	2,000,000			20,000	20,000
Total revenues less expenditures (cont)										
- non-expendable										

(Continued)

CITY OF BOCA RATON SCHOOL BOARD
 Regular Sessions
 ALL GOVERNMENTAL FUND TYPES

Combined Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (BMAP Basis) and Actual (Continued)
 For the Year Ended June 30, 2007

	Source Fund		Various Funds		Special Revenue Fund		General Funds		Total	
	Admin.	Admin.	Administrative	Other	Other	Other	General	Administrative	Other	Administrative
\$ (PLANS)	\$ 80,000	\$ 0.00	\$ 0.00	\$ 4,400	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,000	\$ 0.00
\$ (PLANS)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$ (PLANS)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

(Some portions of revenues
 are being shared among
 various funds)

Positive amounts beginning
 fund balance (planned, actual)

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bogalusa School Board (the School Board) is an independent special district created for the purpose of providing elementary and secondary education to the citizens of Bogalusa, Louisiana. The School Board is governed by an elected board comprised of seven members.

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

Reporting Entity - In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the general purpose financial statements of the School Board include the accounts of all School Board operations. The School Board is considered a stand-alone reporting entity based on the following criteria:

- a. **Responsibility for surpluses/deficits.** The School Board is solely responsible for its surpluses/deficits. No other governmental unit is responsible for its deficits or has a claim to its surpluses.
- b. **Budget approval.** The School Board is solely responsible for reviewing, approving, and revising its budget.
- c. **Responsibility for debt.** The School Board is authorized to issue bonds. The School Board is solely responsible for payments to the bondholders. No other governmental unit is required by statute to make any payments to bondholders and no payments to bondholders ever been made by any governmental unit, except the School Board.
- d. **Designation of Management.** The School Board controls the hiring of management and employees.
- e. **Special Financial Relationship.** The School Board has no special financial relationship with any other governmental unit.
- f. **Statutory Authority.** The School Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to state statute can change or abolish the School Board's authority.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Notes to the General-Purpose Financial Statements (Continued)
As of and for the Year Ended June 30, 1987

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the School Board is a legally-separate governmental organization that has a separately elected governing body and does not meet the definition of a component unit.

The School Board operates 10 schools within the City with a total enrollment of approximately 3,450 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.

Basis of Presentation - Fund Accounting: The accounts of the School Board are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the School Board:

Governmental Fund Types

General Fund - to account for all financial resources and expenditures except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs.

Fiduciary Fund Types

Agency Funds - to account for assets held by the School Board as an agent for others.

Account Groups

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

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

General Fixed Assets Account Group - Fixed assets used in Governmental Fund Type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. General fixed assets consist of land, buildings and improvements, and equipment with an expected useful life of more than one year. Purchases of general fixed assets are recorded as expenditures at the time of purchase. Depreciation is not recorded on general fixed assets.

General Long-Term Debt Account Group - Long-term liabilities such as unsecured general obligation indebtedness and the long-term portion of compensation absences expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

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

The modified accrual basis of accounting is followed by the Governmental Fund Types, and the Agency Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, compensated absences, and claims and judgments which are recognized when due, are recorded when the fund liability is incurred, if measurable.

Revenues from local sources consist primarily of sales and use and property taxes. Year-end accrual of sales and use tax revenue is based upon June and prior months' sales and use taxes collected during July and August of the following year. Property tax revenues and revenues received from the State of Louisiana (the State) are recognized as revenue primarily as received except at year end when they are accrued for a period not exceeding 90 days. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Generally, investment earnings are recorded as current since they are measurable and available.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Grant funds are considered to be carried to the extent of expenditures made under the provisions of the grant.

Budget and Budgetary Accounting - Under Louisiana Revised Statutes 98:1304, the School Board adopts an annual budget of expected revenues and probable expenditures for the General Fund and its Special Revenue Funds. The budgetary process includes public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. The budget is adopted and submitted to the State Department of Education no later than September 15 each year. Once a budget is approved by the State Department of Education, it can be amended at the function level at the discretion of management unless it becomes evident that receipts or disbursements will vary substantially from those budgeted. Thus, the School Board shall prepare and adopt an amended budget. During the year, several discretionary amendments were necessary. Generally, such discretionary amendments were of an insignificant nature.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgetary control is exercised at the revenue and expenditure function level. Formal budgetary integration is not employed for debt service since their expenditures are controlled by contractual arrangements. Budgeted amounts reflected in the accompanying general purpose financial statements were adopted by the School Board on September 9, 1996 and include amendments made through June 15, 1997.

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.

Cash and Cash Equivalents - Cash includes all short-term, highly liquid investments (including certificates of deposit) with original maturity of three months or less when purchased.

Investments - Investments are stated at cost, which approximates market value.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventories - The school funds special revenue fund inventories consist of purchased food and supplies and commodities received as donations through the federal school lunch program. Such inventories are priced at cost (except for commodities received as donations which are priced using the USDA price list for commodities), on a first-in, first-out basis.

Land, Buildings and Equipment, Net - General fund assets which are purchased are recorded at cost or estimated historical cost. Actual historical cost data was not available for certain assets acquired prior to June 30, 1988. In those cases where it was not feasible to determine the actual cost, the assets were valued at estimated historical cost. General fund assets which are donated are recorded at their fair market value on the date received.

Compensation Absences

A. **Vacation and Sick Leave** - All full-time employees of the School Board are permitted to accrue vacation days (annual leave) and sick pay (sick leave). Annual leave can be accumulated up to a maximum of 13 days at the end of each fiscal year. Sick leave may accrue up to an unlimited number of days. Upon termination of employment, the employee is paid for all accrued sick leave up to a maximum of 29 days.

In the governmental funds, only that portion which will be liquidated within one year with expendable available financial resources is accrued at year-end. The term "expendable available financial resources" as used in this context means unreserved, unencumbered fund balances. The remainder of the accrued liability which is applicable to governmental fund types is reported in the General Long-Term Debt Account Group. Only that portion of accumulated sick leave which is vested is accrued. The amount of accumulated vacation and accumulated vested sick leave at June 30, 1997 applicable to governmental fund types was \$388,789, some of which met the condition for accrual in the governmental funds; hence, the entire amount is reported in the General Long-Term Debt Account Group.

CITY OF BOZALUISA SCHOOL BOARD
Bozalis, Louisiana

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

- B. *Sabbatical Leave* - Any employee with a teaching certificate is entitled, subject to approval, to one semester of sabbatical leave after three or more years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave may be granted for rest and recuperation or professional and cultural improvement and must be approved by the School Board. Unused sabbatical leave may be carried forward to periods subsequent to that in which it is earned. Sabbatical leave does not cost. Sabbatical leave benefits are recorded as expenditures in the period paid.

1. CASH AND INVESTMENTS

Deposits - In accordance with Louisiana Statutes, the School Board maintains deposits at those depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

Louisiana Statutes require that all School Board deposits be protected by insurance or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by insurance.

As of June 30, 1997, the carrying amount of total deposits was \$1,119,158. The book balances for these deposits totaled \$1,727,578 at June 30, 1997, and were insured or collateralized with securities held by the pledging financial institution or its agent, but not in the School Board's name.

Investments

Cash balances of the School Board's funds are pooled and invested to the extent possible in authorized investments. Interest earned on invested cash is distributed to the various funds on the basis of the actual invested cash balances of the participating funds during the year.

The School Board invests like funds as authorized by Louisiana Statutes in direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

2. CASH AND INVESTMENTS (CONTINUED)

At June 30, 1997, the School Board held investments in U.S. treasury bills with a carrying value of \$21,414, which approximated market value.

3. RECEIVABLES

The receivables at June 30, 1997, are as follows:

Class of Receivable	General Fund	Special Revenue Funds	Total
Sales and use tax	\$ 231,539	\$	\$ 231,539
Grants:			
Federal	132,114	130,739	262,853
State	86,835	17,217	104,052
Other	11,585	1,797	13,382
Total	\$ 452,059	\$ 149,753	\$ 601,812

4. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 1997 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 348,255	\$ 4,932
Special revenue funds:		
Leeway Maintenance		118,697
School Lunch		148,595
Special Education		46,321
Education Consolidation and Improvement Act - Title I		21,390
Home Instruction Program for Preschool Youngsters (HIPPY)		55,273
Title VI	60	
Debt Service	4,932	
Total	\$ 353,227	\$ 348,227

CITY OF BOGALISA SCHOOL BOARD
Bogalisa, Louisiana

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

5. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Land	\$ 225,426	\$	\$ 40,000	\$ 185,426
Buildings	8,604,994	173,105	199,188	8,578,911
Improvements other than buildings	568,044			568,044
Furniture and equipment	2,806,895	273,572	32,704	3,047,763
Total	\$ 12,426,359	\$ 446,677	\$ 231,892	\$ 12,641,144

6. SALES AND USE TAX

For the year ended June 30, 1997, a one-cent local sales and use tax was levied and collected within Washington Parish by the Washington Parish Sheriff's Office of which 50% was received by the School Board. All of the sales tax proceeds are used to pay payroll related expenditures of the School Board.

7. SALARIES AND OTHER PAYABLES

The payables at June 30, 1997, are as follows:

	General Fund	Special Revenue Funds	Total
Salaries	\$ 626,062	\$ 56,743	\$ 682,805
Withholdings	122,814	445	123,259
Employer's portion of retirement payable	233,011	39,482	272,493
Total	\$ 1,321,927	\$ 96,670	\$ 1,418,597

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

I. CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 1997:

	Balance June 30, <u>1996</u>	Additions	Retirements	Balance June 30, <u>1997</u>
Certificates of indebtedness payable	\$ 1,094,000	\$	\$ 342,800	\$ 792,000
Capital leases payable	24,098	3,165	8,340	18,923
Compensated absences payable	<u>346,011</u>	<u>42,688</u>	<u> </u>	<u>388,700</u>
Total	<u>\$ 1,464,109</u>	<u>\$ 46,853</u>	<u>\$ 351,140</u>	<u>\$ 1,159,822</u>

During the fiscal year ended June 30, 1996, the School Board issued \$650,000 of Certificates of Indebtedness. The proceeds of the certificates were limited to capital improvements. The certificates bear interest at 7.75%. Outstanding certificates totaled \$190,000 on June 30, 1997.

During the fiscal year ended June 30, 1995, the School Board issued \$1,075,800 of Certificates of Indebtedness. The proceeds of the certificates were deposited in the General Fund for the purpose of eliminating the deficit. The certificates bear interest between 5.15% and 6.40%. Outstanding certificates totaled \$390,000 on June 30, 1997.

During the fiscal year ended June 30, 1996, the School Board issued \$408,000 of Certificates of Indebtedness. The proceeds of the certificates were used to purchase a building for School Board offices. The certificates bear interest between 5.5% and 6%. Outstanding certificates totaled \$212,800 on June 30, 1997.

All Certificates of Indebtedness are secured by the 23 mill special tax approved by the voters on April 28, 1989.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

8. CHANGES IN GENERAL LONG-TERM DEBT (CONTINUED)

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
1998	\$ 360,000	\$ 48,484	\$ 408,484
1999	<u>385,000</u>	<u>22,810</u>	<u>407,810</u>
Total	<u>\$ 745,000</u>	<u>\$ 71,294</u>	<u>\$ 816,294</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, 1997.

1998	\$ 18,000
1999	7,998
2000	2,821
2001	880
2002	<u>586</u>
Minimum lease payments for capital leases	24,285
Less: amount representing interest	<u>(2,422)</u>
Present value of minimum lease payments	<u>\$ 21,863</u>

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Notes to the General Purpose Financial Statements (Continued)
As of and for the Year Ended June 30, 1987

10. RESERVATION OF FUND BALANCES

The following reservations exist for various funds:

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
<p>Inventory - 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.</p>	\$ 38,336	
<p>Debt Service - 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.</p>		\$ 29,533

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.

Property Tax Calendar

Assessment date	January 1
Total taxes are due	About November 15
Penalties and interest are added	January 1
Lien date	January 1
Tax sale - delinquent property	About June 1

CITY OF BOCALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

11. PROPERTY TAXES (CONTINUED)

The following is a summary of levied ad valorem taxes for the year ended June 30, 1997:

	Levied Millage	Expiration Date
Bogalusa School Board taxes:		
Constitutional	6.43	Indef.
Operations	6.43	2005
Construction, operation, and maintenance	5.60	2000
Operations	3.11	1998
Special Leeway Maintenance	7.76	1998
Operations (22 mill)	22.08	1998

12. RETIREMENT SYSTEMS

Substantially all employees of the School Board are required by State law to belong to retirement plans administered by the Teachers' Retirement System (TRS) or the School Employees' Retirement System (SERS), both of which are administered on a statewide basis. Each plan issues a separate financial report that includes financial statements and required supplementary information. These reports may be obtained by writing or calling the plan.

Teachers' Retirement System of Louisiana
Post Office Box 94125
Baton Rouge, Louisiana 70804-8125
(504) 922-6400

Louisiana School Employees' Retirement System
Post Office Box 44545
Baton Rouge, Louisiana 70804-4545
(504) 933-6454

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

12. RETIREMENT SYSTEMS (CONTINUED)

Disclosures relating to these plans follow:

A. TEACHERS' RETIREMENT SYSTEM

1. Plan Description - All teachers, administrators, and school bus employees of the School Board are covered by defined benefit contributory pension plans administered and controlled by a separate Board of Trustees. The Board of Trustees administers plans which are consisting multiple-employer public employer retirement systems.

All teachers, administrators, and school bus employees are eligible to participate in the TRS plan. Teachers and administrators belong to the Teachers' Regular Plan, and school bus employees belong to the Teachers' Plan A plan. Benefits are established by State statute.

TRS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of creditable service. Normal retirement is at age 68 with 10 years of service or 30 years of service regardless of age for the Teachers' Regular plan members. For the Teachers' Plan A plan members, normal retirement is at any age with 10 or more years of creditable service, at age 55 with at least 25 years of creditable service, and at age 68 with at least 10 years of creditable service. Retirement benefits are based upon the following formula percentages.

Years of Service	Minimum Age	Teachers' Regular	Teachers' Plan A
10	68	2.0% per year	1.8% or 1.8% per year
20	Any age	2.0% per year	1.8% or 1.8% per year
25	55	2.5% per year	1.8% or 1.8% per year
30	Any age	2.5% per year	1.8% or 1.8% per year
35	68	2.5% per year	1.8% or 1.8% per year

The percentage formula is applied to the average of the highest three consecutive annual salaries. The benefit is payable for life with eight available annuity payment plans. The plans also provide various death and disability benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined as defined by the plan.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

12. RETIREMENT SYSTEMS (CONTINUED)

2. *Contributions Required and Actual* - Current employees and the School Board are required by State statute to contribute fixed percentages of employees' gross earnings to the various plans. Contribution rates for the 1996 plan year are as follows:

	Employee	Employer
Teachers' Regular	8.00%	16.1%
Teachers' Plan A	9.00%	16.5%

The reported contributions to the plan and the percentage of that amount contributed for all participating entities for the plan years 1996, 1995, and 1994 were as follows:

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1996	\$ 481,818,107	93.4%
1995	391,657,281	100.0%
1994	382,698,733	96.2%

B. SCHOOL EMPLOYEES' RETIREMENT SYSTEM

1. *Plan Description* - Employees who are not teachers, administrators, or school bus employees are covered by defined benefit contributory pension plans administered and controlled on a statewide basis by a separate Board of Trustees. The Board of Trustees administers this plan which is a cost-sharing multiple-employer public employees retirement system.

All employees, other than teachers, administrators, and school bus employees, are eligible to participate in the SERS. Benefits are established by State statute.

SERS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service, and at age 60 with at least 10 years of creditable service. The maximum retirement and disability benefit is an amount equal to 3.10% of the average compensation for the three highest consecutive years of credited service, multiplied by the number of years of service, plus a supplementary allowance of \$2.00 per month for each month of service. The plan also provides various death benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined as defined by the plan.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

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

12. RETIREMENT SYSTEMS (CONTINUED)

2. *Contributions Required and Made* - Covered employees and the School Board are required by State statute to contribute fixed percentages of employees' gross earnings to the pension plan. Contribution rates for the 1996 plan year are 6.35% for participating employees and 6.05% for the School Board.

The required contributions to the plan and the percentage of that amount contributed for all participating entities for the plan years 1996, 1995, and 1994 were as follows:

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1996	\$ 12,918,608	99.1%
1995	12,241,659	99.1%
1994	11,591,258	100.0%

13. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In accordance with State statutes, 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. Currently, retirees are eligible to participate in these benefits. These benefits for retirees are provided through the State Employee Group Benefits Program whose monthly premiums are paid jointly by the retirees and by the School Board. During fiscal year 1997, the School Board contributed 52% of the total premiums for health care insurance provided to the retirees. The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure on a pay-as-you-go basis when the monthly premiums are due. The School Board's net cost of providing all health care benefits to the approximately 377 active and 188 retired participating employees amounted to \$978,992 for 1997. For 1996, the School Board's cost of premiums paid for retirees totaled \$451,937.

CITY OF BOZALUSA SCHOOL BOARD
Bozoula, Louisiana

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

14. FUND DEFICIT

The following individual funds had a deficit unreserved fund balance at June 30, 1997:

General Fund	<u>\$ 24,827</u>
School Lunch Fund	<u>\$ 95,745</u>

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

15. LITIGATION

At June 30, 1997, 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.

REBOWE & COMPANY

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Philip W. Rebowe, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

City of Bogalusa School Board
1705 Sullivan Drive
Bogalusa, LA 70429

Dear Board Members:

We have audited the financial statements of City Bogalusa School Board as of and for the year ended June 30, 1997, and have issued our report thereon dated September 26, 1997. 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 City of Bogalusa 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item C1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Bogalusa 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

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 City of Douglas School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs in item B1.

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 amounts 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 that the reportable condition described above is not a material weakness.

This report is intended for the information of the City of Douglas School Board, management and federal assisting agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Roberts & Company

September 20, 1997

SUPPLEMENTAL INFORMATION

SPECIAL REVENUE FUNDS

Leeway Maintenance Fund - Accounts for the receipt and disbursement of a 7.75 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 III 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 (HIPPY) - HIPPY 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.

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet
June 30, 1997

	Levy Accounts	Local Leads	Minimum Contribution and Appropriations	Monies to Business Security As Other	Donor Accounts	Item Accounts for Special Programs Other	Total
ASSETS							
Cash and cash equivalents	\$ 11,098	\$ 9,400	\$ 50,079	\$ 0	\$ 0	\$ 0	\$ 70,577
Receivables	1,000	9,004	9,011	20	0	11,271	30,316
Due from other funds	0	0	0	0	0	0	0
Total assets	\$ 12,098	\$ 18,404	\$ 59,090	\$ 20	\$ 0	\$ 11,271	\$ 80,783
LIABILITIES							
Accounts payable	\$ 0	\$ 1,000	\$ 1,774	\$ 0	\$ 0	\$ 0	\$ 2,774
Salaries and other payable	0	4,000	4,004	0	0	0	8,004
Due to other funds	0	16,200	11,282	0	0	0	27,482
Total liabilities	\$ 0	\$ 21,200	\$ 17,060	\$ 0	\$ 0	\$ 0	\$ 38,460
Fund equity—Total Assets (Liabilities)	\$ 12,098	\$ 18,404	\$ 59,090	\$ 20	\$ 0	\$ 11,271	\$ 80,783
Reserve for Inventory	0	0	0	0	0	0	0
Unassigned—Total Assets	\$ 12,098	\$ 18,404	\$ 59,090	\$ 20	\$ 0	\$ 11,271	\$ 80,783

Supplies and Equipment

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
SPECIAL REVENUE FUNDS

Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1987

	Levy		Student Contributions and Miscellaneous		Grants	Fund Balance	Total Revenue	Total Expenditures	Total Change in Fund Balance
	1987	1986	1987	1986					
Local revenue	\$ 270,723	\$ 294,233	\$ 11,083	\$ 11,083	\$ 11,083	\$ 282,694	\$ 282,694	\$ 10,029	
State revenue	1,426	1,426	0	0	0	1,426	1,426	0	
Federal revenue	0	0	0	0	0	0	0	0	
Other revenue	0	0	0	0	0	0	0	0	
Total revenue	272,149	295,659	11,083	11,083	11,083	284,113	284,113	10,029	
Local expenditures	262,091	285,630	20,900	20,900	20,900	283,891	283,891	22,268	
State expenditures	0	0	0	0	0	0	0	0	
Federal expenditures	0	0	0	0	0	0	0	0	
Other expenditures	0	0	0	0	0	0	0	0	
Total expenditures	262,091	285,630	20,900	20,900	20,900	283,891	283,891	22,268	
Change in fund balance	\$ 10,058	\$ 10,029	0	0	0	10,058	10,029	\$ 10,029	

(Continued)

**CITY OF BOULDER, COLORADO, BOARD
OF DIRECTORS**
SPECIAL REVENUE FUNDS

**Comparing Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)**
For the Year Ended June 30, 1997

Expenditure Account	Levy Rate	Total Levy	Municipal Contributions (M.C.F.)	Revenue By Source		Total Revenue	Total Expenditure	Fund Balance 7/1/97
				State Share	Local Share			
Dependent children	\$	\$	\$	\$	\$	\$	\$	\$
Special programs	0.000	80,000	0	14,000	7,000	21,000	0	0
Senior center		80,000	0	76	7,872	26,872	0	0
Fire service		80,000	1,000	6,407	13,607	15,012	0	0
Central administration		80,000	0	0	0	0	0	0
Public works		80,000	0	0	0	0	0	0
Public safety		80,000	0	0	0	0	0	0
Community services		80,000	0	0	0	0	0	0
Total expenditures		1,000,000	0	14,076	13,679	27,755	0	0
Excess (deficiency) of revenues over expenditures		0	0	0	0	0	0	0
Fund balance 6/30/97, beginning		0	0	0	0	0	0	0
Fund balance 6/30/97, ending		0	0	0	0	0	0	0

FIDUCIARY FUND

School Activity Fund - The School Activity Agency Fund accounts for monies generated by the schools and organizations within the schools of the School Board. 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 BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana
SCHOOL ACTIVITY AGENCY FUND

Schedule of Changes in School Account Balances
For the Year Ended June 30, 1997

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Hogalusa High - Activity	\$ 14,558	\$ 208,183	\$ 181,175	\$ 31,566
Hogalusa High - General	5,000	109,044	113,761	(757)
Hogalusa High - Athletics	(881)	59,648	62,713	(2,715)
Hogalusa High - Band/Drumline Club	5,791	11,287	12,799	4,280
Bogalusa High - Quarterback Club	2,925	6,892	7,288	1,530
Bogalusa High - Lumberjack/Diamond Club	1,785	4,688	6,271	90
Bogalusa Jr. High	21,464	65,329	61,208	25,585
Byrd Avenue Elementary	7,979	25,402	21,254	12,128
Columbia Street Elementary	8,360	28,436	23,622	6,174
Debarrows Elementary	3,440	52,801	51,889	4,352
Long Avenue Elementary	1,185	44,941	43,975	4,151
Northside		3,204	3,204	-
Plummet Hill Elementary	17,548	97,283	84,642	10,289
Superior Avenue Elementary	15,142	19,778	15,705	19,215
Torrace Elementary School Activity		908	902	66
Torrance Elementary	2,673	29,396	26,828	5,241
	<u>\$ 204,237</u>	<u>\$ 731,236</u>	<u>\$ 728,118</u>	<u>\$ 137,352</u>

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1997

J. L. Birkham	\$ 9,600
Richard B. Bonds	9,600
Ellen Creel	9,600
Wilson R. Danaway	9,600
Art C. Foster	9,600
Cayle Jenkins	9,600
Raymond H. Minns	____9,600
	<u>\$ 60,200</u>

**AUDIT REPORTS REQUIRED BY
SINGLE AUDIT ACT**

CITY OF BOCA RATON SCHOOL BOARD
Boca Raton, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1993

FEDERAL OR STATE PASS THROUGH GRANTEE PROGRAM NAME	CFDA NUMBER	REVENUE	EXPENDITURES
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed through Louisiana Department of Agriculture and Forestry:			
Food Distribution	16-000	\$ 85,216	\$ 85,216
Passed through Louisiana Department of Education:			
School Breakfast Program	10-223	285,790	285,790
National School Lunch	10-223	1,622,700	1,622,700
Total United States Department of Agriculture		1,908,496	1,908,496
UNITED STATES DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education:			
Adult Education - State Administered Basic Grant	84-000	8,648	8,648
Educationally Deprived Children - Title I	4-84-010	1,059,104	1,059,104
Handicapped State Grant - Title II	84-027	183,089	183,089
Vocational Education - Carl Perkins			
Basic and Guidance	84-088A	48,583	48,583
Employment Professional Development (Title II)	84-281A	23,500	23,500
State and Drug-Free Schools Grant (Title II)	84-186A	18,000	18,000
Pre-School Flow-Through	84-173A	31,881	31,881
Donor Grant	84-203C	713,800	713,800
Special Education - Part II	84-181	5,977	5,977
Innovative Educational Programs			
Strategies (Title II)	84-281A	18,202	18,202
Total United States Department of Education		1,425,912	1,425,912

(Continued)

CITY OF BOGALUSA SCHOOL BOARD
Bogalusa, Louisiana

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 1997

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME	CFDA NUMBER	REVENUE	EXPENDITURE
UNITED STATES DEPARTMENT OF LABOR			
Passed through Tangipahoa Parish School Board			
Job Training Partnership Act (Title 29, Youth)	17.380	\$ 18,552	\$ 18,551
Total United States Department of Labor		18,552	18,551
UNITED STATES DEPARTMENT OF THE ARMY			
Junior Reserve Officers Training Corp.	60A	34,016	34,016
Total United States Department of the Army		34,016	34,016
Total Federal Financial Assistance		<u>\$ 52,568</u>	<u>\$ 52,567</u>

60A major Federal financial assistance program as defined by OMB Circular A-115

CITY OF BOGALUSA SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 1997

NOTE 1 - SCOPE OF AUDIT PURSUANT TO GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133 - "AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS", AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of the School Board are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing included:

National School Lunch (CFDA No. 10-555)
Educationally Deprived Children - Title I (CFDA No. 50-010)

The Louisiana Department of Education has been designated as the School Board's cognizant agency for the single audit.

NOTE 2 - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 1997. Revenues and expenditures recorded prior to July 1, 1996 for programs with contractual reimbursement periods commencing prior to that date were outside the scope of the single audit. These prior-period revenues and expenditures are subject to the audit requirements of the applicable federal funding sources. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the School Board has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Cost incurred in programs partially funded by federal grants are applicable against federal grant funds to the extent of revenue available when they properly apply to the grant.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by the School Board. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year-end represent an excess of reimbursable expenditures over cash reimbursements received. Generally, accrued balances caused by differences in the timing of cash reimbursements and expenditures will be reversed in the remaining grant period.

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Philip W. Reboux, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Bogalusa School Board
1785 Sullivan Drive
Bogalusa, LA 70425

Dear Board Members:

Compliance

We have audited the compliance of City of Bogalusa School Board with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1993. City of Bogalusa School Board's major federal programs are identified in the summary of auditor's 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 City of Bogalusa School Board's management. Our responsibility is to express an opinion on City of Bogalusa 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 A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Bogalusa 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 City of Bogalusa School Board's compliance with those requirements.

In our opinion, City of Bogalusa School Board complied, in all material respects, with the requirements related to above that are applicable to each of its major federal programs for the year ended June 30, 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item C1.

Internal Control Over Compliance

The management of City of Bogalusa 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 City of Bogalusa 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 an internal control over compliance in accordance with OMB Circular A-133.

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.

This report is intended for the information of the City of Bogalusa School Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Company

September 26, 1997

CITY OF BOGALUSA SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 1997

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a *qualified opinion* on the general-purpose financial statements of the City of Bogalusa School Board.
2. A *reportable condition* relating to the audit of the financial statements of City of Bogalusa School Board was noted during the audit and was not considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of City of Bogalusa School Board were noted during the audit.
4. No reportable conditions were noted relating to the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for City of Bogalusa School Board expresses an *unqualified opinion*.
6. Audit findings relating to the major federal award programs for City of Bogalusa School Board are reported in the following section titled Findings and Questioned Costs - Major Federal Awards Programs.
7. The programs tested as major programs include:

A. Educationally Deprived Children - Title I	CFDA No. 84.010
B. National School Lunch Program	CFDA No. 10.555
8. The threshold for distinguishing major and non-major programs was \$300,000.
9. The City of Bogalusa School Board elected to use the same criteria for selecting its major programs as in prior years for the above listed programs as allowed by first year implementation guidelines under the Single Audit Act of 1996 and OMB-110 and then a determination of whether the School Board qualified as a low-risk auditee was not made.

CITY OF BOCALUSA SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 1997

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding:

During our review of selected school accounts, we made the following observations:

- Purchase orders and requisitions are not being used properly. We noted instances where there were no authorized signatures on both purchase requisitions and purchase orders. We also noted that some purchase requisitions and purchase orders were referenced to invoices that indicate they were prepared after the cost was incurred.
- We noted checks with only one authorized signature, instead of the required dual signatures.
- For some disbursements we noted that no purchase requisitions or purchase orders were utilized.
- At certain schools, there is no formal receiving report being used, but rather the school employee initials the invoice or purchase order as though it were a receiving report. In some cases we noted no documentation of what was received.
- At one school, receipts given to students for various cash collections were not prenumbered, therefore, resulting in a lack of control over cash receipts.

Although we observed an effort by the schools to comply with the policies that were in place during the year ended June 30, 1997, we noted several instances where the schools were not in full compliance.

The School Board has implemented a School Activity Policy Manual dated June 1997 which replaced its earlier policy. The new policy manual standardized the reporting and control procedures for student activity accounts.

Recommendation:

We recommend that management develop procedures to randomly test each school's compliance with the new policy manual. If an internal audit position is developed, these procedures should be incorporated into the internal audit function. In addition, continued training on these procedures would be beneficial to school employees.

CITY OF HOCALLUSA SCHOOL BOARD
SCHEDULE OF FINANCES AND QUESTIONED COSTS (CONTINUED)
 For the Year Ended June 30, 1997

Management Response:

Management acknowledges the need for controls over the school accounts and is currently developing procedures whereby the controls and procedures will be routinely tested and reviewed.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

Ending Source	Finding	Questioned Costs
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Department of
Agriculture

CFDA No. 18.555

1. The State Department of Education requires that Schools participating in the National School Lunch Program must perform an on-site review of each School by February 1 of each year.

None

In addition, a follow-up review is required within a reasonable period of time to ensure any deficiencies noted during the review have been corrected.

It appeared the School Board performed the required on-site reviews, but there was no evidence the reviews were performed prior to February 1, 1997.

In addition, there was not adequate documentation maintained on any follow-up reviews by the School Board.

Response:

The management of the School Board is aware that Schools participating in the National School Lunch Program must perform an on-site review of each School by February 1 of each year. Management has established

CITY OF BOGALUSA SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 1997

Response (Continued)
procedures to ensure that these reviews are
performed and documented appropriately.

IV. STATUS OF PRIOR YEAR'S FINDINGS

The School Board has taken corrective action on all findings from the prior year audit report dated October 23, 1996.

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**CITY OF BOGALUSA
SCHOOL BOARD**

MEMORANDUM OF ADVISORY COMMENTS

For the Year Ended June 30, 1997

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Philip W. Rebowe, CPA

To the City of Bogalusa
School Board
Bogalusa, Louisiana

We have audited the general purpose financial statements of the City of Bogalusa School Board (School Board), as of and for the year ended June 30, 1997, and have issued our report thereon dated September 26, 1997. As part of our audit, we considered the internal control structure in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

Reportable conditions noted during our consideration of the internal control structure have been reported on in a separately issued report entitled *Independent Auditors' Report on the Internal Control Structure Based on the Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards*, dated September 26, 1997.

This memorandum summarizes various administrative and other matters which have come to our attention. While not involving reportable conditions, these matters do present opportunities for strengthening the internal control structure and improving the operating efficiency of the School Board.

We have already discussed many of these comments and suggestions with various School Board office personnel. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform an additional study of these matters, or assist you in implementing the recommendations.

Rebowe & Company

September 26, 1997

POLICIES AND PROCEDURES

1. **Comment:**
Currently the School Board's general ledger system is not in conformity with the Louisiana Uniform Government Handbook (LAUGH). The purpose of the LAUGH system is to standardize all school board chart of accounts, and to streamline the statistical data collection process.

Recommendation:

We recommend that the School Board convert its current accounting system to conform with LAUGH. Doing so would eliminate the need to manually enter the financial data in the format accepted by the Department of Education and would streamline the process by which the statistical data is provided to the Department of Education.

2. **Comment:**
For the Title programs and other Special Revenue Funds, reimbursement requests are generated from invoices received from vendors instead of financial reports generated from the School Board's general ledger system. Not only are the reimbursement requests more tedious and conducive to human error, but this system delays the processing of invoices in the payables system.

Recommendation:

We recommend that a procedure be implemented so that as program invoices are received they are approved by the Program Director coded to the appropriate expenditure category and then submitted to accounts payable. Routinely, a financial report listing expenditures by budget category should be submitted to the Program Director from which the reimbursement request is generated.

3. **Comment:**
Written policies and procedures are important tools of the School Board in communicating its intent and to establish criteria for management to follow and to ensure compliance with its policies and procedures. We noted several deficiencies in written policies and procedures. The deficiencies are as follows:

- The School Board does not have a written investment policy. All political subdivisions of the State are required to develop and adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives (LRS 33:2853 D). The School Board had no investments as of June 30, 1997.

- The School Board does not have a written budget policy. The budget policy documents the budgeting process, establishes guidelines on spending, and establishes criteria for fiscal management.
- The School Board's personnel policy does not document in writing its policy that the School Board will not discriminate on the basis of race, color, religion, sex, age, national origin, handicap or veteran status. Further, the employment application form does not document that the School Board is an Equal Opportunity Employer. Although the nondiscrimination policy is communicated to new employees by other means, it should also be documented in a written policy and on the employment application.
- The School Board's fixed asset policy does not document the procedures for taking an inventory of the fixed assets. The Policy should document these procedures and indicate how often the inventory should be performed.
- The School Board's purchasing policy does not document the appropriate procedures for purchasing capital assets with federal funds. Further, the policy does not document that solicitations should incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured, nor does it indicate that all solicitations must identify the specifications that the bidders must fulfill. In addition, the policy does not document that all solicitations must contain a statement that the School Board is an equal opportunity employer, and that contracting with related parties is prohibited.

Recommendation:

We recommend the School Board create or modify its policies as discussed above.

4. Comment:

The School Board does not have a written accounting and procedures manual.

Recommendation:

We recommend that the School Board develop a written accounting and procedures manual. An accounting manual should include: criteria for establishing or discontinuing a fund; a description of the activities to be accounted for in each fund; a description of the closing practices to be followed for preparation of financial reports; a description of job responsibilities; and documentation of other accounting functions.

BUDGET AND FISCAL MANAGEMENT

5. **Comment:**

The amended budgets for the General Fund and Leeway Maintenance Fund budgeted expenditures in excess of revenues. The Louisiana Local Government Budget Act requires the adopted budget to be balanced with approved expenditures not exceeding the total of estimated funds available. We noted that the expenditures did not exceed estimated available funds, however, the School Board's budget resulted in a depletion of the ending fund balance for these two funds. The School Board should strive to maintain its fund balance at an acceptable level. Further, we noted that there were numerous invoices included in accounts payable that were dated as early as February 1995. The total of these invoices is significant. These invoices remain unpaid due to cash flow deficiencies of the School Board.

Recommendation:

We recommend that management develop and adhere to a budget policy. This policy should establish procedures for developing a budget and it should set criteria for spending and fiscal management. We recommend that the School Board strive to balance its budget, while maintaining adequate fund balances.

6. **Comment:**

The cost of meals provided to adults exceeds the price charged by approximately \$1,000.

Recommendation:

While the price deficiency is supplemented by allowable MPP contributions, management should consider increasing the price charged to adults in order to generate additional revenues for the lunch program.

7. **Comment:**

During the fiscal year ended June 30, 1997, the HIPPY program lost some of its funding, because certain goods and services were not received from one vendor by the end of the program year. In this case, orders were placed with a vendor for supplies, but the vendor was not able to provide the goods by June 30, 1997. As a result, the School Board lost that funding for that year.

Recommendation:

We recommend that the School Board make arrangements with alternate vendors for all programs to ensure goods are received timely.

INTERNAL AUDIT

8. Comment:

The School Board does not have an internal audit function.

Recommendation:

We recommend that the School Board consider establishing an internal audit function. Some of the main functions of the internal auditor would be as follows:

- Perform tests of controls over all school accounts to determine if each school is following the established procedures set forth in the School Board's student activity handbook and testing transactions by reviewing the supporting documentation.
- Verify the accuracy of financial data submitted by the schools to the administrative office.
- Test all grant programs and verify that all the appropriate forms are submitted timely and accurately.
- Test the controls over the accounts payable system and verify that transactions are authorized and accounted for properly.

YEAR 2000

9. Comment:

Our audit of the School Board's financial statements for the year ending June 30, 1997, does not provide any assurance that the School Board's systems or any other systems, such as those of School Board's vendors, and service providers are year 2000 compliant, nor did we perform any procedures to test whether the School Board's systems or any other systems are year 2000-compliant or whether the plans and activities of the School Board's are sufficient to address and correct the system or any other problems that might arise because of the year 2000. Accordingly, we did not express any opinion or provide any other assurance regarding the year 2000.

We did note however, that the School Board does not have a formal plan for dealing with the year 2000 date problem. The lack of a documented plan creates specific concerns, in that:

- The scope of the School Board's year 2000 problem is unknown.
- There is uncertainty that enough time exists to adequately address the problem.
- There is no mechanism for measuring the project's progress.

Recommendation:

The School Board should develop a formal plan of action that addresses the year 2000 date problem throughout the entire school system. A formal plan will afford the School Board with specific advantages as it will address the many uncertainties associated with the year 2000 problem. The plan should be structured so that it includes an initial diagnostic of the scope of the issue with adequate direction for project tasks, so that sufficient testing may occur. Application users should be informed of the issues and be integrally involved in testing.

This report is intended solely for the information and use of the School Board Members, management, and others within the organization.