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**VERMILION PARISH SCHOOL BOARD**  
Abbeville, Louisiana

**Financial Report**

**For the Year Ended June 30, 1998**

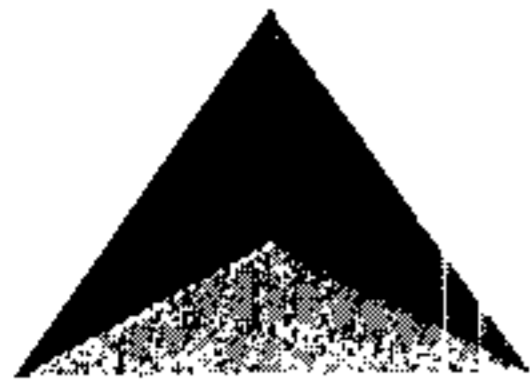
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Release Date JAN 20 1999

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We have audited the accompanying general purpose financial statements of the Vermilion Parish School Board as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Vermilion Parish 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (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 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 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 Vermilion Parish School Board, as of June 30, 1998, and the results of its operations and the cash flows of its nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 1998 on our consideration of the Vermilion Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Member of  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Vermilion Parish School Board, 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, Audits of States, Local Governments, and Non-Profit Organizations, and the supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statement taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Vermilion Parish School Board.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
November 3, 1998

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

All Fund Types and Account Groups  
Combined Balance Sheet  
June 30, 1998

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Debt Service Fund
<b>ASSETS AND OTHER DEBITS</b>			
Assets:			
Cash and cash equivalents	\$ 3,314,670	\$ 834,933	\$ 888,499
Investments	4,000,000	-	1,000,000
Receivables	* 1,126,281	772,744	23,201
Due from other funds	1,930,165	351	68,483
Inventories	107,486	81,900	-
Land, buildings, improvements, furniture and equipment	-	-	-
Other Debits:			
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 10,478,602</u></b>	<b><u>\$ 1,689,928</u></b>	<b><u>\$ 1,980,183</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
Liabilities:			
Accounts, salaries and other payables	\$ 5,419,845	\$ 858,076	\$ -
Due to other funds	-	542,218	223,449
Intergovernmental payable	-	-	-
Deposits due others	-	-	-
Deferred revenue	3,375	9,678	-
Compensated absences payable	-	-	-
Certificates of indebtedness payable	-	-	-
Bonds payable	-	-	-
Total Liabilities	<u>5,423,220</u>	<u>1,409,972</u>	<u>223,449</u>
Equity and Other Credits:			
Investment in general fixed assets	-	-	-
Fund balances (deficit):			
Reserved for inventory	107,486	81,900	-
Reserved for capital outlay	-	-	-
Reserved for trust principal	-	-	-
Reserved for debt service	-	-	1,756,734
Unreserved-Undesignated	<u>4,947,896</u>	<u>198,056</u>	<u>-</u>
Total Equity and Other Credits	<u>5,055,382</u>	<u>279,956</u>	<u>1,756,734</u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b><u>\$ 10,478,602</u></b>	<b><u>\$ 1,689,928</u></b>	<b><u>\$ 1,980,183</u></b>

Capital Projects Fund	Fiduciary Funds	Accounts Groups		Totals (Memorandum Only)	
	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	June 30,	
				1998	1997
\$ 149,653	\$ 3,268,401	\$ -	\$ -	\$ 8,456,156	\$ 10,239,094
-	5,356,092	-	-	10,356,092	9,673,542
-	44,931	-	-	1,967,157	1,912,259
-	-	-	-	1,998,999	2,998,292
-	-	-	-	189,386	184,107
-	-	83,362,137	-	83,362,137	80,223,959
-	-	-	1,756,734	1,756,734	2,296,853
-	-	-	<u>4,845,429</u>	<u>4,845,429</u>	<u>4,646,433</u>
<u>\$ 149,653</u>	<u>\$ 8,669,424</u>	<u>\$ 83,362,137</u>	<u>\$ 6,602,163</u>	<u>\$ 112,932,090</u>	<u>\$ 112,174,539</u>
\$ 219,479	\$ 18,609	\$ -	\$ -	\$ 6,516,009	\$ 6,422,853
-	1,233,332	-	-	1,998,999	2,998,292
-	909,244	-	-	909,244	892,205
-	842,020	-	-	842,020	709,170
-	-	-	-	13,053	57,819
-	-	-	1,837,163	1,837,163	1,778,286
-	-	-	2,055,000	2,055,000	600,000
-	-	-	<u>2,710,000</u>	<u>2,710,000</u>	<u>4,565,000</u>
<u>219,479</u>	<u>3,003,205</u>	<u>-</u>	<u>6,602,163</u>	<u>16,881,488</u>	<u>18,023,625</u>
-	-	83,362,137	-	83,362,137	80,223,959
-	-	-	-	189,386	184,107
-	-	-	-	-	277,788
-	5,666,219	-	-	5,666,219	5,216,089
-	-	-	-	1,756,734	2,296,853
<u>(69,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,076,126</u>	<u>5,952,118</u>
<u>(69,826)</u>	<u>5,666,219</u>	<u>83,362,137</u>	<u>-</u>	<u>96,050,602</u>	<u>94,150,914</u>
<u>\$ 149,653</u>	<u>\$ 8,669,424</u>	<u>\$ 83,362,137</u>	<u>\$ 6,602,163</u>	<u>\$ 112,932,090</u>	<u>\$ 112,174,539</u>

The accompanying notes constitute an integral part of this statement.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

All Governmental Fund Types

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	Capital Projects Fund	(Memorandum Only)	
					June 30,	
					1998	1997
<b>Revenues:</b>						
<b>Local Sources:</b>						
Taxes:						
Ad Valorem	\$ 750,795	\$ 1,706,366	\$ 1,250,766	\$ -	\$ 3,707,927	\$ 3,590,967
Sales and use	5,239,945	-	-	-	5,239,945	4,683,500
Other taxes	136,857	-	-	-	136,857	132,365
Rentals, leases and royalties	5,706,924	-	-	-	5,706,924	8,807,607
Tuition	37,350	-	-	-	37,350	28,231
Interest earnings	483,639	44,092	119,007	3,779	650,517	669,647
Food services	-	465,060	-	-	465,060	473,221
Other	314,769	1,002	-	-	315,771	372,002
<b>State Sources:</b>						
Unrestricted grants-in-aid	23,804,667	550,000	-	-	24,354,667	23,624,713
Restricted grants-in-aid	1,591,036	48,588	-	-	1,639,624	977,844
<b>Federal Sources:</b>						
Unrestricted-Indirect cost recoveries-subgrants	-	68,064	-	-	68,064	73,622
Restricted grants-in-aid-subgrants	-	5,246,868	-	-	5,246,868	5,526,810
Other commodities	-	204,247	-	-	204,247	175,807
<b>Total Revenues</b>	<b>38,065,982</b>	<b>8,334,287</b>	<b>1,369,773</b>	<b>3,779</b>	<b>47,773,821</b>	<b>49,136,336</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular program	18,096,011	218,813	-	-	18,314,824	17,576,989
Special education programs	4,987,411	656,379	-	-	5,643,790	5,474,055
Vocational education programs	1,253,098	160,048	-	-	1,413,146	1,365,875
Other instructional programs	30,976	73,990	-	-	104,966	143,665
Special programs	310,851	1,999,549	-	-	2,310,400	2,909,255
Adult and continuing education programs	9,404	147,769	-	-	157,173	124,471
<b>Support Services:</b>						
Pupil support services	1,355,461	199,869	-	-	1,555,330	1,729,062
Instructional staff services	1,647,903	196,184	-	-	1,844,087	1,714,827
General administration	1,150,248	54,319	39,816	-	1,244,383	1,239,655
School administration	2,244,713	-	-	-	2,244,713	2,378,165
Business services	356,473	-	-	-	356,473	387,025
Operation and maintenance of plant services	3,546,776	93,437	-	-	3,640,213	3,650,807
Student transportation services	2,393,105	311,113	-	-	2,704,218	2,836,037
Central services	286,469	-	-	-	286,469	278,684
Food service operations	1,337	3,266,042	-	-	3,267,379	3,272,551
Community service programs	14,004	-	-	-	14,004	14,839

(continued)

The accompanying notes constitute an integral part of this statement.



VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

All Governmental Fund Types

Combined Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
For the year Ended June 30, 1998

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	(Memorandum Only)	
					June 30,	
					1998	1997
Facility acquisition and construction	570,546	1,218,858	-	2,201,393	3,990,797	1,586,836
Debt Service:						
Principal retirement	-	-	1,900,000	-	1,900,000	2,140,000
Interest and fiscal charges	-	-	245,488	-	245,488	305,090
Legal and technical fees	-	-	1,419	-	1,419	1,549
Total Expenditures	<u>38,254,786</u>	<u>8,596,370</u>	<u>2,186,723</u>	<u>2,201,393</u>	<u>51,239,272</u>	<u>49,129,437</u>
Excess (deficiency) of revenues over expenditures	<u>(188,804)</u>	<u>(262,083)</u>	<u>(816,950)</u>	<u>(2,197,614)</u>	<u>(3,465,451)</u>	<u>6,899</u>
Other financing sources (uses):						
Operating transfers in	68,064	-	276,831	350,000	694,895	293,848
Operating transfers out	(350,000)	(68,064)	-	-	(418,064)	(135,219)
Proceeds from issuance of certificates of indebtedness	-	-	-	1,500,000	1,500,000	600,000
Total Other Financing Sources (Uses)	<u>(281,936)</u>	<u>(68,064)</u>	<u>276,831</u>	<u>1,850,000</u>	<u>1,776,831</u>	<u>758,629</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(470,740)	(330,147)	(540,119)	(347,614)	(1,688,620)	765,528
Fund balances, beginning	5,526,122	610,103	2,296,853	277,788	8,710,866	9,916,471
Residual equity transfer to non-expendable trust	-	-	-	-	-	(1,971,133)
Fund balances (deficit), ending	<u>\$ 5,055,382</u>	<u>\$ 279,956</u>	<u>\$ 1,756,734</u>	<u>\$ (69,826)</u>	<u>\$ 7,022,246</u>	<u>\$ 8,710,866</u>

The accompanying notes constitute an integral part of this statement.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Governmental Fund Types  
General And Special Revenue Funds

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Local sources:						
Taxes:						
Ad valorem	\$ 700,000	\$ 750,795	\$ 50,795	\$ 1,590,000	\$ 1,706,366	\$ 116,366
Sales and use	5,000,000	5,239,945	239,945	-	-	-
Other taxes	125,000	136,857	11,857	-	-	-
Rentals, leases and royalties	5,475,000	5,706,924	231,924	-	-	-
Tuition	25,000	37,350	12,350	-	-	-
Interest earnings	440,000	483,639	43,639	30,000	44,092	14,092
Food services	-	-	-	475,000	465,060	(9,940)
Other	347,000	314,769	(32,231)	-	1,002	1,002
State sources:						
Unrestricted grants-in-aid	23,784,188	23,804,667	20,479	550,000	550,000	-
Restricted grants-in-aid	1,635,113	1,591,036	(44,077)	49,064	48,588	(476)
Federal sources:						
Unrestricted-indirect cost recoveries-subgrants	-	-	-	72,980	68,064	(4,916)
Restricted grants-in-aid-subgrants	-	-	-	5,375,234	5,246,868	(128,366)
Other commodities	-	-	-	200,000	204,247	4,247
Total revenues	<u>37,531,301</u>	<u>38,065,982</u>	<u>534,681</u>	<u>8,342,278</u>	<u>8,334,287</u>	<u>(7,991)</u>
Expenditures:						
Current:						
Instruction:						
Regular programs	18,300,008	18,096,011	203,997	495,000	218,813	276,187
Special education programs	5,173,533	4,987,411	186,122	637,296	656,379	(19,083)
Vocational education programs	1,314,828	1,253,098	61,730	167,000	160,048	6,952
Other instructional programs	30,000	30,976	(976)	30,000	73,990	(43,990)
Special programs	345,583	310,851	34,732	2,214,574	1,999,549	215,025
Adult and continuing education programs	9,766	9,404	362	114,492	147,769	(33,277)

(continued)

The accompanying notes constitute an integral part of this statement.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Governmental Fund Types  
General and Special Revenue Funds

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget (GAAP Basis) and Actual (continued)  
For the Year Ended June 30, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Support Services:</b>						
Pupil support services	1,391,648	1,355,461	36,187	217,441	199,869	17,572
Instructional staff services	1,769,615	1,647,903	121,712	169,165	196,184	(27,019)
General administration	1,211,070	1,150,248	60,822	50,000	54,319	(4,319)
School administration	2,332,901	2,244,713	88,188	-	-	-
Business services	381,870	356,473	25,397	-	-	-
Operation and maintenance of plant services	3,576,353	3,546,776	29,577	71,930	93,437	(21,507)
Student transportation services	2,504,938	2,393,105	111,833	310,000	311,113	(1,113)
Central services	298,862	286,469	12,393	-	-	-
Food service operations	1,337	1,337	-	3,191,489	3,266,042	(74,553)
Community service programs	15,000	14,004	996	-	-	-
Facility acquisition and construction	595,000	570,546	24,454	1,052,400	1,218,858	(166,458)
Total Expenditures	<u>39,252,312</u>	<u>38,254,786</u>	<u>997,526</u>	<u>8,720,787</u>	<u>8,596,370</u>	<u>124,417</u>
Excess (deficiency) of revenues over expenditures	<u>(1,721,011)</u>	<u>(188,804)</u>	<u>1,532,207</u>	<u>(378,509)</u>	<u>(262,083)</u>	<u>116,426</u>
<b>Other financing sources (Uses):</b>						
Operating transfers in	72,980	68,064	(4,916)	-	-	-
Operating transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>(72,980)</u>	<u>(68,064)</u>	<u>4,916</u>
Total Other Financing Sources (Uses)	<u>(277,020)</u>	<u>(281,936)</u>	<u>(4,916)</u>	<u>(72,980)</u>	<u>(68,064)</u>	<u>4,916</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,998,031)	(470,740)	1,527,291	(451,489)	(330,147)	121,342
Fund balances, beginning	<u>5,526,122</u>	<u>5,526,122</u>	<u>-</u>	<u>610,103</u>	<u>610,103</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,528,091</u>	<u>\$ 5,055,382</u>	<u>\$ 1,527,291</u>	<u>\$ 158,614</u>	<u>\$ 279,956</u>	<u>\$ 121,342</u>

The accompanying notes constitute an integral part of this statement.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Fiduciary Funds  
Non-expendable Trust Fund

Comparative Statement of Revenues, Expenses and Changes in Fund Balance  
For the Years Ended June 30, 1998 and June 30, 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Investment income	\$ 746,891	\$ 431,861
Operating expense:		
Administration	<u>19,930</u>	<u>13,835</u>
Operating income	726,961	418,026
Other financing sources (uses):		
Operating transfers out	<u>(276,831)</u>	<u>(158,629)</u>
Net income	450,130	259,397
Fund balance, beginning	5,216,089	2,985,559
Residual equity transfer from general fund	<u>                  -</u>	<u>1,971,133</u>
Fund balance, ending	<u>\$ 5,666,219</u>	<u>\$ 5,216,089</u>

The accompanying notes constitute an integral part of this statement.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Fiduciary Funds  
Non-expendable Trust Fund

Comparative Statement of Cash Flows  
For the Years Ended June 30, 1998 and June 30, 1997

	<u>1998</u>	<u>1997</u>
Operating income	\$ 726,961	\$ 418,026
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in fair value of investments	(301,258)	(232,382)
(Increase) decrease in receivables	(5,014)	73,008
Increase (decrease) in accounts payable	<u>1,113</u>	<u>3,946</u>
Total adjustments	(305,159)	(155,428)
Net cash provided by operating activities	<u>421,802</u>	<u>262,598</u>
Cash flows from investing activities:		
Proceeds from sale/redemption of investments	1,379,910	4,284,388
Purchase of investments	<u>(2,261,202)</u>	<u>(5,352,914)</u>
Net cash used by investing activities	<u>(881,292)</u>	<u>(1,068,526)</u>
Cash flows from non-capital financing activities:		
Transfers from general fund	996,025	975,108
Transfers to debt service fund	<u>(248,853)</u>	<u>(118,124)</u>
Net cash provided by non-capital financing activities	<u>747,172</u>	<u>856,984</u>
Net increase in cash and cash equivalents	287,682	51,056
Cash and cash equivalents, beginning	<u>51,056</u>	<u>-</u>
Cash and cash equivalents, ending	<u>\$ 338,738</u>	<u>\$ 51,056</u>

The accompanying notes constitute an integral part of this statement.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements

Introduction:

The Vermilion Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within Vermilion 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 8 members who are elected from 8 districts for terms of 4 years.

The School Board operates 20 schools within the parish with a total enrollment of 9,508 pupils for the 1997-98 school year. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounting and reporting policies of the Vermilion Parish School Board have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit Guide, Audits of State and Local Governmental Units, the Louisiana Government Audit Guide and the interpretations of the National Council on Governmental Accounting (NCCA). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, the School Board includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the School Board. Because the School Board members are independently elected and are solely accountable for fiscal matters, which include (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, and (3) fiscal management for controlling the collection and disbursements of funds, and because of the scope of public service provided by the School Board, the School Board is a separate governmental reporting entity.

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 in 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.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Governmental Fund Types

Governmental funds are used to 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 fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund

The general fund is the general operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund

The debt service fund is used to account for transactions related to resources retained and used for the payment of interest and principal on those long-term obligations recorded in the general long-term debt account group.

Capital Projects Fund

The capital projects fund is used to account for transactions related to the acquisition or construction of general fixed assets.

Fiduciary Fund Type

Non-Expendable Trust Fund

The non-expendable trust fund is used to account for investments of the Vermilion Parish Education Public Trust. This fund was created to establish a principal reserve from surplus revenues. The trust principal is not to be used for expenditures and trust income is restricted to capital outlay needs of the Vermilion Parish School System.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Agency Funds

Agency funds account for assets held by the School Board as an agent for schools and school organizations, other governments, and/or other funds. 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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

Ad 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.

Sales and use taxes are recorded in the month collected by the School Board. Interest on investments is recorded on the accrual basis.

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.



VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating supplies are recorded as expenditures in the accounting period the obligations are incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or 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.

Commitments under construction contracts are recorded as expenditures when earned by the contractor. Construction in progress is capitalized during the construction phase of the project based on engineer's estimates of the percentage of completed construction in relation to the contract price.

Principal and interest on general long-term debt are recognized when paid.

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

The non-expendable trust fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred (flow of economic resources measurement focus).

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 events occur.

E. Budgets

The School Board adopts budgets for the General Fund and all Special Revenue Funds for each fiscal year. The following summarizes the budget activities of the School Board for the year ended June 30, 1998:

Completed and available for public inspection	August 12, 1997
Public notices	August 12, 1997
Public hearings	August 21, 1997
Board adoption	August 21, 1997

Budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end. Encumbrances are not recognized within the accounting records for budgetary control purposes. Formal budget integration (within the accounting records) is employed as a management control device.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The superintendent of parish schools and the director of finance are authorized to transfer amounts between line items within any fund budget. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

F. Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is not employed by the School Board.

G. Cash and Cash Equivalents

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

H. Investments

Trust fund investments are stated at fair value in accordance with GASB-31. Fair value is defined as the amount at which a financial instrument could be exchanged in a current asset transaction between willing parties. Fair value was determined based on quoted market prices.

I. Short Term Interfund Receivables/Payables

Short term interfund loans receivable and payable are classified as “due from other funds” or “due to other funds” on the balance sheet.

J. Inventories

Inventory consists of the following:

General Fund – instructional supplies maintained in the central warehouse for use of all schools and janitorial and electrical supplies maintained in the central warehouse for the use of all departments and schools.

Special Revenue – School Lunch/Breakfast Fund – food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The commodities of the School Lunch Special Revenue Fund are recorded as revenues when received. All inventories are recorded as expenses when consumed. All purchased inventory items are valued at actual cost (first-in, first-out), and commodities are assigned values based on information provided by the United States Department of Agriculture.

K. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Approximately 90% of fixed assets is valued at actual cost, while the remaining 10% is valued at estimated cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

L. Compensated Absences

All 12-month employees earn from 12 to 18 days of vacation leave each year, depending on their length of service with the School Board. Employees may accumulate unlimited amounts of vacation leave, but may only use 18 consecutive days if approved by the superintendent. Upon resignation, all unused vacation leave is forfeited.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

All employees earn from 10 to 13 days of sick leave each year, depending on the number of months of the school year they are employed by the School Board. Sick leave may be accumulated. Upon death or retirement, unused accumulated sick leave of up to 25 days is paid to employees (or heirs) at the employee'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 for leave earned prior to July 1, 1988. For sick leave earned after July 1, 1988, under the Louisiana Teachers Retirement system and for sick leave earned 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. Employees are not compensated for unused sick leave upon resignation. However, employees who resign from Vermilion Parish School Board and begin employment in another district may transfer unused sick leave to the new district. In cases of layoffs and callbacks, employees are credited with unused sick leave balances at the time they are reinstated to 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 current leave privileges is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

M. Fund Equity

Reserves represent those portions of fund equity not appropriated for expenditure or are legally segregated for specific future use.

N. Interfund Transactions

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

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

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Capitalization of Interest Expense

It is the policy of the School Board to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized during the current year.

P. Sales and Use Taxes

The School Board is authorized to collect within the parish a one- percent sales and use tax. The proceeds of the tax are dedicated to supplement salaries of teachers and/or the expenditures of operating the schools, including salaries of other personnel.

Effective March 1, 1992, the Vermilion Parish School Board was appointed the central sales tax collecting agency for all taxing bodies within Vermilion Parish. The following is a summary of taxes that the School Board has the responsibility of collecting:

<u>Taxing Body</u>	<u>Rate</u>
Vermilion Parish Policy Jury	1.50%
Vermilion Parish Sheriff	.25%
City of Gueydan	1.00%
City of Kaplan	1.00%
City of Abbeville	1.00%
Town of Erath	1.00%
Town of Delcambre	1.00%
Village of Maurice	1.50%
Vermilion Parish Tourist Commission	2.00%
Vermilion Parish School Board	1.00%

The cost of collecting the taxes is divided among all of the taxing bodies based upon their respective sales and use tax in relation to the combined total. The collection and distribution of the sales taxes are accounted for in the Sales Tax Agency Fund.

Q. Memorandum Only – Total Columns

Total columns on the combined statements are captioned Memorandum Only 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.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(2) AD VALOREM TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Year Ended June 30, 1998</u>	
	<u>Authorized</u>	<u>Levied</u>
	<u>Millage</u>	<u>Millage</u>
Parishwide Taxes:		
Constitutional	4.40	4.40
Maintenance and improvement	10.00	10.00
Bond and interest	7.33	7.33

(3) CASH AND CASH EQUIVALENTS

As reflected on page 4, at June 30, 1998 the Vermilion Parish School Board has cash and cash equivalents (book balances) totaling \$8,456,156 as follows:

Demand deposits	\$ 137,478
Interest bearing demand deposits	7,858,523
Time deposits	100,771
Money market and savings accounts	359,234
Petty cash	<u>150</u>
Total	<u>\$ 8,456,156</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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 1998 are secured as follows:

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

Bank Balances - Cash	\$ 10,266,731
Federal Deposit Insurance	<u>953,772</u>
Balance Uninsured	9,312,959
Pledged Securities (Category 3)	<u>9,966,463</u>
Excess federal deposit insurance and pledged securities	<u>\$ 653,504</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the School Board's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand.

(4) INVESTMENTS

As reflected on page 4, at June 30, 1998, the Vermilion Parish School Board has investments (book balances) totaling \$10,356,092 which is comprised of the following:

	Maturity Date	Interest Rate	Amount
General Fund -			
Certificate of deposit	7/16/98	5.80%	\$ 2,000,000
Certificate of deposit	7/16/98	5.32%	2,000,000
Debt Service Fund -			
Certificate of deposit	7/21/98	5.26%	1,000,000
			<u>5,000,000</u>
Trust Fund -			
U. S. Treasury bonds and notes	Various	Various	1,564,850
GNMA obligations	Various	Various	2,509,265
Equity and convertible securities	N/A	N/A	1,281,977
			<u>5,356,092</u>
Total investments			<u>\$ 10,356,092</u>

The certificates of deposits are fully insured by federal deposit insurance and pledged securities.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(5) RECEIVABLES

Receivables at June 30, 1998 consist of the following:

Grants:	General Fund	Special Revenue Funds	Debt Service Fund	Trust Fund	Total
Federal	\$ -	\$ 770,268	\$ -	\$ -	\$ 770,268
State	936,147	2,476	-	-	938,623
Accounts	31,147	-	-	-	31,147
Accrued interest	<u>158,987</u>	<u>-</u>	<u>23,201</u>	<u>44,931</u>	<u>227,119</u>
Total	<u>\$ 1,126,281</u>	<u>\$ 772,744</u>	<u>\$ 23,201</u>	<u>\$ 44,931</u>	<u>\$ 1,967,157</u>

(6) FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 1998 follows:

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 1,274,737	\$ 11,000	\$ -	\$ 1,285,737
Buildings & Improvements	64,857,946	3,175,489	1,033,398	67,000,037
Furniture, fixtures, vehicles and equipment	13,770,135	2,047,292	830,555	14,986,872
Construction in progress	<u>321,141</u>	<u>89,491</u>	<u>321,141</u>	<u>89,491</u>
	<u>\$ 80,223,959</u>	<u>\$ 5,323,272</u>	<u>\$ 2,185,094</u>	<u>\$ 83,362,137</u>

(7) PENSION PLAN

Eligible employees of the Vermilion Parish School Board participate in one of four multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Louisiana Teachers' Retirement System of Louisiana – Regular

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 16.4 percent of the total annual covered salary. The School Board's contributions to the system for the years ended June 30, 1998, 1997 and 1996 were \$3,903,067, \$3,897,947 and \$3,644,418, respectively, equal to the required contribution for each year.



VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

PENSION PLAN - CONTINUED

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement system, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123.

B. Louisiana Teachers' Retirement System of Louisiana – Plan A

Plan members are required to contribute 9.1 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 16.4 percent of the total annual covered salary. The School Board's contributions to the system for the years ended June 30, 1998, 1997 and 1996 were \$50,720, \$66,912 and \$68,887, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123.

C. Parochial Employees' Retirement System

Plan members are required to contribute 9.5 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 7.75 percent of the total annual covered salary. The School Board's contributions to the system for the years ended June 30, 1998, 1997 and 1996 were \$2,279, \$2,250 and \$2,288, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123.

D. Louisiana School Employees' Retirement System

Plan members are required to contribute 6.35 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 6.0 percent of the total annual covered salary. The school board's contributions to the system for the years ended June 30, 1998, 1997 and 1996 were \$121,393, \$128,593 and \$125,186, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(8) POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Vermilion Parish 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 retirement eligibility while working for the School Board. These benefits for the retirees and similar benefits for the active employees are provided through an insurance company, whose monthly premiums are paid jointly by the employee and the School Board. The School Board recognizes the cost of providing these benefits (the board's portion of premiums) as an expenditure when the monthly premiums are due, which was \$2,835,067 for the year ended June 30, 1998. Included in these totals are the cost of retiree benefits for the year ended June 30, 1998, which totaled \$764,713.

(9) ACCOUNTS, SALARIES AND OTHER PAYABLES

Payables at June 30, 1998 consist of the following:

	General Fund	Special Revenue Funds	Capital Projects Fund	Trust & Agency Fund	Total
Salaries payable	\$ 2,055,017	\$ 428,611	\$ -	\$ -	\$ 2,483,628
Withholding payable	1,081,153	-	-	-	1,081,153
Accounts payable	2,139,585	409,070	204,941	18,609	2,772,205
Workers compensation claims payable	144,090	-	-	-	144,090
Retainage payable	-	20,395	14,538	-	34,933
Total	<u>\$ 5,419,845</u>	<u>\$ 858,076</u>	<u>\$ 219,479</u>	<u>\$ 18,609</u>	<u>\$ 6,516,009</u>

The Vermilion Parish School Board is partially self-insured for worker's compensation claims. Under this program the School Board maintains a self-insured retention per occurrence of \$200,000 with excess insurance coverage, and claims are handled by a third party administrator. The unpaid probable cost of active claims under this program is estimated to be \$144,090.

(10) COMPENSATED ABSENCES

At June 30, 1998, employees of the school board have accumulated and vested \$1,837,163 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term debt account group.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(11) CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended June 30, 1998 follows:

	School Activity Fund	Sales Tax Fund	Total
Balance, June 30, 1997	\$ 676,148	\$ 33,022	\$ 709,170
Additions	2,957,756	17,019,212	19,976,968
Deductions	<u>(2,827,286)</u>	<u>(17,016,832)</u>	<u>(19,844,118)</u>
Balance, June 30, 1998	<u>\$ 806,618</u>	<u>\$ 35,402</u>	<u>\$ 842,020</u>

(12) Long-Term Debt

The following is a summary of general long-term debt transactions of the Vermilion Parish School Board for the year ended June 30, 1998:

	Compensated Absences	Certificates of Indebtedness	General Obligation Bonds	Total
Long-Term Debt Payable - June 30, 1997	\$ 1,778,286	\$ 600,000	\$ 4,565,000	\$ 6,943,286
Additions	58,877	1,500,000	-	1,558,877
Deductions	<u>-</u>	<u>(45,000)</u>	<u>(1,855,000)</u>	<u>(1,900,000)</u>
Long-Term Debt Payable - June 30, 1998	<u>\$ 1,837,163</u>	<u>\$ 2,055,000</u>	<u>\$ 2,710,000</u>	<u>\$ 6,602,163</u>

Compensated Absences

Compensated absences payable consists of the portion of accumulated sick leave of the governmental funds that is not expected to require current resources. The liability for compensated absences is computed only at the end of each fiscal year; therefore, the increase of \$58,877 for fiscal year 1998, is the net of leave benefits accrued and paid during those years.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

LONG-TERM DEBT - CONTINUED

Certificates of Indebtedness

On February 1, 1997, the School Board issued \$600,000 Certificates of Indebtedness, Series 1997. These certificates specify interest rates varying from 4.60% to 5.30% with maturities from 1998 to 2007. At June 30, 1998, principal outstanding is \$555,000 and interest to maturity is \$153,553. Principal and interest payable in the next fiscal year are \$50,000 and \$28,250 respectively.

On February 1, 1998, the School Board issued \$1,500,000 Certificates of Indebtedness, Series 1998. These certificates specify interest rates varying from 4.65% to 4.90% with maturities from 1999 to 2008. At June 30, 1998 principal outstanding is \$1,500,000 and interest to maturity is \$429,815. Principal and interest payable in the next fiscal year are \$120,000 and \$72,093 respectively.

General Obligation Bonds

All School Board bonds outstanding at June 30, 1998 in the amount of \$2,710,000 are general obligation bonds with maturities from 1998 to 2006 and interest rates from 2.70% to 5.70%. Bond principal and interest payable in the next fiscal year are \$1,005,000 and \$137,247 respectively. The individual issues are as follows:

School District And Date of Issue	Original Issue	Interest Rate(s)	Final Payment Date	Principal Outstanding	Interest To Maturity
Gueydan March 1, 1977	1,140,000	3.50%	4/01/99	\$ 110,000	\$ 6,381
Sixth Ward August 1, 1977	1,660,000	5.00%	2/01/02	20,000	2,500
Parishwide March 1, 1993	2,295,000	3.35-5.70%	3/01/06	1,875,000	493,662
August 1, 1993	7,390,000	2.70-4.30%	2/01/99	705,000	30,314
Total				<u>\$ 2,710,000</u>	<u>\$ 532,857</u>

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

LONG-TERM DEBT - CONTINUED

All principal and interest requirements for bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. Principal and interest requirements for certificates of indebtedness are funded by transfers of trust fund earnings on investments. At June 30, 1998, the school board has accumulated \$1,756,734 in debt service funds for future debt requirement. The bonds and certificates are due as following:

Year Ending June 30,	Principal Payments	Interest Payments	Total
1999	\$ 1,175,000	\$ 237,590	\$ 1,412,590
2000	375,000	183,717	558,717
2001	400,000	165,418	565,418
2002	425,000	145,560	570,560
2003	445,000	124,167	569,167
2004	470,000	101,428	571,428
2005	505,000	77,110	582,110
2006	530,000	50,310	580,310
2007	255,000	21,860	276,860
2008	185,000	9,065	194,065
Total	<u>\$ 4,765,000</u>	<u>\$ 1,116,225</u>	<u>\$ 5,881,225</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35 per cent of the assessed value of taxable property. At June 30, 1998, the statutory limit is \$79,536,450 and outstanding bonded debt totals \$2,710,000.

(13) INTERFUND ASSET/LIABILITIES

Individual balances of interfund receivables/payables at June 30, 1998 are as follows:

VERMILION PARISH SCHOOL BOARD  
 Abbeville, Louisiana  
 Notes to Financial Statements (continued)

INTERFUND ASSET/LIABILITIES - CONTINUED

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 223,449
General Fund	1996 Ad Valorem Tax Fund	564
General Fund	Title I Fund	161,414
General Fund	Title VI Fund	12,200
General Fund	Title II Fund	12,711
General Fund	IDEA Fund	77,765
General Fund	Preschool Flow-Through Fund	13,284
General Fund	Special Federal Revenue Fund	160,561
General Fund	Federal Adult Education Fund	13,621
General Fund	State Adult Education Fund	1,725
General Fund	Sales Tax Fund	1,164,849
General Fund	Title IV Fund	9,472
General Fund	School Lunch/Breakfast Fund	78,550
Debt Service Fund	Trust Fund	68,483
Title I Fund	State Adult Education Fund	351
Total		<u>\$ 1,998,999</u>

(14) INTERGOVERNMENTAL PAYABLE

The intergovernmental payable of the Sales Tax Agency Fund, in the amount of \$909,244 at June 30, 1998, consists of sales taxes collected on behalf of and not yet distributed to the taxing bodies listed in Note 1 (P).

(15) DEFERRED REVENUE

Recognition of revenue from various federal and state grant advances has been deferred to the next fiscal year to allow proper matching of revenues and expenditures.

(16) EXCESS OIL AND GAS REVENUE POLICY

The Vermilion Parish School Board has adopted a policy on excess oil and gas royalty revenues whereby mineral revenues over \$6,250,000 will be reserved in the following manner:

- A) 50% of the amount over \$6,250,000 is to be placed in the Vermilion Parish Education Public Trust.
- B) 50% of the amount over \$6,250,000 is to be used for employee salary supplements.

For the year ended June 30, 1998 oil and gas royalty revenues did not exceed the \$6,250,000 threshold therefore no amounts were added to the trust, nor were any salary supplements declared.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(17) ECONOMIC DEPENDENCY

For the fiscal year ended June 30, 1998, approximately 14% of General Fund revenues were derived from oil and gas revenues. The vast majority of this oil and gas revenue is directly linked to oil and gas production royalties on a small number of producing oil and gas properties. Consequently, the School Board has significant economic dependence on continuing oil and gas production on these revenue generating properties.

(18) NON-EXPENDABLE TRUST FUND

On June 11, 1996, pursuant to Louisiana Revised Statute LSA-R.S. 17:81(m), the Vermilion Parish School Board established the Vermilion Parish Education Public Trust (a non-expendable trust fund). Trust principal is derived from surplus revenues and may not be used for expenditures. Income from the investment of fund principal is restricted to meeting the capital outlay needs of the Vermilion Parish School System.

The trust fund is administered by a board of trustees which consists of individuals who occupy the following positions:

- (1) The President of the Vermilion Parish School Board
- (2) The Vice-President of the Vermilion Parish School Board
- (3) The Superintendent of the Vermilion Parish School System
- (4) The Chief Financial Officer of the Vermilion Parish School Board
- (5) The President of the Vermilion Association of Educators
- (6) The Legal Advisor for the Vermilion Parish School Board

All members of the Board of Trustees have voting rights except for the Legal Advisor.

The trustees duties include regular review and evaluation of investment policies to achieve the goals of maintaining a high quality investment portfolio which maximizes income within acceptable levels of risk.

The trustees of the Vermilion Parish Education Public Trust believe that the following asset mixes will produce a pattern of returns over time that will conform to the desired return requirements, risk tolerance and liquidity:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Intermediate Fixed Income	60%	75%	85%
Equities	15%	25%	35%

Cash equivalents may be held in lieu of equities or intermediate fixed income at the discretion of the investment advisor.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(19) DEFICIT FUND BALANCES

At June 30, 1998 the Capital Projects Fund had a deficit fund balance of \$69,826. It is the intention of the Vermilion Parish School Board to eliminate this deficit by issuing certificates of indebtedness in February of 1999.

At June 30, 1998 the School Lunch/Breakfast Fund (Special Revenue Fund) had a deficit fund balance of \$37,174. Vermilion Parish School Board officials plan to remedy this situation through additional allocations of Minimum Foundation Program (MFP) funds in the next fiscal year.

(20) COMMITMENTS AND CONTINGENCIES

Construction Commitments

The Vermilion Parish School Board has two construction projects in progress at June 30, 1998. One of these projects is the construction of a water well at the Seventh Ward Elementary School for a contract price of \$32,824. Contract costs incurred through June 30, 1998 amount to \$12,731 leaving a remaining commitment of \$20,093. The School Board has also entered into a contract for the construction of a multi-purpose building for Jesse Owens Elementary for a price of \$610,865. This project was estimated to be 12.5% complete at June 30, 1998. Total construction costs incurred amount to \$76,760 leaving a remaining commitment of \$534,105.

Litigation

There are several lawsuits presently pending against the Vermilion Parish School Board. The School Board's legal counsel is of the opinion that any unfavorable outcome in these cases would not materially affect the financial statements.

Grant Audits

The School Board receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of School Board management, such disallowances, if any, will not be significant to the financial statements.



**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS**

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Special Revenue Funds

1996 AD VALOREM TAX FUND – In April, 1996 Vermilion parish voters approved a rededication of 10.00 mills ad valorem tax. The proposition provided that 3.00 mills be used for acquiring and maintaining equipment and supplies for educational and instructional services including library books and textbooks, 5.00 mills for maintaining and improving public school buildings including roof replacement, and heating and air conditioning systems, and 2.00 mills for acquiring and maintaining school buses.

IMPROVING AMERICA'S SCHOOLS ACT --

TITLE I of the Improving America's Schools Act (IASA) is a program for economically and educationally deprived school children that is federally financed, state administered, and locally operated by the School Board. Title I services are provided through various projects that are designed to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

TITLE II of the Improving America's Schools Act (IASA) is a program by which the federal government provides funds to the School Board for projects that are designed to improve the skills of teachers in the areas of mathematics, science and computer learning, and to increase the accessibility of such instruction to all students.

TITLE IV of the Improving America's Schools Act (IASA) is a program by which the federal government provides funds to the School Board for the Drug Free Schools program.

TITLE VI of the Improving America's Schools Act (IASA) is a program by which the federal government provides funds to the School Board for an after-school tutorial homework assistance program and staff development.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT FUND – The IDEA Fund is a federally financed program of free education in the least restricted environment to children with exceptionalities.

SPECIAL FEDERAL REVENUE FUND – This Special Fund is used to account for federal grants such as Carl Perkins Vocational Education Grants, Jobs Training Partnership Act Grants and other grants *which are not accounted for in other special revenue funds.*

PRESCHOOL FLOW-THROUGH FUND – Preschool Flow-Through is a program by which the federal government provides funds to the School Board for providing a free appropriate public education to preschool-age handicapped children.

FEDERAL AND STATE ADULT EDUCATION FUNDS – The Federal and State Adult Education Funds are programs for the education of adults who have not received a high school education. These programs are federally and state financed, state administered, and locally operated by the School Board.

SCHOOL LUNCH/BREAKFAST FUND – The School Lunch/Breakfast Fund is a program that provides nourishing morning and noon meals for students in all grades. This fund is supplemented by both federal and state funds that are based on reimbursement and participation.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Special Revenue Funds

Combining Balance Sheet  
June 30, 1998

With Comparative Totals for June 30, 1997

	1996	Improving America's Schools Act			
	Ad Valorem Tax	Title I	Title II	Title IV	Title VI
	Fund	Fund	Fund	Fund	Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 718,780	\$ -	\$ -	\$ -	\$ -
Receivables	-	380,882	21,693	14,718	15,316
Due from other funds	-	351	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 718,780</u>	<u>\$ 381,233</u>	<u>\$ 21,693</u>	<u>\$ 14,718</u>	<u>\$ 15,316</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and salaries payable	\$ 401,086	\$ 216,088	\$ 8,982	\$ 5,246	\$ 3,116
Due to other funds	564	161,414	12,711	9,472	12,200
Deferred revenue	-	3,731	-	-	-
Total liabilities	<u>401,650</u>	<u>381,233</u>	<u>21,693</u>	<u>14,718</u>	<u>15,316</u>
Fund balances (deficit):					
Reserved for inventory	-	-	-	-	-
Unreserved-undesignated	317,130	-	-	-	-
Total fund balances	<u>317,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 718,780</u>	<u>\$ 381,233</u>	<u>\$ 21,693</u>	<u>\$ 14,718</u>	<u>\$ 15,316</u>

Individuals With Disabilities Education Act Fund	Special Federal Revenue Fund	Pre-School Flow-Through Fund	Federal Adult Education Fund	State Adult Education Fund	School Lunch/ Breakfast Fund	Totals June 30,	
						1998	1997
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,153	\$ 834,933	\$ 1,390,917
106,025	196,903	20,695	14,036	2,476	-	772,744	1,275,647
-	-	-	-	-	-	351	455
-	-	-	-	-	81,900	81,900	80,318
<u>\$ 106,025</u>	<u>\$ 196,903</u>	<u>\$ 20,695</u>	<u>\$ 14,036</u>	<u>\$ 2,476</u>	<u>\$ 198,053</u>	<u>\$ 1,689,928</u>	<u>\$ 2,747,337</u>
\$ 28,260	\$ 36,342	\$ 1,464	\$ 415	\$ 400	\$ 156,677	\$ 858,076	\$ 656,433
77,765	160,561	13,284	13,621	2,076	78,550	542,218	1,429,805
-	-	5,947	-	-	-	9,678	50,996
<u>106,025</u>	<u>196,903</u>	<u>20,695</u>	<u>14,036</u>	<u>2,476</u>	<u>235,227</u>	<u>1,409,972</u>	<u>2,137,234</u>
-	-	-	-	-	81,900	81,900	80,318
-	-	-	-	-	(119,074)	198,056	529,785
-	-	-	-	-	(37,174)	279,956	610,103
<u>\$ 106,025</u>	<u>\$ 196,903</u>	<u>\$ 20,695</u>	<u>\$ 14,036</u>	<u>\$ 2,476</u>	<u>\$ 198,053</u>	<u>\$ 1,689,928</u>	<u>\$ 2,747,337</u>

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 1998  
With Comparative Totals for June 30, 1997

	1996	Improving America's Schools Act			
	Ad Valorem Tax Fund	Title I Fund	Title II Fund	Title IV Fund	Title VI Fund
<b>Revenues:</b>					
Local sources:					
Taxes:					
Ad valorem tax	\$ 1,706,366	\$ -	\$ -	\$ -	\$ -
Interest earnings	32,055	-	-	-	-
Food services	-	-	-	-	-
Other	-	-	-	-	-
State sources:					
Unrestricted grants-in-aid	-	-	-	-	-
Restricted grants-in-aid	-	-	-	-	-
Federal sources:					
Unrestricted-indirect cost recoveries-subgrants	-	52,254	-	-	-
Restricted grants-in-aid - subgrants	-	2,114,842	29,929	44,366	30,271
Other commodities	-	-	-	-	-
Total revenues	<u>1,738,421</u>	<u>2,167,096</u>	<u>29,929</u>	<u>44,366</u>	<u>30,271</u>
<b>Expenditures:</b>					
Instruction:					
Regular programs	218,813	-	-	-	-
Special education programs	-	-	-	-	-
Vocational education programs	-	-	-	-	-
Other instructional programs	-	-	-	-	-
Special programs	-	1,745,188	29,929	-	30,271
Adult and continuing education programs	-	-	-	-	-
Support Services:					
Pupil support services	-	155,503	-	44,366	-
Instructional staff services	-	168,014	-	-	-
General administration	54,319	-	-	-	-
Operation and maintenance of plant services	-	46,137	-	-	-
Student transportation services	311,113	-	-	-	-
Food service operations	-	-	-	-	-
Facility acquisition and construction	<u>1,218,858</u>	-	-	-	-
Total Expenditures	<u>1,803,103</u>	<u>2,114,842</u>	<u>29,929</u>	<u>44,366</u>	<u>30,271</u>
Excess (deficiency) of revenues over expenditures	<u>(64,682)</u>	<u>52,254</u>	-	-	-
Other financing uses:					
Operating transfers out	-	<u>(52,254)</u>	-	-	-
Excess (deficiency) of revenues over expenditures and	<u>(64,682)</u>	-	-	-	-
Fund balances, beginning	<u>381,812</u>	-	-	-	-
Fund balances (deficit), ending	<u>\$ 317,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Individuals With Disabilities Education Act Fund	Special Federal Revenue Fund	Pre-School Flow-Through Fund	Federal Adult Education Fund	State Adult Education Fund	School Lunch/ Breakfast Fund	Totals June 30,	
						1998	1997
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,366	\$ 1,645,391
-	-	-	-	-	12,037	44,092	43,272
-	-	-	-	-	465,060	465,060	473,221
-	-	-	-	-	1,002	1,002	-
-	-	-	-	-	550,000	550,000	550,000
-	-	-	-	48,588	-	48,588	53,644
12,995	-	1,543	1,272	-	-	68,064	73,622
657,975	428,199	73,874	99,181	-	1,768,231	5,246,868	5,526,810
-	-	-	-	-	204,247	204,247	175,807
<u>670,970</u>	<u>428,199</u>	<u>75,417</u>	<u>100,453</u>	<u>48,588</u>	<u>3,000,577</u>	<u>8,334,287</u>	<u>8,541,767</u>
-	-	-	-	-	-	218,813	424,411
596,481	-	59,898	-	-	-	656,379	593,986
-	160,048	-	-	-	-	160,048	76,870
-	73,990	-	-	-	-	73,990	24,466
-	194,161	-	-	-	-	1,999,549	2,581,391
-	-	-	99,181	48,588	-	147,769	114,974
-	-	-	-	-	-	199,869	176,061
14,794	-	13,376	-	-	-	196,184	149,658
-	-	-	-	-	-	54,319	53,980
46,700	-	600	-	-	-	93,437	75,994
-	-	-	-	-	-	311,113	310,073
-	-	-	-	-	3,266,042	3,266,042	3,256,901
-	-	-	-	-	-	1,218,858	512,731
<u>657,975</u>	<u>428,199</u>	<u>73,874</u>	<u>99,181</u>	<u>48,588</u>	<u>3,266,042</u>	<u>8,596,370</u>	<u>8,351,496</u>
12,995	-	1,543	1,272	-	(265,465)	(262,083)	190,271
<u>(12,995)</u>	<u>-</u>	<u>(1,543)</u>	<u>(1,272)</u>	<u>-</u>	<u>-</u>	<u>(68,064)</u>	<u>(73,622)</u>
-	-	-	-	-	(265,465)	(330,147)	116,649
-	-	-	-	-	228,291	610,103	493,454
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,174)</u>	<u>\$ 279,956</u>	<u>\$ 610,103</u>

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Trust and Agency Funds

VERMILION PARISH EDUCATION PUBLIC TRUST – On June 11, 1996 pursuant to Louisiana Revised Statute LSA-R.S. 17:81(m), the Vermilion Parish School Board established a non-expendable trust fund. Trust principal is derived from surplus revenues and may not be used for expenditures. Income from the investment of fund principal is restricted to meeting the capital outlay needs of the Vermilion Parish School System.

SCHOOL ACTIVITY FUND – The School Activity Fund accounts for monies generated by the individual schools and school organizations within the parish. While the school activity accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and is not available for use by the School Board.

SALES TAX FUND – The Sales Tax Fund accounts for the collection and distribution of sales taxes that the School Board has the responsibility of collecting. Effective March 1, 1992, the Vermilion Parish School Board was appointed the central sales tax collecting agency for all taxing bodies within Vermilion Parish. The cost of collecting the taxes is divided among all of the taxing bodies based upon their respective sales and use tax in relation to the combined total.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Trust and Agency Funds

Combining Balance Sheet  
June 30, 1998

With Comparative Totals for June 30, 1997

	Non-expendable Trust Fund	Agency Funds		Totals June 30,	
	Vermilion Parish Education Public Trust	School Activity Fund	Sales Tax Fund	1998	1997
<b>ASSETS</b>					
Cash and cash equivalents	\$ 338,738	\$ 820,168	\$ 2,109,495	\$ 3,268,401	\$ 2,076,034
Investments	5,356,092	-	-	5,356,092	4,173,542
Receivables	44,931	-	-	44,931	39,917
Due from other funds	-	-	-	-	996,025
Total assets	\$ 5,739,761	\$ 820,168	\$ 2,109,495	\$ 8,669,424	\$ 7,285,518
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	5,059	13,550	-	18,609	15,786
Due to other funds	68,483	-	1,164,849	1,233,332	452,268
Intergovernmental payables	-	-	909,244	909,244	892,205
Deposits due others	-	806,618	35,402	842,020	709,170
Total liabilities	73,542	820,168	2,109,495	3,003,205	2,069,429
Fund balances:					
Reserved for trust principal	5,666,219	-	-	5,666,219	5,216,089
Total fund balances	5,666,219	-	-	5,666,219	5,216,089
Total liabilities and fund balances	\$ 5,739,761	\$ 820,168	\$ 2,109,495	\$ 8,669,424	\$ 7,285,518



VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Agency Fund  
School Activity Fund

Statement of Changes in Deposits Due Others  
For the Year Ended June 30, 1998

<u>School</u>	<u>Balance June 30, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1998</u>
Abbeville High	\$ 63,331	\$ 317,603	\$ 302,948	\$ 77,986
Dozier Elementary	12,510	110,651	108,757	14,404
Eaton Park Elementary	11,183	66,029	63,962	13,250
Erath High	107,519	389,595	386,698	110,416
Erath Middle	73,220	280,645	246,209	107,656
Forked Island/E. Broussard	33,461	78,763	82,465	29,759
Gueydan High	38,297	206,671	207,199	37,769
Henry Elementary	34,756	36,826	38,509	33,073
James Herod Elementary	27,188	52,296	50,956	28,528
Indian Bayou High	17,208	59,433	56,043	20,598
Jesse Owens Elementary	12,064	29,667	27,009	14,722
Kaplan Elementary	13,135	90,856	85,065	18,926
Kaplan High	90,126	522,391	518,713	93,804
Maurice Elementary	22,948	99,269	100,885	21,332
Meaux Elementary	11,343	44,221	45,890	9,674
North Vermilion High	36,193	280,660	253,155	63,698
Pecan Island High	19,662	37,097	36,709	20,050
Rene A. Rost Elementary	17,804	139,993	119,818	37,979
Seventh Ward Elementary	16,186	44,063	39,148	21,101
J. H. Williams Middle	<u>18,014</u>	<u>71,027</u>	<u>57,148</u>	<u>31,893</u>
Total	<u>\$ 676,148</u>	<u>\$ 2,957,756</u>	<u>\$ 2,827,286</u>	<u>\$ 806,618</u>

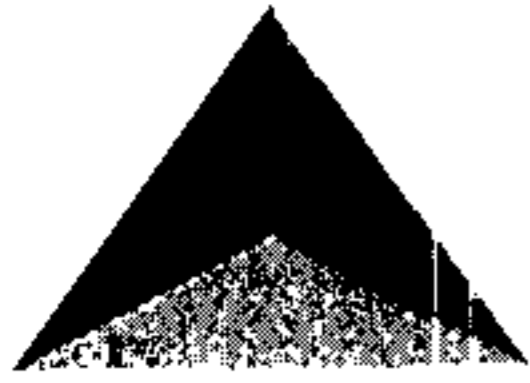
VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Agency Fund  
Sales Tax Fund

Statement of Changes in Deposits Due Others  
For the Year Ended June 30, 1998

Deposits Due Others - Beginning	<u>\$ 33,022</u>
Additions:	16,979,498
Sales tax collections - parishwide	<u>39,714</u>
Interest earnings	<u>17,019,212</u>
Total Additions	<u>17,052,234</u>
Beginning Balance Plus Additions	
Deductions:	
Transfers to:	
General Fund:	
Sales tax	5,239,945
Sales tax administrative allowance	168,488
Interest earnings	12,276
Vermilion Parish Police Jury:	7,704,167
Sales tax	18,351
Interest earnings	
Vermilion Parish Sheriff:	1,283,350
Sales tax	3,069
Interest earnings	
City of Gueydan:	121,935
Sales tax	291
Interest earnings	
City of Kaplan:	453,042
Sales tax	1,085
Interest earnings	
City of Abbeville:	1,553,620
Sales tax	3,660
Interest earnings	
Town of Erath:	190,692
Sales tax	430
Interest earnings	
Town of Delcambre:	40,096
Sales tax	99
Interest earnings	
Village of Maurice:	164,896
Sales tax	382
Interest earnings	
Vermilion Parish Tourist Commission:	28,609
Sales tax	71
Interest earnings	<u>28,278</u>
Refunds	<u>17,016,832</u>
Total deductions	<u>\$ 35,402</u>
Deposits Due Others - Ending	

**INTERNAL CONTROL AND COMPLIANCE**



# Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

## Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General-Purpose Financial Statements Performed In Accordance With Government Auditing Standards

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We have audited the general-purpose financial statements of the Vermilion Parish School Board as of and for the year ended June 30, 1998, and have issued our report thereon dated November 3, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Vermilion Parish School Board's general-purpose 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 98-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Vermilion Parish 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or

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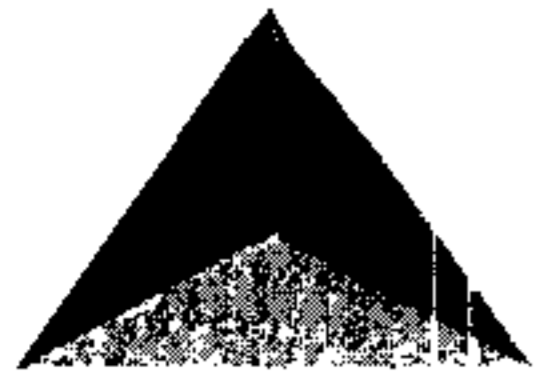
operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
November 3, 1998



# Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

## Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

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### Compliance

We have audited the compliance of the Vermilion Parish 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, 1998. The Vermilion Parish 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 the Vermilion Parish School Board's management. Our responsibility is to express an opinion on the Vermilion Parish 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 the Vermilion parish School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Vermilion Parish School Board's compliance with those requirements.

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In our opinion, the Vermilion Parish School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

#### Internal Control Over Compliance

The management of the Vermilion Parish School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Vermilion Parish School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular 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 management and federal awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
November 3, 1998

**OTHER SUPPLEMENTARY INFORMATION**



VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1998

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Grant ID Number</u>
<u>United States Department of Agriculture</u>			
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution Program	10.550	\$ 204,247	N/A
Passed through Louisiana Department of Education School Breakfast Program	10.553	351,095	N/A
National School Lunch Program	10.555	<u>1,417,136</u>	N/A
		<u>1,972,478</u>	
<u>United States Department of Labor</u>			
Passed through St. Landry Parish Police Jury Job Training Partnership Act	17.250	<u>73,990</u>	210-97-40-113-1347-20-107
<u>United States Department of Education</u>			
Passed through Louisiana Department of Education Adult Education - State Administered Program	84.002	100,453	98-28-57
Title I Grants to Local Educational Agencies	84.010	2,167,096	98-IASA-57-I
Handicapped - State Grants	84.027	670,970	98-FT-57
Vocational Education - Basic Grants to States Federal, State, and Local Partnership for Educational Improvement	84.048	130,156	28-98-CK-2B/BG
	84.151	30,271	98-IASA-57-VI
Eisenhower Mathematics and Science Education - State Grants	84.164	29,929	98-IASA-57-II
Special Education - Preschool Grants	84.173	75,417	98-PF-57
Drug-Free Schools and Communities - State Grants	84.186	44,366	98-IASA-57-IV
Goals 2000: Educate America Act of 1994	84.276	135,833	5276A-50018-95
Passed through Lafayette Parish School Board School to Work State Implementation Grants	84.278E	<u>29,892</u>	97-STW-RVM
		<u>3,414,383</u>	
<u>United State Department of Health and Human Resources</u>			
U. S. Child Care and Development Block Grant Passed Through Louisiana Department of Education Starting Points Preschool Program	93.037	<u>58,328</u>	2216-3560
		<u>\$ 5,519,179</u>	

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

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

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Vermilion Parish School Board's financial statements as of and for the year ended June 30, 1998.

Reportable Conditions – Financial Reporting

No reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

An instance of noncompliance material to the financial statements was disclosed during the audit of the financial statements and is shown as item 98-1 in part 2.

FEDERAL AWARDS

Major Program Identification

The Vermilion Parish School Board at June 30, 1998 had three federal programs which were audited as major programs: National School Lunch Program and School Breakfast Program which received funds from the United States Department of Agriculture "passed through" the Louisiana Department of Education, and the Vocational Education – Basic Grants to States which received funds from the United States Department of Education "passed through" the Louisiana Department of Education.

Low-Risk Auditee

The Vermilion Parish School Board is considered a low risk auditee for the year ended June 30, 1998.

Major Program – Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 1998.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Corrective Action Plan  
For the Year Ended June 30, 1998

RESPONSE TO FINDING:

98-1 Noncompliance with School Activity Fund Requirements

The issues brought out in this audit finding were addressed at the end of the 1997-98 school year. During the current 1998-99 year, all membership fees generated by the members of the Abbeville High School Band are being managed by school personnel and are being deposited in the school activity fund which is under the direction and control of the school principal. We are finalizing the process of addressing the revenues generated by the concessions at football games. In the future, all revenues earned by the concessions at football games will also be deposited in the school activity funds which are under the direction and control of the school principal.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Schedule of Prior Year Findings  
For the Year Ended June 30, 1998

There were no prior year findings or management letter comments.

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Compensation Paid to Members of the Governing Board  
For the Year Ended June 30, 1998

General –

The schedule of compensation paid to the school board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The compensation of the school board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute (LSA-R.S.) 17:56, the school board members have elected the monthly payment method of compensation.

The following is a summary of the monthly compensation of and changes in board members during the year ended June 30, 1998:

1. From July 1, 1997 to June 30, 1998, each board member's compensation was \$800 and the president's compensation was \$900.
2. Carroll E. LeBlanc served as President from July 1, 1997 to December 31, 1997.
3. Jay J. Comeaux served as President from January 1, 1998 to June 30, 1998.

Jay J. Comeaux	\$ 10,200
Carroll E. Leblanc	10,200
Charles Campbell	9,600
Anthony J. Fontana, Jr.	9,600
Cecil J. Hebert	9,600
Harold L. Hebert, Sr.	9,600
Daniel D. Richard	9,600
Ira W. Scarle, Jr.	<u>9,600</u>
Total	<u>\$ 78,000</u>

VERMILION PARISH SCHOOL BOARD  
Abbeville, Louisiana

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 1998

Auditor's Report – Major Program

An unqualified opinion has been issued on the Vermilion Parish School Board's compliance for its major programs as of and for the year ended June 30, 1998.

Reportable Conditions – Major Programs

There were no reportable conditions noted during the audit of the major federal programs.

Compliance Findings Related to Major Programs

The audit did not disclose any material noncompliance or questioned costs relative to the major programs.

Part 2 Findings Relating to an Audit in Accordance with Government Auditing Standards

98-1 Noncompliance with School Activity Fund Requirements

Finding:

Funds for the operating needs of the Abbeville High School Band are generated by assessing a membership fee for each participant and by providing concessions at football games. LA R.S. 17:414.3 requires that these funds be deposited into a bank account under the control of the school principal. Our audit revealed that these funds were not deposited into the school's account. Instead, a local "Band Booster" organization was handling and administering these funds independently from the school's accounting system.

Recommendation:

The Vermilion Parish School Board should take steps necessary to recover the funds in question. The recovered funds and all such revenue generated in the future should be placed under the control of the school principal as required by state law.