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**East Feliciana Parish School Board
Clinton, Louisiana
General-Purpose Financial Statements
and
Auditor's Report
June 30, 1998**

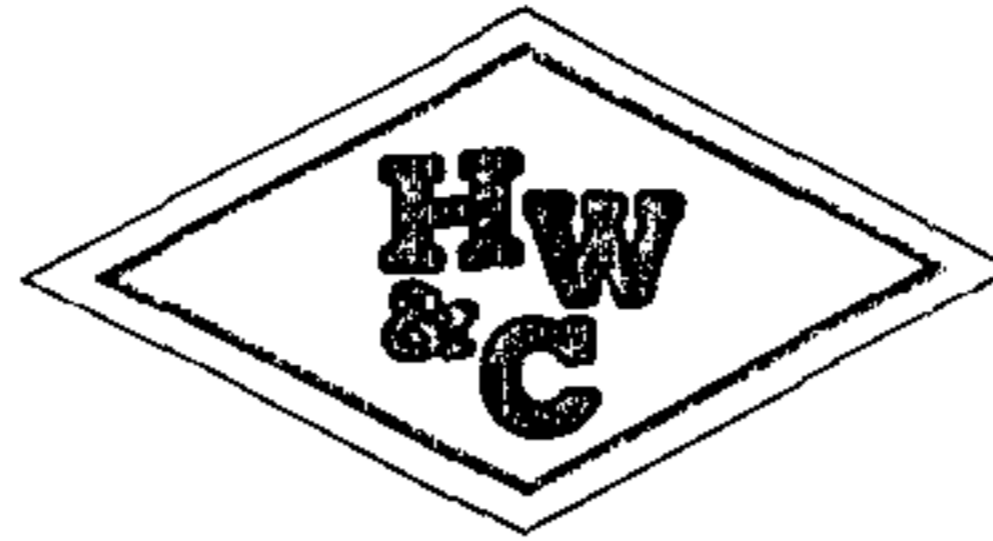
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Release Date 2-10-99

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October 28, 1998

Independent Auditor's Report

East Feliciana Parish School Board
Clinton, Louisiana
Board Members:

We have audited the accompanying general-purpose financial statements of the

**East Feliciana Parish School Board
Clinton, Louisiana**

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 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 East Feliciana Parish School Board, Clinton, Louisiana, as of June 30, 1998, 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 issued our report dated October 28, 1998, on our consideration of East Feliciana Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the East Feliciana Parish School Board, Clinton, Louisiana, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis as is the accompanying schedule of expenditures of federal awards which is required by U.S. Office of Management and Budget Circular A-133 Audits of States and Local Governments and Non-Profit Organizations, and are 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 presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Yours truly,

Hawthorn, Waymouth, & Carroll L.L.P

East Feliciana Parish School Board
 All Fund Types and Account Groups
 Combined Balance Sheet
 June 30, 1998

	Governmental Fund Types				Capital Projects Funds	Fiduciary Fund Type- Agency Funds	Accounts Groups		Totals (Memo- random Only)
	General Fund	Special Revenue Funds	Debt Service Funds	General Fixed Assets			General Long-Term Obligations		
Assets									
Cash and cash equivalents	\$2,492,730	\$482,718	\$3,072,860	\$93,786	\$486,358				\$6,628,452
Receivables	10,680	12,477							23,157
Due from other funds	312,819	15,251	103,403						431,473
Due from other governments	357,261	297,509	933						655,703
Inventory		9,483							9,483
Prepaid expenses	79,117								79,117
Land, buildings, improvements, furniture and equipment						\$20,984,487			20,984,487
Amount available in debt service funds							\$3,145,147		3,145,147
Amount to be provided for retirement of general long-term obligations							2,503,781		2,503,781
Total assets	<u>3,252,607</u>	<u>817,438</u>	<u>3,177,196</u>	<u>93,786</u>	<u>486,358</u>	<u>20,984,487</u>	<u>5,648,928</u>		<u>34,460,800</u>

(Continued)

The accompanying notes are an integral part of these statements.

**East Feliciana Parish School Board
All Fund Types and Account Groups
Combined Balance Sheet
June 30, 1998**

	Governmental Fund Types			Capital Projects Funds	Fiduciary Fund Type- Agency Funds	Accounts Groups			Totals (Memo- random Only)
	General Fund	Special Revenue Funds	Debt Service Funds			General Fixed Assets	General Long-Term Obligations		
Liabilities and Fund Equity									
Liabilities									
Cash and cash equivalents fund over draft		\$6,239							\$6,239
Accounts payable	\$44,701	90,064		\$65	\$5,980				140,810
Accrued salaries	1,267,513	127,298							1,394,811
Due other funds	15,251	177,366	\$32,049		206,807				431,473
Due to other governments		183			134,969				135,152
Sales tax escrow					61,893				61,893
Amounts held for schools					76,709				76,709
Compensated absences payable						\$708,448			708,448
Bonds payable						4,825,000			4,825,000
Lease obligations						115,480			115,480
Total liabilities	1,327,465	401,150	32,049	65	486,358	5,648,928			7,896,015
Fund equity									
Investment in general fixed assets							\$20,984,487		20,984,487
Fund balances									
Reserved for prepaid expenses	79,117								79,117
Reserved for debt service			1,580,727						1,580,727
Unreserved									
Designated for debt service									
Undesignated	1,846,025	416,288		93,721					1,564,420
Total fund equity	1,925,142	416,288	3,145,147	93,721			20,984,487		26,564,785
Total liabilities and fund equity	3,252,607	817,438	3,177,196	93,786	486,358	5,648,928	20,984,487		34,460,800

The accompanying notes are an integral part of these statements.

East Feliciana Parish School Board
All Fund Types and Account Groups
Combined Statement of Revenue, Expenditures and Changes in Fund Equity
Year Ended June 30, 1998

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	
Revenue					
Local sources					
Taxes					
Ad valorem	\$889,016		\$898,028		\$1,787,044
Sales, use and other	956,968		956,968		1,913,936
Interest earnings	109,368	\$13,686	117,094	\$3,707	243,855
Other	134,617	96,786	2,277	5,130	238,810
State sources					
Unrestricted grants	9,179,488				9,179,488
Restricted grants	571,733	170,268			742,001
Federal source					
Federal grants	258,206	2,283,569			2,541,775
Total revenue	<u>12,099,396</u>	<u>2,564,309</u>	<u>1,974,367</u>	<u>8,837</u>	<u>16,646,909</u>
Expenditures					
Instruction					
Regular programs	5,338,641				5,338,641
Special programs	1,205,737	745,888			1,951,625
Vocational education	350,429	19,061			369,490
Other instructional	305,558				305,558
Adult and continuing education programs	60,301				60,301
Support services					
Pupil services	477,482	68,694			546,176
Instructional staff support	552,255	221,161			773,416
General administration	433,423	23,718	175,795	8,033	640,969
School administration	808,521	814			809,335
Business services	136,006	4,494			140,500
Operations and maintenance	973,450	7,139		8,043	988,632
Student transportation	969,705	2,047			971,752
Food services	81,827	1,211,369			1,293,196
Central services	19,197				19,197
(Continued - amounts carried forward)	<u>11,712,532</u>	<u>2,304,385</u>	<u>175,795</u>	<u>16,076</u>	<u>14,208,788</u>

The accompanying notes are an integral part of these statements.

East Feliciana Parish School Board
All Fund Types and Account Groups
Combined Statement of Revenue, Expenditures and Changes in Fund Equity
Year Ended June 30, 1998

	<u>Governmental Fund Types</u>				Totals (Memo- random Only)
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	
(Continued - amounts brought forward)	\$11,712,532	\$2,304,385	\$175,795	\$16,076	\$14,208,788
Expenditures					
Support services					
Community service programs	6,999				6,999
Capital outlay					
Facilities acquisition and construction	161,745	250,478		3,653	415,876
Debt service					
Principal retirement			995,000		995,000
Interest			338,686		338,686
Total expenditures	<u>11,881,276</u>	<u>2,554,863</u>	<u>1,509,481</u>	<u>19,729</u>	<u>15,965,349</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>218,120</u>	<u>9,446</u>	<u>464,886</u>	<u>(10,892)</u>	<u>681,560</u>
Other Financing Sources (Uses)					
Operating transfers in	2,360				2,360
Operating transfers out			(2,360)		(2,360)
Proceeds of refunding bonds			3,985,000		
Payment to refund bond escrow agent			(4,011,436)		
Total other financing sources (uses)	<u>2,360</u>		<u>(28,796)</u>		<u>-</u>
Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses	220,480	9,446	436,090	(10,892)	681,560
Fund Equity, beginning of year	<u>1,704,662</u>	<u>406,842</u>	<u>2,709,057</u>	<u>104,613</u>	<u>4,925,174</u>
Fund Equity, end of year	<u>1,925,142</u>	<u>416,288</u>	<u>3,145,147</u>	<u>93,721</u>	<u>5,606,734</u>

(Concluded)

The accompanying notes are an integral part of these statements.

East Feliciana Parish School Board
Combined Statement of Revenue, Expenditures and Changes in
Fund Balances - Budget (GAAP Basis) and Actual
General and Special Revenue Funds
Year Ended June 30, 1998

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenue									
Local Sources									
Taxes									
Ad valorem	\$869,000	\$889,016	\$20,016				\$869,000	\$889,016	\$20,016
Sales, use and other	900,000	956,968	56,968				900,000	956,968	56,968
Interest earnings	100,000	109,368	9,368	\$13,075	\$13,686	\$611	113,075	123,054	9,979
Other	106,471	134,617	28,146	104,671	96,786	(7,885)	211,142	231,403	20,261
State Sources									
Unrestricted grants	9,179,491	9,179,488	(3)				9,179,491	9,179,488	(3)
Restricted grants	577,793	571,733	(6,060)	170,264	170,268	4	748,057	742,001	(6,056)
Federal sources									
Federal grants	255,233	258,206	2,973	2,221,357	2,283,569	62,212	2,476,590	2,541,775	65,185
Total revenue	11,987,988	12,099,396	111,408	2,509,367	2,564,309	54,942	14,497,355	14,663,705	166,350
Expenditures									
Current									
Instruction									
Regular programs	5,488,467	5,338,641	149,826				5,488,467	5,338,641	149,826
Special programs	1,243,812	1,205,737	38,075	797,196	745,888	51,308	2,041,008	1,951,625	89,383
Vocational education	365,226	350,429	14,797	4,239	19,061	(14,822)	369,465	369,490	(25)
Other instructional	310,746	305,558	5,188				310,746	305,558	5,188
Adult and continuing									
education programs	57,310	60,301	(2,991)				57,310	60,301	(2,991)
Support services									
Pupil services	487,100	477,482	9,618	45,396	68,694	(23,298)	532,496	546,176	(13,680)
Instructional staff support	553,623	552,255	1,368	190,585	221,161	(30,576)	744,208	773,416	(29,208)
General administration	461,594	433,423	28,171	42,786	23,718	19,068	504,380	457,141	47,239
School administration	837,179	808,521	28,658	3,850	814	3,036	841,029	809,335	31,694
Business services	143,506	136,006	7,500	850	4,494	(3,644)	144,356	140,500	3,856
Operations and maintenance	1,031,992	973,450	58,542	10,832	7,139	3,693	1,042,824	980,589	62,235
Student transportation	994,512	969,705	24,807	3,055	2,047	1,008	997,567	971,752	25,815
(Amounts carried forward)	11,975,067	11,611,508	363,559	1,098,789	1,093,016	5,773	13,073,856	12,704,524	369,332

The accompanying notes are an integral part of these statements

East Feliciana Parish School Board
Combined Statement of Revenue, Expenditures and Changes in
Fund Balances - Budget (GAAP Basis) and Actual
General and Special Revenue Funds
Year Ended June 30, 1998

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
(Amounts brought forward)	\$11,975,067	\$11,611,508	\$363,559	\$1,098,789	\$1,093,016	\$5,773	\$13,073,856	\$12,704,524	\$369,332
Expenditures continued									
Support services									
Food services	82,593	81,827	766	1,156,010	1,211,369	(55,359)	1,238,603	1,293,196	(54,593)
Central services	20,700	19,197	1,503				20,700	19,197	1,503
Community service program	7,008	6,999	9				7,008	6,999	9
Capital outlay									
Facilities acquisition and construction	163,733	161,745	1,988	252,347	250,478	1,869	252,347	250,478	1,869
Total expenditures	12,249,101	11,881,276	367,825	2,507,146	2,554,863	(47,717)	14,756,247	14,436,139	320,108
Excess (Deficiency) of Revenue Over Expenditures	(261,113)	218,120	479,233	2,221	9,446	7,225	(258,892)	227,566	486,458
Other Financing Sources (Uses)									
Operating transfers in	450	2,360	1,910				450	2,360	1,910
Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses	(260,663)	220,480	481,143	2,221	9,446	7,225	(258,442)	229,926	488,368
Fund Equity, beginning of year	1,704,662	1,704,662		406,842	406,842		2,111,504	2,111,504	
Fund Equity, end of year	1,443,999	1,925,142	481,143	409,063	416,288	7,225	1,853,062	2,341,430	488,368

The accompanying notes are an integral part of these statements.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 1-General Information

The East Feliciana Parish School Board (School Board) was created by Louisiana Revised Statute (LRS) 17:51 for the purpose of providing public education for the children within East Feliciana Parish. The School Board is authorized by LRS 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 12 members who are elected from seven districts for terms of four years.

The School Board operates seven schools within the parish with enrollment of approximately 3,000 students. 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.

Note 2-Summary of Significant Accounting Policies

The accounting policies of the School Board conform to generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School Board's significant accounting policies.

A. Financial Reporting Entity

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

Certain units of local government over which the School Board exercises no authority, such as the East Feliciana Parish Policy Jury and other independently elected officials, are excluded from the accompanying financial statements. These units of government are considered separate from the School Board. The School Board is not a component unit of any other entity nor does it have any component units which require inclusion in the general purpose financial statements.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. Each account group represents a financial reporting system designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect net expendable available financial resources. The funds presented in the financial statements are as follows:

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the School Board. It accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources used to acquire or construct major capital facilities.

Debt Service Funds

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

Agency Funds (Includes School Activity Accounts)

Agency Funds account for assets held 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.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

General Fixed Assets and General Long-Term Obligation Account Groups

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. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group rather, than in the governmental funds. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligations account group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

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

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental and agency funds are maintained on the modified accrual basis of accounting and use the following practices in recording revenue and expenditures.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Revenue

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, adopted each year by June 30, become due on November 15th of each year, and become delinquent on December 31st. The taxes are generally collected in December, January, and February.

Sales and use taxes are recorded in the month collected by the School Board.

Interest earnings on time deposits are recorded when earned.

Revenue from rentals, leases, and royalties is recorded when earned.

Substantially all other revenue is recorded when received.

Expenditures

Salaries are recorded as expenditures when earned. Teacher salaries are earned over a nine month period, but can be paid over a period up to twelve months.

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

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 obligations account group.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Principal and interest on general long-term obligations are recognized when due.

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

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid, sales of fixed assets, books or supplies, proceeds of refunding bonds, payment for refundable bonds, and accrued interest on the sale of bonds are accounted for as other financing sources (uses).

D. Budget Practices

The budget is prepared on the modified accrual basis, consistent with the basis of accounting for comparing budget and actual revenues and expenditures. Formal budget integration is used during the year as a management control device. The School Board does not use encumbrance accounting as a budgetary control.

Proposed general fund and special revenue fund budgets for each fiscal year beginning July 1, and ending June 30, are made available for public inspection at the School Board office. A public hearing is held prior to the adoption of the budget at the School Board office for suggestions and comments from taxpayers. The budget is legally adopted by the School Board by September 15, includes proposed expenditures and the means of financing them for all governmental funds, and is published in the official journal 12 days prior to the public hearing.

The superintendent of schools is authorized to transfer amounts between line items within any fund. However, when actual revenue within a fund is failing to meet estimated annual budgeted revenue and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five per cent or more, a budget amendment is adopted by the School Board in an open meeting. All appropriations lapse at year end. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

E. Cash and Cash Equivalents

Under state law, the School Board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The School Board may invest in United States bonds, treasury notes or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At year end, the School Board had cash and cash equivalents with book balances of \$6,628,452, and bank balances of \$7,521,641.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents (Continued)

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 should at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Bank deposits are insured or collateralized with securities held by the School Board's agent in the School Board's name, which is considered category 1 level of risk for general accepted governmental accounting principles.

As of year end, the federal deposit insurance and pledged securities exceeded the bank balances.

F. Inventory

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities received through grants to the School Board by the United States Department of Agriculture through the Louisiana Department of Education. Commodities are recorded as revenue when received; however, all inventories are recorded as expenses when consumed. All inventory items purchased are valued at the lower of cost (first-in, first-out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

G. Vacation, Sick and Sabbatical Leave

All twelve-month employees earn ten days of cumulative vacation leave each year. However, upon termination or retirement, all unused vacation leave is forfeited. Nine-month employees earn two days of personal leave each academic year. Any unused personal leave reverts into sick leave at the end of the year.

All School Board employees earn 8 to 18 days of sick leave each year, which can be accumulated without limitation depending upon length of service with the School Board. Upon retirement or death, unused sick leave of up to 25 days is paid to the employee (or heirs) at the employee's current rate of pay, and all unused sick leave, including the 25 days paid, is used in the retirement benefit computation as earned service.

Sabbatical leave may be granted for rest and recuperation or 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 an expenditure of the period in which paid.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

G. Vacation, Sick and Sabbatical Leave (Continued)

The cost of leave privileges, computed in accordance with Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death.

H. Prepaid Expenses

Expenditures for insurance extending over more than one fiscal year are recorded as prepaid expenses. The amount reflected on the balance sheet at year end represents expenditures for future fiscal years and is offset by a fund balance reserve that indicates that it does not represent available spendable resources, even though it is a component of net current assets.

I. Sales Taxes

The East Feliciana Parish School Board collects a two percent sales and use tax within East Feliciana Parish.

A one percent sales and use tax was renewed on September 27, 1986, and expired on June 30, 1998. This tax was renewed October 21, 1995 for an additional ten years beginning June 30, 1998. One-half of the proceeds of this one percent sales tax are dedicated to the payment of teachers' salaries, and the remainder of the proceeds are to be used for the operation, including maintenance and improvement, of school buildings and sites of the public schools in East Feliciana Parish.

An additional one percent sales tax was approved by voters of the Parish on October 17, 1981 and expires on December 31, 2007. This sales tax is dedicated to capital improvements of the public school system of the Parish, to pay any indebtedness incurred in making capital improvements, and to pay maintenance and operation expenses of the school system.

The sales tax department of the School Board also collects sales and use taxes levied by the East Feliciana Parish Policy Jury. The Policy Jury pays the School Board a collection fee that is negotiated annually. The collection and distribution of the sales taxes are accounted for in the Sales Tax Agency Fund

J. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and not eliminated.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 2-Summary of Significant Accounting Policies (Continued)

K. Reserves and Designations of Fund Equity

Some portions of fund balance are reserved to indicate that a portion of fund equity is legally restricted to a specific future use or is not available for appropriation or expenditure. Other portions of fund balance are designated by the Board for a specific purpose; however, these designations are subject to change.

L. Use of Estimates

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

M. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3-Levied Taxes

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

	Authorized Millage	Levied Millage
Parish wide taxes		
Constitutional	3.66	3.66
School Board maintenance	17.00	17.00
Debt Service	20.85	20.85

**East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998**

Note 4-Due From/To Other Funds

Individual balances due from/to other funds at year end, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$312,819	\$15,251
Special Revenue Funds:		
ECIA Title I and II		\$7,889
Special Education		2,139
Food services	15,251	29,030
Miscellaneous Grants		138,308
Debt Service Funds		
Sales Tax	103,403	32,049
Agency Fund - sales tax collections	<u> </u>	<u>206,807</u>
Total	<u>431,473</u>	<u>431,473</u>

Note 5-Transfers From/To Other Funds

Individual transfers in and out are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
From Debt Service Fund - Sales Tax	\$2,360	
Debt Service Fund - Sales Tax		
To General Fund		\$2,360

Note 6-Due From/To Other Governments

Individual balances due from/to other governments at June 30, 1998 are as follows:

	<u>Due From Other Governments</u>	<u>Due to Other Governments</u>
Governmental Unit		
General Fund		
State of Louisiana	\$310,422	
Other	<u>46,839</u>	
Total general fund	357,261	
(Continued - amounts carried forward)	357,261	

**East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998**

Note 6-Due From/To Other Governments (Continued)

	<u>Due From Other Governments</u>	<u>Due to Other Governments</u>
Government Unit		
(Continued - amounts brought forward)	\$357,261	
Special Revenue Funds		
State of Louisiana	297,509	\$183
Debt Service Funds		
Other	933	
Agency Fund		
Sales tax - East Feliciana Parish Police Jury	_____	<u>134,969</u>
Total	<u>655,703</u>	<u>135,152</u>

Note 7-Fixed Assets

The changes in general fixed assets follow:

	<u>Balance July 1, 1997</u>	<u>Adjustments/ Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 1998</u>
Land	\$2,146,230			\$2,146,230
Buildings and improvements	15,576,374	\$7,232		15,583,606
Furniture and equipment	2,498,017	408,642		2,906,659
Equipment under capital lease	<u>347,992</u>	_____		<u>347,992</u>
Total	<u>20,568,613</u>	<u>415,874</u>		<u>20,984,487</u>

Note 8-Retirement Systems

Substantially all employees of the School Board are members in one of two cost sharing, multiple-employer statewide retirement systems. In general, professional employees, such as teachers, principals, and lunchroom workers are members of the Louisiana Teachers Retirement System (TRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees Retirement System (LASERS). Generally, all full-time employees are eligible to participate in the systems, with employees' benefits vesting after ten years of service. Benefits of the systems are funded by employee and employer contributions. The contribution rates (as a percent of covered salaries) for the year ended June 30, 1998 are determined by state statute as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers Retirement System	16.4%	8.0%
Louisiana School Employees Retirement System	6.35%	6.0%

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 8-Retirement Systems (Continued)

Contribution requirements may be amended by state statutes. As provided by Louisiana Revised Statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The East Feliciana Parish School Boards contributions for the current year and the two preceding years were equal to the required contributions and are as follows:

	<u>Year Ended June 30,</u>		
	<u>1998</u>	<u>1997</u>	<u>1996</u>
Louisiana Teachers' Retirement System	\$1,239,488	\$1,088,351	\$1,155,229
Louisiana School Employees Retirement System	44,439	40,647	59,437

The School Board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations. In addition, contributions are funded through deductions from local ad valorem taxes and by remittances from the School Board. For LASERS, all of the School Board's employer contributions are funded by the State of Louisiana through annual appropriations. Benefits granted by the retirement systems are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974.

A brief statement of terms of the pension plan follows:

Louisiana School Employees' Retirement System (LASERS)

Membership is mandatory for all employees under age 60 employed by a Louisiana Parish or City School Board who work more than twenty hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide. Members are vested after 10 years of service.

A member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60.

The maximum retirement benefit is an amount equal to 2½% of the average compensation for the three highest consecutive years of membership service, multiplied by the number of years of service, plus a supplementary allowance of \$24.00 per annum or \$2.00 per month for each year of service, not to exceed average final compensation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 8-Retirement Systems (Continued)

Effective January 1, 1992, any member retiring on or after January 1, 1992 shall receive for their first 20 years of service a 2½% accrual rate, with a 3% accrual rate for each year after 20 years.

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and has been certified as disabled by the Medical Board.

Upon the death of a member with five or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from \$300 up to 75% of the member's average compensation for the three highest consecutive years of membership service.

Temporary, seasonal and part-time employees as defined in Federal Regulations 26 CFR 31:3121(b)(7)-2 are not eligible for membership in the Plan. Any part-time employee who works less than 20 hours per week and does not have at least 10 years of credited service will be refunded their contributions.

Louisiana Teachers' Retirement System

The System consists of three membership plans which require mandatory enrollment for all employees that meet the following eligibility requirements:

- TRSL Regular Plan - employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statutes 11:701(23)(a).
- TRSL Plan A - employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- TRSL Plan B - employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, provided the member is in active service at the time of filing application for disability retirement. The formula for annual maximum retirement benefits is 2 or 2½ percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive 36 months of salary. Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded.

**East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998**

Note 8-Retirement Systems (Continued)

Both systems issue a publicly available annual financial report that includes financial statements and required supplementary information. These reports may be obtained by contacting the Louisiana Teachers Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123 (phone number 504-925-6448); and School Employees' Retirement System, P. O. Box 44516, Baton Rouge, Louisiana 70804-4516 (phone number 504-925-6484).

Note 9-Post-Retirement Health and Life Insurance Benefits

The East Feliciana Parish School Board in accordance with State statutes provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through two insurance companies whose monthly premiums are paid jointly by the employee, the State Employees Group Benefits Program (the state), and the School Board. The School Board recognizes the cost of providing these benefits as an expenditure when paid and simultaneously recognizes the state's portion of the premiums as a revenue. The employer's cost of providing these benefits for the fiscal year ended June 30, 1998 was as follows:

Number of employees	<u>100</u>
Amount of expenditure	<u>\$324,760</u>

Note 10-General Long-Term Obligations

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Capital Lease</u>	<u>Total</u>
Long-term obligations payable at June 30, 1997	\$5,820,000	\$602,519	\$223,615	\$6,646,134
Additions	3,985,000	105,929		4,090,929
Deductions	<u>4,980,000</u>	_____	<u>108,135</u>	<u>5,088,135</u>
Long-term obligations payable at June 30, 1998	<u>4,825,000</u>	<u>708,448</u>	<u>115,480</u>	<u>5,648,928</u>

**East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998**

Note 10-General Long-Term Obligations (Continued)

Consolidated School District No. 1 <u>Date of Issue</u>	Original Issue	Interest Rate	Final Pay- ment Date	Interest to Maturity	Principal Outstanding
Sales Tax Revenue Bonds August 1, 1991	\$2,740,000	5.0%-6.5%	10-01-2002	\$264,313	\$1,575,000
General Obligation Bonds November 25, 1997	<u>3,985,000</u>	4.1%-6.5%	05-01-2002	<u>375,035</u>	<u>3,250,000</u>
Total	<u>6,725,000</u>			<u>639,648</u>	<u>4,825,000</u>

The principal and interest requirements of the Consolidated School District No. 1 General Obligation Bonds are funded in accordance with Louisiana law by an annual ad valorem tax levy on taxable property within the school district. The principal and interest requirements of the Consolidated School District No. 1 - Sales Tax Bonds are funded by a one percent sales tax whose proceeds are dedicated for that purpose. At June 30, 1998, the School Board has accumulated \$3,145,147 in the debt service funds for future debt requirements. The bonds are due as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
1999	\$1,030,000	\$235,862	\$1,265,862
2000	1,085,000	185,865	1,270,865
2001	1,145,000	132,038	1,277,038
2002	1,210,000	74,045	1,284,045
2003	<u>355,000</u>	<u>11,538</u>	<u>366,538</u>
Total	<u>4,825,000</u>	<u>639,348</u>	<u>5,464,348</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 25 percent of the assessed value of taxable property. At June 30, 1998, the statutory limit is \$11,010,570, and outstanding bonded debt payable from ad valorem taxes totaled \$3,250,000. The School Board is in compliance with all significant limitations and restrictions contained in the board indentures.

General Obligation School Refunding Bonds, Series 1998

The School Board adopted a bond resolution on October 7, 1997, for the purpose of refunding all of the outstanding General Obligation School Refunding Bonds, Series 1987, scheduled to mature on May 1 of the years 1998 to 2007. The refunded bonds were issued to refund the original General Obligation Bonds, dated May 1, 1982. The original bonds were issued to acquire and/or improve lands for building site and playgrounds, and other school building improvements.

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 10-General Long-Term Obligations (Continued)

In refunding the bonds as of December 1, 1998, the School Board decreased the debt service through May 1, 2007 by \$219,979. However, the economic gain (difference between the present values of the debt service of the old and new debt) is \$185,521. The net present value savings as a percentage of refunded principal is 4.65%. The coupon rates of new bond ranges from 4.1% to 4.6%.

Note 11-Litigation

At year end, the School Board was involved in one lawsuit. Legal exposure is not expected to exceed coverage provided by the School Board's insurance carrier.

Note 12-Federal Grants

The School Board participates in a number of federally assisted grant programs. These programs are audited in accordance with the 1997 OMB Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations." Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the School Board's management believes that further examinations would not result in any material disallowed costs.

Note 13-Compensation Paid to School Board Members

The 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 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$350 per month and the president receives \$400 per month for performing the duties of the office. A deduction of \$50 is made if any board member fails to attend the board meeting.

Payments to board members for the year ended June 30, 1998 were as follows:

Elliot Corcoran	\$4,150	Willie Jackson	\$4,150
Minnie Douglas	4,200	Donald Jefferson	4,100
Alvin Fort	4,200	Jean Lanoue	4,200
Mitch Harrell	4,150	Richard Terrell	4,800
Melinda Howell	4,000	Edward Williams	4,200
Simon Jackson	4,200	Greg O'Quin	4,200

East Feliciana Parish School Board
Notes to Financial Statements
June 30, 1998

Note 14-Lease Commitments

The School Board has entered into two long-term capital lease agreements to acquire and use certain equipment. The original lease terms are three years. The implicit interest rates for these leases are 7.16% and 7.35%. The lease payments are expected to remain the same throughout the terms of the leases. The School Board has the option to purchase the equipment at a bargain price at the end of the lease.

The assets acquired under the lease are recorded in the General Fixed Assets Account Group and the lease obligation is recorded in the General Long-Term Debt Account Group.

The following is a schedule by audit years of future minimum lease payments as of June 30, 1998:

1999	\$124,377
Less amounts representing interest	<u>8,897</u>
Present value of minimum lease payments	<u>115,480</u>

The equipment under capital leases totaled \$347,992 at June 30, 1998.

Special Revenue Funds

Title I (IASA) Fund

The objective of Title I, Part A of the Improving America's Schools Act (IASA), is to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families. This program is a federally funded by the U.S. Department of Education and passed through the Louisiana Department of Education.

Special Education Funds

The Special Education Fund is a federally financed program of free education in the least restricted environment to children with exceptionalities.

School Food Service Fund

The School Lunch Fund is used to account for the operations of the school food service program in the parish school system during the regular school term. The purposes of the school food service program are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's food habits with the ultimate goal of physically fit adults. The program is subsidized by grants from the U.S. Department of Agriculture and the Louisiana Department of Education.

Miscellaneous Grants

This fund is to account for Miscellaneous Grants which include IASA Title II, Vocational Education Grants, Starting Points Grants and Drug Free School Grants.

East Feliciana Parish School Board
Special Revenue Funds
Combining Balance Sheet
June 30, 1998

	<u>Title I</u>	<u>Special Education</u>	<u>School Food Service Fund</u>	<u>Miscell- aneous Grants</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$6,494	\$2,038	\$474,186		\$482,718
Receivables			12,477		12,477
Due from other funds			15,251		15,251
Inventory			9,483		9,483
Due from other Governments	<u>256,084</u>	<u>11,522</u>		<u>\$29,903</u>	<u>297,509</u>
 Total assets	 <u>262,578</u>	 <u>13,560</u>	 <u>511,397</u>	 <u>29,903</u>	 <u>817,438</u>
Liabilities and Fund Equity					
Liabilities					
Cash and cash equivalents fund overdraft				\$6,239	\$6,239
Accounts payable	\$74,330	\$11,441	\$668	3,625	90,064
Accrued salaries	57,905		66,191	3,202	127,298
Due to other funds	129,360	2,139	29,030	16,837	177,366
Due to other governments	183				183
 Total liabilities	 <u>261,778</u>	 <u>13,580</u>	 <u>95,889</u>	 <u>29,903</u>	 <u>401,150</u>
Fund Equity (Deficit)					
Unreserved	<u>800</u>	<u>(20)</u>	<u>415,508</u>	<u>- -</u>	<u>416,288</u>
 Total liabilities and fund equity	 <u>262,578</u>	 <u>13,560</u>	 <u>511,397</u>	 <u>29,903</u>	 <u>817,438</u>

East Feliciana Parish School Board
Special Revenue Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Equity
Year Ended June 30, 1998

	<u>Title I</u>	<u>Special Education</u>	<u>School Food Service Fund</u>	<u>Miscell- aneous Grants</u>	<u>Total</u>
Revenue					
Local services					
Interest earnings			\$13,686		\$13,686
Other (food sales)			96,786		96,786
Federal sources - restricted					
Grants-in-aid - subgrants	\$990,421	\$182,985	947,328	\$162,835	2,283,569
State sources -					
Restricted grants			170,268		170,268
	<u>990,421</u>	<u>182,985</u>	<u>1,228,068</u>	<u>162,835</u>	<u>2,564,309</u>
Expenditures					
Instruction					
Special programs	611,032	72,085		62,771	745,888
Vocational Education				19,061	19,061
Support services					
Pupil services		44,418		24,276	68,694
Instructional staff support	162,919	36,115		22,127	221,161
General administration	19,499	3,415		804	23,718
School administration	90	724			814
Operations and maintenance	6,668			471	7,139
Student transportation services		2,047			2,047
Business services			4,494		4,494
Food services			1,211,369		1,211,369
Capital outlay	192,952	24,201		33,325	250,478
	<u>993,160</u>	<u>183,005</u>	<u>1,215,863</u>	<u>162,835</u>	<u>2,554,863</u>
Excess of Revenue Over (Under) Revenue	(2,739)	(20)	12,205	--	9,446
Fund Equity (Deficit)					
Beginning of year	<u>3,539</u>		<u>403,303</u>	<u>--</u>	<u>406,842</u>
Fund Equity End of Year	<u>800</u>	<u>(20)</u>	<u>415,508</u>	<u>--</u>	<u>416,288</u>

East Feliciana Parish School Board
Special Revenue - Title I
Statement of Revenue, Expenditures and Changes in
Fund Equity - Budget (GAAP Basis) and Actual
Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue			
<i>Federal sources - restricted</i>			
Grants-in-aid - subgrants	1,040,989	\$990,421	\$50,568
Total revenue	<u>1,040,989</u>	<u>990,421</u>	<u>50,568</u>
Expenditures			
<i>Instruction</i>			
Special programs	657,723	611,032	46,691
<i>Support services</i>			
Pupil services			
Instructional staff support	137,518	162,919	(25,401)
General administration	17,160	19,499	(2,339)
School administration	200	90	110
Operations and maintenance	10,832	6,668	4,164
Student transportation services			
Capital outlay	<u>195,039</u>	<u>192,952</u>	<u>2,087</u>
Total expenditures	<u>1,018,472</u>	<u>993,160</u>	<u>25,312</u>
Excess of Revenue Over (Under) Revenue	22,517	(2,739)	25,256
Fund Equity (Deficit) Beginning of Year	<u>3,539</u>	<u>3,539</u>	
Fund Equity End of Year	<u>26,056</u>	<u>800</u>	<u>25,256</u>

**East Feliciana Parish School Board
Special Revenue - Special Education
Statement of Revenue, Expenditures and Changes in
Fund Equity - Budget (GAAP Basis) and Actual
Year Ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue			
Federal sources - restricted			
Grants-in-aid - subgrants	185,079	\$182,985	\$2,094
Total revenue	<u>185,079</u>	<u>182,985</u>	<u>2,094</u>
Expenditures			
Instruction			
Special programs	76,441	72,085	4,356
Support services			
Pupil services	44,434	44,418	16
Instructional staff support	30,670	36,115	(5,445)
General administration	3,229	3,415	(186)
School administration	3,650	724	2,926
Student transportation services	3,055	2,047	1,008
Capital outlay	23,600	24,201	(601)
Total expenditures	<u>185,079</u>	<u>183,005</u>	<u>2,074</u>
Excess of Revenue Over (Under) Revenue		(20)	20
Fund Equity (Deficit) Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>
Fund Equity End of Year	<u>--</u>	<u>(20)</u>	<u>20</u>

**East Feliciana Parish School Board
Special Revenue - School Service
Statement of Revenue, Expenditures and Changes in
Fund Equity - Budget (GAAP Basis) and Actual
Year Ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue			
Local sources			
Interest earnings	\$13,075	\$13,686	\$611
Other (food sales)	104,671	96,786	(7,885)
Federal sources - restricted	868,000	947,328	79,328
State sources - restricted grants	<u>170,264</u>	<u>170,268</u>	<u>4</u>
Total revenue	<u>1,156,010</u>	<u>1,228,068</u>	<u>72,058</u>
 Expenditures			
Support services			
Business services		4,494	(4,494)
Food services	<u>1,156,010</u>	<u>1,211,369</u>	<u>(55,359)</u>
Total expenditures	<u>1,156,010</u>	<u>1,215,863</u>	<u>(59,853)</u>
 Excess of Revenue Over (Under) Revenue	- -	12,205	12,205
 Fund Equity (Deficit) Beginning of Year	<u>403,303</u>	<u>403,303</u>	
 Fund Equity End of Year	<u>403,303</u>	<u>415,508</u>	<u>12,205</u>

**East Feliciana Parish School Board
Special Revenue - Miscellaneous Grants
Statement of Revenue, Expenditures and Changes in
Fund Equity - Budget (GAAP Basis) and Actual
Year Ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue			
Federal sources - restricted Grants-in-aid - subgrants	127,289	\$162,835	\$35,546
Total revenue	127,289	162,835	35,546
Expenditures			
Instruction			
Special programs	63,032	62,771	261
Vocational Education	4,239	19,061	(14,822)
Support services			
Pupil services	962	24,276	(23,314)
Instructional staff support	22,397	22,127	270
General administration	850	804	46
Operations and maintenance		471	(471)
Capital outlay	33,708	33,325	383
Total expenditures	125,188	162,835	(37,647)
Excess of Revenue Over (Under) Revenue	2,101	--	(2,101)
Fund Equity (Deficit) Beginning of Year	--	--	--
Fund Equity End of Year	<u>2,101</u>	<u>--</u>	<u>(2,101)</u>

Debt Service Funds

Consolidated School District No. 1 Funds

The Consolidated School District No. 1 Debt Service Fund accumulates monies for payment of a \$5,445,000 bond issue, which is financed by a special property tax on property within the parish, and a \$2,740,000 bond issue which is funded by a one percent sales tax . These bonds were issued to construct and improve buildings and other school related facilities and acquire the necessary equipment and furnishings.

**East Feliciana Parish School Board
Debt Service Funds
Combining Balance Sheet
June 30, 1998**

	<u>Ad Valorem</u>	<u>Sales Tax</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$268,198	\$2,804,662	\$3,072,860
Due from other funds		103,403	103,403
Due from other governments	933		933
Total assets	<u>269,131</u>	<u>2,908,065</u>	<u>3,177,196</u>
 Liabilities and Fund Equity			
Liabilities			
Due to other funds		\$32,049	\$32,049
Total liabilities		<u>32,049</u>	<u>32,049</u>
 Fund equity			
Fund balances			
Reserved for debt service	\$269,131	1,311,596	1,580,727
Unreserved			
Designated for debt service		1,564,420	1,564,420
Total fund equity	<u>269,131</u>	<u>2,876,016</u>	<u>3,145,147</u>
Total liabilities and fund equity	<u>269,131</u>	<u>2,908,065</u>	<u>3,177,196</u>

East Feliciana Parish School Board
Debt Service Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Equity
Year Ended June 30, 1998

	<u>Ad Valorem</u>	<u>Sales Tax</u>	<u>Total</u>
Revenue			
Local sources			
Taxes			
Ad valorem	\$898,028		\$898,028
Sales, use and other		\$956,968	956,968
Interest earnings	24,249	92,845	117,094
Other	2,277		2,277
Total revenue	<u>924,554</u>	<u>1,049,813</u>	<u>1,974,367</u>
Expenditures			
Support services	114,479	61,316	175,795
Debt service			
Principal retirement	735,000	260,000	995,000
Interest	231,461	107,225	338,686
Total expenditures	<u>1,080,940</u>	<u>428,541</u>	<u>1,509,481</u>
 Excess (Deficiency) of Revenue Over Expenditures	 <u>(156,386)</u>	 <u>621,272</u>	 <u>464,886</u>
 Other Financing Sources (Uses)			
Operating transfers out		(2,360)	(2,360)
Proceeds of refunding bonds	3,985,000		3,985,000
Payment to refund bond escrow agent	(4,011,436)		(4,011,436)
Total other financing sources (uses)	<u>(26,436)</u>	<u>(2,360)</u>	<u>(28,796)</u>
 Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses	 <u>(182,822)</u>	 <u>618,912</u>	 <u>436,090</u>
 Fund Equity, beginning of year	 <u>451,953</u>	 <u>2,257,104</u>	 <u>2,709,057</u>
 Fund Equity, end of year	 <u>269,131</u>	 <u>2,876,016</u>	 <u>3,145,147</u>

Agency Funds

School Activity Fund

The School Activity Fund accounts for monies generated by the schools and organizations within the schools of the parish. 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.

Sales Tax Fund

The Sales Tax Fund accounts for the collection and distribution of a two percent sales and use tax levied by the School Board and a one and three-fourths percent sales and use tax levied by the East Feliciana Parish Police Jury.

**East Feliciana Parish School Board
Agency Funds
Combining Balance Sheet
June 30, 1998**

	<u>School Activity</u>	<u>Sales Tax</u>	<u>Total</u>
Assets			
Cash and cash equivalents	<u>\$76,709</u>	<u>\$409,649</u>	<u>\$486,358</u>
Total assets	<u>76,709</u>	<u>409,649</u>	<u>486,358</u>
Liabilities			
Accounts payable		\$5,980	\$5,980
Due other funds		206,807	206,807
Amounts held for schools	\$76,709		76,709
Due to other governments		134,969	134,969
Sales tax escrow		<u>61,893</u>	<u>61,893</u>
Total liabilities	<u>76,709</u>	<u>409,649</u>	<u>486,358</u>

East Feliciana Parish School Board
Agency Funds
Statement of Changes in Agency Funds
Year Ended June 30, 1998

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1998</u>
School Activity Funds				
Cash and deposits held for schools				
Clinton Elementary	\$16,202	\$67,639	\$68,832	\$15,009
Clinton High	21,099	137,393	130,858	27,634
Clinton Middle	2,114	43,147	38,241	7,020
Jackson Complex	14,235	224,146	220,862	17,519
Slaughter Elementary	852	22,373	13,698	9,527
Totals	<u>54,502</u>	<u>494,698</u>	<u>472,491</u>	<u>76,709</u>
Sales Tax Collection Fund				
Assets				
Cash and cash equivalents	<u>\$271,699</u>	<u>\$3,693,712</u>	<u>\$3,555,762</u>	<u>\$409,649</u>
Liabilities				
Accounts payable	\$5,875	\$105		\$5,980
Due other funds	133,162	1,952,225	\$1,878,580	206,807
Due to other governments	132,662	1,679,489	1,677,182	134,969
Sales tax escrow		61,893		61,893
Total liabilities	<u>271,699</u>	<u>3,693,712</u>	<u>3,555,762</u>	<u>409,649</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	<u>\$326,201</u>	<u>\$4,188,410</u>	<u>\$4,028,253</u>	<u>\$486,358</u>
Liabilities				
Accounts payable	\$5,875	\$105		\$5,980
Due other funds	133,162	1,952,225	\$1,878,580	206,807
Amounts held for schools	54,502	494,698	472,491	76,709
Due to other governments	132,662	1,679,489	1,677,182	134,969
Sales tax escrow		61,893		61,893
Total liabilities	<u>271,699</u>	<u>3,693,712</u>	<u>3,555,762</u>	<u>486,358</u>

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUGHARD, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD.
BATON ROUGE, LOUISIANA 70809
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October 28, 1998

ROBERT B. HAWTHORN, C.P.A.
(1996-1977)
JOHN F. WAYMOUTH, C.P.A.
(1902-1987)
HOWARD V. CARROLL, C.P.A.
(1903-1993)

WARREN G. BEER, C.P.A.
RETIRED
ROBERT J. ZERNOTT, C.P.A.
RETIRED
CARL L. HANCOCK, C.P.A.
RETIRED

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

East Feliciana Parish School Board
Clinton, Louisiana

Board Members:

We have audited the financial statements of the

**East Feliciana Parish School Board
Clinton, Louisiana**

as of and for the year ended June 30, 1998, and have issued our report thereon dated October 28, 1998. We conducted our audit in accordance with generally accepted auditing standards and 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 East Feliciana Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 98-1, 98-4 and 98-5.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Feliciana 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of

the internal control over financial reporting that, in our judgment, could adversely affect East Feliciana Parish School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-2 and 98-3.

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. We consider reportable conditions 98-2 and 98-3, described above, to be material weaknesses.

This report is intended for the information of the East Feliciana Parish School Board, management, the Louisiana Department of Education, the Single Audit Clearing House, and the Louisiana State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

Hawthorn, Waymouth & Carroll L.L.P.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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RETIRED

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

East Feliciana Parish School Board
Clinton, Louisiana

Board Members:

Compliance

We have audited the compliance of the

East Feliciana Parish School Board Clinton, Louisiana

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 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 East Feliciana Parish School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular 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 School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

As described in item 98-6 in the accompanying schedule of findings and questioned costs, East Feliciana Parish School Board did not comply with requirements regarding procurement policies, state laws, and reimbursement of federal funds that are applicable to its Title I Grants, and the National School Food Programs. Compliance with such requirements is necessary, in our opinion, for the School Board to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, East Feliciana 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 East Feliciana 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 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 internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the East Feliciana Parish School Board, management, the Louisiana Department of Education, the Single Audit Clearing House, and the Louisiana State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

Hawthorn, Waymouth & Carroll L.L.P.

**East Feliciana Parish School Board
Schedule of Expenditures of Federal Awards
Year Ended June 30, 1998**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	<u>CFDA or other Number</u>	<u>Federal Expend- itures</u>
United States Department of Agriculture		
Pass-through programs from:		
Louisiana Department of Education		
National School Lunch Program	10.555	\$640,004
School Breakfast Program	10.553	240,143
State Child Food Program - Food Distribution	10.550	<u>67,181</u>
Total pass-through programs		<u>947,328</u>
United States Department of Education		
Pass-through program from Louisiana Department of Education:		
Title I Grants to Local Educational Agencies	84.010	990,442
Innovative Education Program Strategies	84.298	15,367
Special Education - Grants to States	84.027	164,480
Vocational Education	84.028	52,385
Safe and Drug-Free Schools and Communities - State Grants	84.186	23,315
Adult Education - State Grant Program	84.002	32,619
Eisenhower Professional Development State Grants	84.281	23,179
Special Education - Preschool Grants	84.173	18,505
LA Learn (Goals 2000)	84.276A	<u>104,513</u>
Total pass-through programs		<u>1,424,805</u>
United States Department of Health and Human Services		
Child Care and Development Block Grant	93.575	<u>48,588</u>
United States Army		
R.O.T.C.	LA13-0000	<u>121,038</u>
Total expenditures of federal awards		<u><u>2,541,759</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**East Feliciana Parish School Board
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 1998**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Feliciana Parish School Board and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**East Feliciana Parish School Board
Summary Schedule of Prior Audit Findings
Year Ended June 30, 1998**

Financial Statement Audit

Reportable Conditions

97-1 Segregation of Duties

Management has reassigned accounting duties to use existing employees further to segregate accounting duties.

97-2 Records on Furniture and Equipment

The School Board has not yet implemented a comprehensive inventory of furniture and equipment. See finding 98-1 for further details.

97-3 Audit Report

Additional audit planning by the accounting firm and management is planned to facilitate a timely audit report.

Findings and Questioned Costs - Major Federal Awards Programs Audit

Department of Education

97-4 Bid Law - Title I Expenditures

This condition resulted from a quandary in interpreting the bid law and bond commission approval for a lease-purchase of equipment. Nothing new has occurred regarding these findings.

97-5 Accounting for sale of an asset purchased with grant funds

The School Board carried over funds to the next year according to advice from the pass-through agency.

**East Feliciana Parish School Board
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 1998**

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the East Feliciana Parish School Board.
2. Two reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. These conditions are considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the East Feliciana Parish School Board were disclosed during the audit.
4. No reportable conditions in internal control related to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs: Title I Grants, and the National School Lunch, for the East Feliciana Parish School Board expresses a qualified opinion.
6. Audit findings relative to the major federal award programs for the East Feliciana Parish School Board are reported in the Findings and Questioned Costs - Major Federal Award Programs Audit section of this schedule.
7. The programs tested as major programs included:

<u>Name of Program</u>	<u>CFDA No</u>
National School Lunch Program	10.555
National School Breakfast Program	10.553
 Title I Grants to Local Educational Agencies	 84.010

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The East Feliciana Parish School Board was determined to be a low risk auditee.

**East Feliciana Parish School Board
Schedule of Findings and Questioned Costs
Year Ended June 30, 1998**

Findings - Financial Statement Audit

98-1 State Bid Law Compliance

Reportable Condition

The School Board purchased significant amounts of computer equipment and services from two primary vendors without proper documentation of compliance with bid law requirements. Management indicated they relied on the vendors for the prices since the vendors were included in the Louisiana State Purchasing Contract. However, the purchase prices and bid law compliance procedures had no documentation trail. The total purchased for the year from these two vendors was \$286,949.92. A similar finding was reported in the Prior Year Findings and Questioned Costs 97-4.

Criteria and Recommendation

Management should document all procedures performed relating to the bid laws.

Management's Response

Management indicated that they complied with the applicable bid laws because they purchased from vendors on the State Purchasing Contract. They said the prices were verified "on-line," without printing the documentation.

98-2 Accounting for Furniture and Equipment

Reportable Condition

The School Board has not updated the detailed furniture and equipment inventory records to reflect the additions and deletions for the year. This finding is a repeat of prior year finding 97-2.

Criteria

Management should maintain fixed assets records to ensure proper safeguards of assets.

Recommendation

Management should take the following steps to ensure proper recording and accounting of the additions and deletions of fixed assets:

- a. Current year additions should be reconciled between the fixed asset inventory and the general ledger capital outlay accounts.
- b. A schedule of items deleted from the inventory should be maintained with an explanation as to the reason for the retirement.

Management's Response

Management indicated they are in the process of implementing a new computer program that will account for fixed assets.

**East Feliciana Parish School Board
Schedule of Findings and Questioned Costs
Year Ended June 30, 1998**

Findings - Financial Statement Audit (Continued)

98-3 School Activity Fund Shortage

Reportable Condition

The concession portion of the school activity account for Clinton Middle School had a significant shortage as of June 30, 1998.

Each school maintains a checking account to manage the receipts and disbursements pertaining to the various activities and fund raisers. Transactions are segregated by the type of activity creating fund balance components that are carried forward to the next school year.

The checking account for Clinton Middle School had a balance of \$7,019.96 after the 1997-1998 school year. The remaining balance allocated to concessions was \$160.49.

However, school personnel found several unpaid invoices allocable to concessions dated primarily from February 1998 to May 1998 for soft drinks and snack foods. The total unpaid invoices were \$10,314.28, resulting in a minimum shortage of \$10,153.79. Only a few concessions' deposits were made during the year. During the year ended June 30, 1998, deposits were combined for all sources which made it impossible to trace individual deposits to their activities. Management normally expects the concession fund to have a balance of approximately \$2,000.00 at the end of the school year. Therefore, the actual shortage may be higher.

Criteria and Recommendation

Management should continue to monitor the school's activity funds and follow through on questions and findings. Particular attention should be given to situations where key employees are absent for extended periods and new personnel begin related activities. Also, management should prepare budgets covering receipts and disbursements for the various activity funds at the schools.

98-4 Audit Report Compliance

Condition

The audit report was delayed past the required date of December 31, 1998, to provide additional time to assess the response and possible actions related to the finding 98-3. This finding is a repeat of prior year finding 97-3.

Criteria and Recommendation

Unusual findings and circumstances are not foreseen for subsequent audit years.

**East Feliciana Parish School Board
Schedule of Findings and Questioned Costs
Year Ended June 30, 1998**

Findings and Questioned Cost - Major Federal Awards Programs Audit

98-5 Compliance with Expenditure Laws

Condition

Board members are paid for meetings in advance. Board members not attending meetings then owe the School Board for the compensation already received.

Criteria

The Louisiana Constitution prohibits monetary advances to any persons.

Recommendation

School board members should be paid after attending meetings.

Management Response

Management has changed the policy so that board member compensation will be paid after meetings. However, this has only been implemented for three new board members.

98-6 Department of Education and Department of Agriculture

Condition

The finding 98-1 above also pertains to the following major federal award programs. The amounts representing federal awards expenditures and questionable cost are:

Department of Education Title I Program	\$37,049.46
Department of Agriculture School Food Program	<u>10,976.75</u> <u>48,026.21</u>