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**East Carroll Parish School Board
Lake Providence, Louisiana**
Annual Financial Report
As of and for the Year Ended June 30, 1999

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

Release Date DEC 2 2 1999

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

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**East Carroll Parish School Board
Lake Providence, Louisiana**

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

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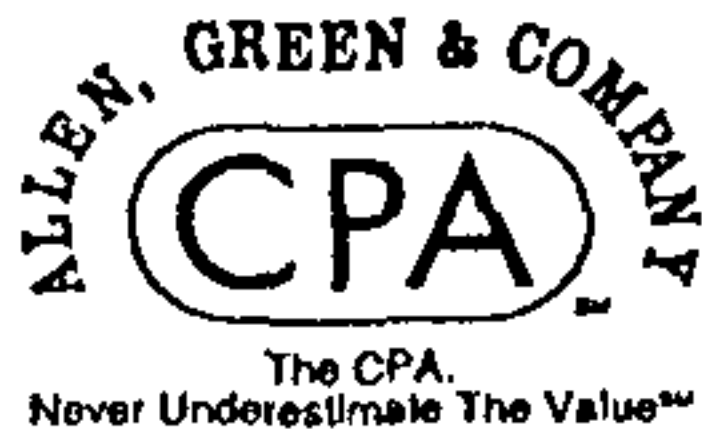
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INDEPENDENT AUDITORS' REPORT

Board Members

East Carroll Parish School Board
Lake Providence, Louisiana

We have audited the accompanying GENERAL-PURPOSE FINANCIAL STATEMENTS of the East Carroll Parish School Board, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

The year 2000 information on page 30 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 99-1, Disclosures About Year 2000 Issues - an amendment of Technical Bulletin 98-1. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the School Board is or will become year 2000 compliant, that the School Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the School Board does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 1999, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the School Board, taken as a whole. The accompanying SUPPLEMENTAL INFORMATION is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

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

Monroe, Louisiana
September 9, 1999

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

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

	*****GOVERNMENTAL FUNDS*****		FIDUCIARY
	GENERAL	SPECIAL	FUNDS -
	FUND	REVENUE	AGENCY
		FUNDS	FUNDS
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 3,233,996	\$ 88,047	\$ 102,647
Investments	143,675	0	0
Receivables	425,900	356,189	0
Interfund receivable	254,822	70,308	0
Inventory	0	9,082	0
Fixed assets	0	0	0
Other debits:			
Amount to be provided for payment of long-term debt	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 4,058,393	\$ 523,626	\$ 102,647
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts, salaries and other payables	\$ 1,135,956	\$ 236,238	\$ 0
Interfund payable	70,308	254,822	0
Deferred revenues	0	4,048	0
Deposits due others	0	0	102,647
Compensated absences payable	0	0	0
Total Liabilities	\$ 1,206,264	\$ 495,108	\$ 102,647
Equity and Other Credits:			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Fund Balances:			
Reserved for inventory	0	9,082	0
Unreserved:			
Undesignated	2,852,129	19,436	0
Total Equity and Other Credits	\$ 2,852,129	\$ 28,518	\$ 0
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 4,058,393	\$ 523,626	\$ 102,647

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

Statement A

*****ACCOUNT GROUPS*****

GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
\$ 0	\$ 0	\$ 3,424,690
0	0	143,675
0	0	782,089
0	0	325,130
0	0	9,082
10,327,475	0	10,327,475
<u>0</u>	<u>257,141</u>	<u>257,141</u>
<u>\$ 10,327,475</u>	<u>\$ 257,141</u>	<u>\$ 15,269,282</u>
\$ 0	\$ 0	\$ 1,372,194
0	0	325,130
0	0	4,048
0	0	102,647
0	257,141	257,141
<u>\$ 0</u>	<u>\$ 257,141</u>	<u>\$ 2,061,160</u>
\$ 10,327,475	\$ 0	\$ 10,327,475
0	0	9,082
0	0	2,871,565
<u>\$ 10,327,475</u>	<u>\$ 0</u>	<u>\$ 13,208,122</u>
<u>\$ 10,327,475</u>	<u>\$ 257,141</u>	<u>\$ 15,269,282</u>

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

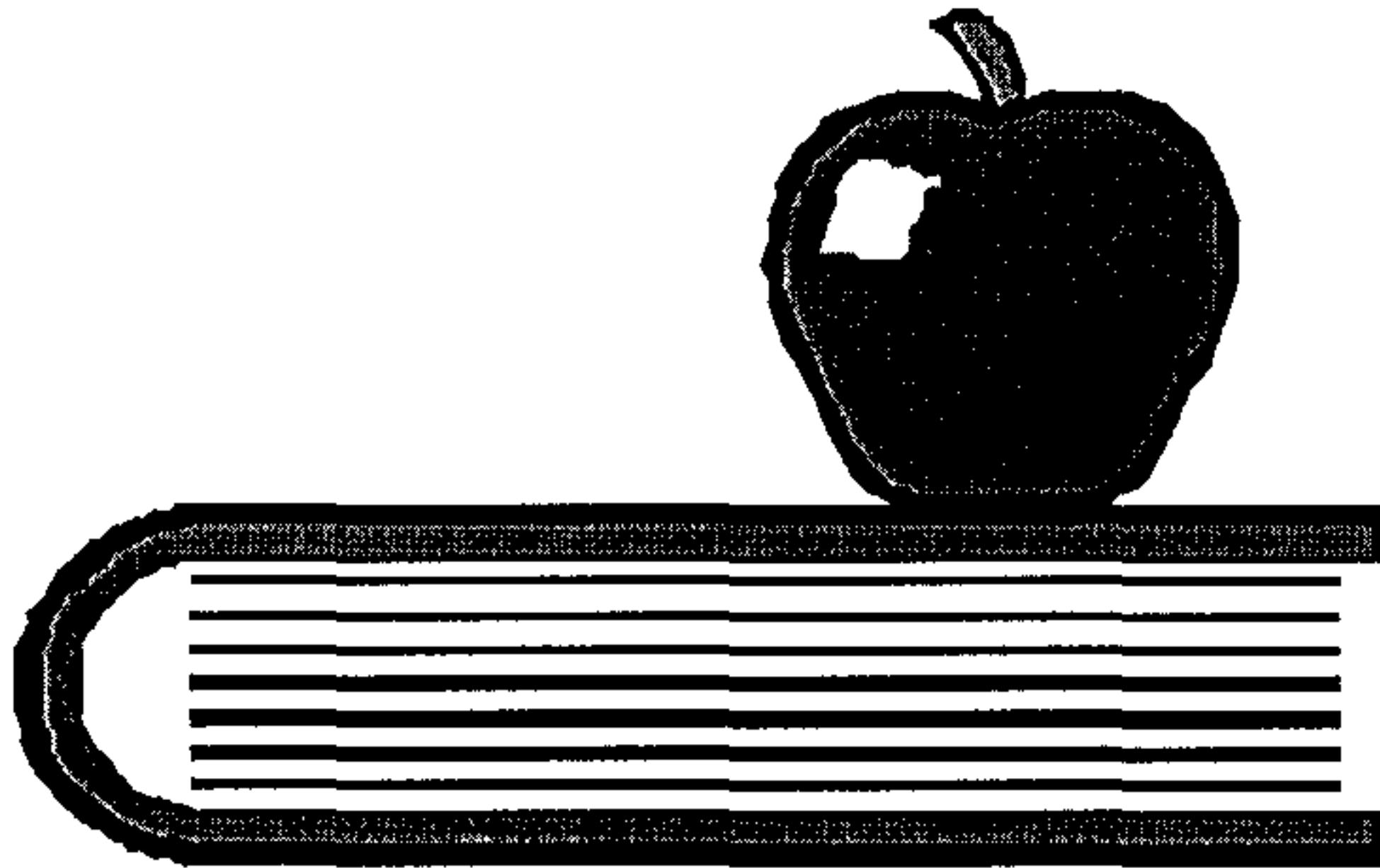
**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - All Governmental Funds**
For the Year Ended June 30, 1999

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 289,202	\$ 0	\$ 289,202
Sales and use	1,159,307	0	1,159,307
Interest earnings	136,756	3,766	140,522
Food service	0	35,279	35,279
Other	287,140	0	287,140
State sources:			
Equalization	6,541,860	121,809	6,663,669
Other	635,342	0	635,342
Federal sources			
	415,863	2,093,022	2,508,885
 Total revenues	 \$ 9,465,470	 \$ 2,253,876	 \$ 11,719,346
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 4,333,029	\$ 0	\$ 4,333,029
Special programs	708,878	887,001	1,595,879
Other instructional programs	331,935	0	331,935
Support services:			
Student services	756,540	0	756,540
Instructional staff support	250,606	304,194	554,800
General administration	244,937	0	244,937
School administration	685,326	0	685,326
Business services	206,968	0	206,968
Plant services	790,138	39,726	829,864
Student transportation services	397,715	0	397,715
Central services	9,339	0	9,339
Food services	84,025	1,055,243	1,139,268
Community service program	3,910	0	3,910
Facilities acquisition and construction	82,075	0	82,075
 Total expenditures	 \$ 8,885,421	 \$ 2,286,164	 \$ 11,171,585
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 \$ 580,049	 \$ (32,288)	 \$ 547,761
 FUND BALANCES AT BEGINNING OF YEAR	 2,272,080	 60,806	 2,332,886
 FUND BALANCES AT END OF YEAR	 \$ 2,852,129	 \$ 28,518	 \$ 2,880,647

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

**East Carroll Parish School Board
Lake Providence, Louisiana**



EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
(Non-GAAP) Budget and Actual - All Governmental Funds - General Fund
For the Year Ended June 30, 1999**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 304,129	\$ 289,202	\$ (14,927)
Sales and use	1,060,229	1,100,342	40,113
Interest earnings	259,490	270,582	11,092
Other	3,150	153,314	150,164
State sources:			
Equalization	6,663,668	6,663,669	1
Other	825,604	609,029	(216,575)
Federal sources			
	270,367	442,176	171,809
 Total revenues	 \$ 9,386,637	 \$ 9,528,314	 \$ 141,677
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 4,292,087	\$ 4,333,029	\$ (40,942)
Special programs	727,279	708,324	18,955
Other instructional programs	388,529	338,271	50,258
Support services:			
Student services	855,339	756,540	98,799
Instructional staff support	249,000	240,719	8,281
General administration	247,490	244,937	2,553
School administration	680,054	685,326	(5,272)
Business services	176,200	206,968	(30,768)
Plant services	754,310	790,138	(35,828)
Student transportation services	404,703	397,715	6,988
Central services	17,000	9,339	7,661
Food services	0	205,834	(205,834)
Community service program	5,000	3,910	1,090
Facilities acquisition and construction	321,500	82,075	239,425
 Total expenditures	 \$ 9,118,491	 \$ 9,003,125	 \$ 115,366
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 \$ 268,146	 \$ 525,189	 \$ 257,043

(CONTINUED)

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
(Non-GAAP) Budget and Actual - All Governmental Funds - General Fund
For the Year Ended June 30, 1999

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 469,580	\$ 0	\$ (469,580)
Operating transfers out	<u>(258,645)</u>	<u>(9,887)</u>	<u>248,758</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 210,935</u>	<u>\$ (9,887)</u>	<u>\$ (220,822)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 479,081	\$ 515,302	\$ 36,221
FUND BALANCES AT BEGINNING OF YEAR	<u>2,272,080</u>	<u>2,272,080</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,751,161</u>	<u>\$ 2,787,382</u>	<u>\$ 36,221</u>

(CONTINUED)

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
(Non-GAAP) Budget and Actual - All Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 1999**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Interest earnings	\$ 2,910	\$ 3,766	\$ 856
Food service	35,079	35,279	200
State sources:			
Equalization	175,709	121,809	(53,900)
Federal sources	2,057,270	2,109,657	52,387
Total revenues	\$ 2,270,968	\$ 2,270,511	\$ (457)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 917,406	\$ 903,636	\$ 13,770
Support services:			
Instructional staff support	276,987	303,706	(26,719)
General administration	21,134	0	21,134
Plant services	33,963	39,726	(5,763)
Food services	1,075,164	1,055,243	19,921
Total expenditures	\$ 2,324,654	\$ 2,302,311	\$ 22,343
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (53,686)	\$ (31,800)	\$ 21,886
FUND BALANCES AT BEGINNING OF YEAR	53,686	60,806	7,120
FUND BALANCES AT END OF YEAR	\$ 0	\$ 29,006	\$ 29,006

(CONCLUDED)

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

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**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The School Board operates six schools within the parish with a total enrollment of approximately 2,034 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is 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 also has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

B. FUNDS AND ACCOUNT GROUPS

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

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.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

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 Funds

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

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

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

Fiduciary Funds

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

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

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

Retirement insurance fund — accounts for assets held by the School Board as an agent for individual retirees of the School Board.

Account Groups

The *general fixed assets account group* is used to account for all fixed assets of the School Board.

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental Funds

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

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

Revenues

Ad valorem and sales taxes are susceptible to accrual.

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

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

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

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

Other Financing Sources (Uses)

Capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds and 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.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Fiduciary Funds

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

D. BUDGETS

General Budget Policies

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

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

Each year prior to September 15, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue fund. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

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

Encumbrances

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS (Continued)

Budget Basis of Accounting

All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, 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, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS

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

The investments are reflected at quoted market prices except for the following which are permitted per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

H. INVENTORIES

Inventories of the governmental fund type are recorded as expenditures as purchased except for inventory of the child nutrition fund.

Inventory of the child nutrition special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. Unused commodities at June 30, 1999, are reported as deferred revenue. All purchased inventory items are valued at cost (first in, first out) and commodities are assigned values provided by the United States Department of Agriculture.

I. FIXED ASSETS

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

Approximately 90% of fixed assets are valued at actual costs, while the remaining 10% are valued at estimated cost based on the actual cost of like items.

Public domain (infrastructure) general fixed assets (i.e. roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized.

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

J. DEFERRED REVENUES

The School Board reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. COMPENSATED ABSENCES

The School Board has the following policies for vacation and sick leave:

All 12-month employees earn 10 days of vacation leave each year. Vacations must be taken during the fiscal year or otherwise forfeited.

All School Board employees earn 10 days of sick leave each year. Sick leave may be accumulated and carried forward to succeeding years without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

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

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

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

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

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

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. LONG-TERM OBLIGATIONS

The School Board reports long-term obligations of governmental funds at face value in the general long-term obligations account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term obligations account group.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

M. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific purpose.

Designated fund balances

Designated fund balances represent tentative management plans for future use of financial resources that are subject to change.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues or expenditures. 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 deductions 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.

O. SALES TAXES

The East Carroll Parish School Board has three sales tax ordinances as follows:

The School Board has a one-percent parish-wide sales and use tax as authorized in a special election held December 1967. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used exclusively to supplement the payment of salaries for teachers in the public elementary and secondary schools of the parish and/or for the expenses of operating the schools. Such operating expenses include payment of salaries of other personnel employed by the School Board.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. SALES TAXES (Continued)

The School Board also has an additional one percent sales and use tax as authorized in a special election held July 17, 1993. In accordance with the proposition approved by voters of the Parish, the net proceeds of the tax are to be used for the purpose of salary enhancement for teachers and other employees of the School Board, to be divided annually on an equal basis among all employees.

In October 1998, voters approved a new one-percent sales and use tax. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used for salary enhancements for teachers and other employees of the School Board.

P. USE OF ESTIMATES

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

Q. MEMORANDUM ONLY - TOTAL COLUMNS

The total columns on the general-purpose financial 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, results of operations or cash flows in accordance 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.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 2 - BUDGET/GAAP RECONCILIATION

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - (Non-GAAP) Budget to Actual, to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances:

	<u>General Fund</u>	<u>Special Revenue</u>
Fund balances (budget)	\$ 2,787,382	\$ 29,006
Revenues		
Sales tax	58,965	-
Interest earnings	(133,826)	-
Other	133,826	
State sources:		
Equalization	(121,809)	-
Other	26,313	-
Federal sources	(26,313)	(16,635)
Expenditures		
Special programs	(554)	16,635
Other instructional programs	6,336	-
Instructional staff support	(9,887)	(488)
Food services	121,809	-
Operating transfers out	<u>9,887</u>	<u>-</u>
 Fund balances (GAAP)	 <u>\$ 2,852,129</u>	 <u>\$ 28,518</u>

All budget/GAAP reporting differences are a result of classification except for sales tax, which is budgeted on a cash basis.

NOTE 3 - LEVIED TAXES

The School Board levies taxes on real and business personal property located within East Carroll Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the East Carroll Parish Tax Assessor and approved by the state of Louisiana Tax Commission.

The East Carroll Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

Property Tax Calendar

Millage rates adopted	August 1998
Levy date	August 1998
Tax bills mailed	On or about November 1, 1998
Due date	December 31, 1998
Lien date	January 1, 1999

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 3 - LEVIED TAXES (Continued)

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1996. Total assessed value was \$31,380,011 in calendar year 1998. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$5,716,193 of the assessed value in calendar year 1998.

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

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

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the 1999 property taxes occurs in December, and January and February of the next year. As a result, no property taxes receivable for 1999 taxes is included on the accompanying balance sheet because it is not available within 60 days of the School Board's year-end.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional	5.22	5.22	Statutory
Maintenance and operation	5.58	5.58	2008

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 1999, the School Board has cash and cash equivalents (book balances) totaling \$3,424,690 as follows:

Demand deposit	\$ 12,889
Interest-bearing demand deposits	3,411,801
Time deposits	<u>143,675</u>
Total deposits	3,568,365
Less: Time deposits classified as investments	<u>143,675</u>
Total cash and cash equivalents	<u>\$3,424,690</u>

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

At year-end, the School Board's carrying amount of deposits was \$3,568,365 and the bank balance was \$3,990,897. Of the bank balance, \$401,577 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GASB Category 1). The remaining balance, \$3,589,320 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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.

NOTE 5 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 5 - INVESTMENTS (Continued)

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

<u>Type of investment</u>	<u>Category</u>			<u>Carrying Amount</u>		<u>Total Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	
Certificate of deposit	<u>\$143,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$143,675</u>

NOTE 6 - RECEIVABLES

The receivables of \$782,089 at June 30, 1999, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes:			
Ad valorem	\$ 1,657	\$ -	\$ 1,657
Sales and use	152,540	-	152,540
Intergovernmental - grants:			
Federal	127,380	356,189	483,569
State	122,329	-	122,329
Other	<u>21,994</u>	<u>-</u>	<u>21,994</u>
Total	<u>\$425,900</u>	<u>\$356,189</u>	<u>\$782,089</u>

NOTE 7 - FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land	\$ 254,380	\$ -	\$ -	\$ 254,380
Buildings	5,985,623	-	-	5,985,623
Furniture and equipment	<u>3,809,187</u>	<u>316,589</u>	<u>38,304</u>	<u>4,087,472</u>
Total	<u>\$10,049,190</u>	<u>\$316,589</u>	<u>\$38,304</u>	<u>\$10,327,475</u>

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 8 - RETIREMENT SYSTEMS

Plan description

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

Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. In general, professional employees (such as teachers and principals) and 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 (LSERS). Generally, all full-time employees are eligible to participate in the system.

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Under the Teachers' Retirement System Plan A, normal retirement is generally at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service and at age 60 with at least 10 years of creditable service. The retirement benefit formula is generally three percent times the years of creditable service times the average salary of the 36 highest successive months plus \$24 per year of service.

Employees participating in the School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55 or after 10 years of service at age 60. The maximum retirement allowance is computed at 2.5 percent times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

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

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 8 - RETIREMENT SYSTEMS (Continued)

Funding Policy

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

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

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

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System:		
Regular	8.00%	16.50%
Plan A	9.10%	16.50%
Louisiana School Employees' Retirement System	6.35%	6.00%

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan A, and LSERS for the year ended June 30, 1999, amounted to \$5,287,321, \$123,070, and \$584,247, respectively. Employer contributions for the year ended June 30, 1999, and each of the two preceding years are as follows:

<u>Fiscal Year Ending</u> TRS LSERS	
	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution Paid	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution Paid
June 30, 1997	\$836,500	92.32%	\$29,001	100.36%
June 30, 1998	911,876	89.00%	32,454	96.45%
June 30, 1999	998,229	89.43%	36,394	96.32%

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

The East Carroll 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 normal retirement age while working for the School Board. These benefits for retirees are provided through Blue Cross/Blue Shield. The cost of benefits for retirees is paid jointly by the employee and the School Board. The School Board's portion of the cost for 1999 totaled \$130,196 for 117 retirees, and was recognized as an expenditure when the monthly premium was paid.

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$1,372,194 at June 30, 1999, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Salaries and withholding	\$ 900,679	\$138,033	\$1,038,712
Accounts	<u>235,277</u>	<u>98,205</u>	<u>333,482</u>
Total	<u>\$1,135,956</u>	<u>\$236,238</u>	<u>\$1,372,194</u>

NOTE 11 - COMPENSATED ABSENCES

At June 30, 1999, employees of the School Board have accumulated and vested \$257,141 of employee leave benefits including \$31,332 of salary related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore, the liability of \$257,141 is recorded within the general long-term obligations account group.

NOTE 12 - AGENCY FUND DEPOSITS DUE OTHERS

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

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
Agency funds:				
School activity fund	\$61,602	\$214,445	\$202,493	\$ 73,554
Retirement insurance fund	<u>23,728</u>	<u>81,924</u>	<u>76,559</u>	<u>29,093</u>
	<u>\$85,330</u>	<u>\$296,369</u>	<u>\$279,052</u>	<u>\$102,647</u>

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 13 - GENERAL LONG-TERM OBLIGATIONS

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

	<u>Compensated Absences</u>
Balance at beginning of year	\$250,108
Additions	7,033
Deductions	<u> -</u>
 Balance at end of year	 <u><u>\$257,141</u></u>

NOTE 14 - INTERFUND TRANSACTIONS

Interfund receivable/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special revenue funds	
	Title I	\$176,429
	IDEA	7,002
	Preschool	916
	Summer Feeding	167
	Child Nutrition	70,308
Special revenue funds		
Child Nutrition	General	<u>70,308</u>
 Total		 <u><u>\$325,130</u></u>

NOTE 15 - RISK MANAGEMENT

The School Board is at risk for property damage, liability and theft which are covered by insurance policies. The School Board is also fully insured for workers' compensation.

NOTE 16 - LITIGATION AND CLAIMS

Litigation

At June 30, 1999, the School Board was involved in various litigation. It is the opinion of the legal advisor for the School Board that the amount of potential loss to the Board is impossible to estimate.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 16 - LITIGATION AND CLAIMS (Continued)

Grant Disallowance

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

NOTE 17 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$19,679. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

**East Carroll Parish School Board
Lake Providence, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION

**East Carroll Parish School Board
Lake Providence, Louisiana**

On March 29, 1999, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin (TB) 99-1, *Disclosures about Year 2000 Issues - an amendment of Technical Bulletin 98-1*. The amendment, among other things, provides that required year 2000 disclosures may be reported as required supplementary information. The School Board reported the year 2000 disclosures as required supplemental information.

Year 2000 Information

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

The School Board has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and are necessary to conducting School Board operations. These systems are financial reporting and payroll.

As of June 30, 1999, the financial reporting and payroll system has been assessed and remediated by the vendor at a cost of \$53,351.18. Validation and testing of these systems has been completed by the vendor.

The state of Louisiana distributes a substantial sum of money to the School Board in the form of "foundation" and federal and state grant payments. The foundation payments are based on student and financial data that is collected from the School Board and its schools. The School Board contracts with another School Board for collection and submission of this data and that School Board is responsible for the remediation of this system. Further, the State processes a significant amount of financial and non-financial information about the School Board through the state's Department of Education management information systems.

The Lake Providence Sheriff's Office and Concordia Parish School Board Office collects property taxes and sales taxes, respectively, for distribution to the School Board. The sheriff's office and Concordia Parish School Board are responsible for remediating these tax collection systems.

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

The School Board estimates that future expenditures to make systems Y2K compliant will not be significant.

**East Carroll Parish School Board
Lake Providence, Louisiana**

SUPPLEMENTAL INFORMATION

**East Carroll Parish School Board
Lake Providence, Louisiana**

SPECIAL REVENUE FUNDS

TITLE I

This program is designed to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Services supplement, not supplant, those normally provided by state and local educational agencies.

IDEA

These grants to states assist the School Board in providing a free appropriate education to all children with disabilities.

PRESCHOOL

These grants to states assist the School Board in providing a free appropriate public education to preschool disabled children aged three through five years.

SUMMER FEEDING

This program was established to ensure continued availability of high-quality meals during the summer months similar to those provided during the school year.

CHILD NUTRITION

The basic goals of the Child Nutrition Programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influence to homes of school children, and to provide learning experiences that will improve the children's food habits with the ultimate goal of physically fit adults.

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1999

	TITLE I	IDEA	PRESCHOOL
ASSETS			
Cash and cash equivalents	\$ 6,990	\$ 0	\$ 0
Receivables	343,926	10,818	1,445
Interfund receivable	0	0	0
Inventory	0	0	0
TOTAL ASSETS	\$ 350,916	\$ 10,818	\$ 1,445
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts, salaries and other payables	\$ 174,487	\$ 3,816	\$ 529
Interfund payable	176,429	7,002	916
Deferred revenues	0	0	0
Total Liabilities	\$ 350,916	\$ 10,818	\$ 1,445
 Fund Equity			
Fund Balances:			
Reserved for inventory	\$ 0	\$ 0	\$ 0
Unreserved and undesignated	0	0	0
Total Equity	\$ 0	\$ 0	\$ 0
TOTAL LIABILITIES AND FUND EQUITY	\$ 350,916	\$ 10,818	\$ 1,445

Exhibit 1

SUMMER FEEDING	CHILD NUTRITION	TOTAL
\$ 9,643	\$ 71,414	\$ 88,047
0	0	356,189
0	70,308	70,308
0	9,082	9,082
<u>\$ 9,643</u>	<u>\$ 150,804</u>	<u>\$ 523,626</u>
\$ 0	\$ 57,406	\$ 236,238
167	70,308	254,822
0	4,048	4,048
<u>\$ 167</u>	<u>\$ 131,762</u>	<u>\$ 495,108</u>
\$ 0	\$ 9,082	\$ 9,082
9,476	9,960	19,436
<u>\$ 9,476</u>	<u>\$ 19,042</u>	<u>\$ 28,518</u>
<u>\$ 9,643</u>	<u>\$ 150,804</u>	<u>\$ 523,626</u>

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

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

	TITLE I	IDEA	PRESCHOOL
REVENUES			
Local sources:			
Interest earnings	\$ 0	\$ 0	\$ 0
Food service	0	0	0
State sources:			
Equalization	0	0	0
Federal sources	1,116,318	105,723	8,880
 Total revenues	\$ 1,116,318	\$ 105,723	\$ 8,880
 EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 804,880	\$ 73,241	\$ 8,880
Support services:			
Instructional staff support	277,475	26,719	0
Plant services	33,963	5,763	0
Food services	0	0	0
 Total expenditures	\$ 1,116,318	\$ 105,723	\$ 8,880
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
 FUND BALANCES AT BEGINNING OF YEAR	0	0	0
 FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

Exhibit 2

SUMMER FEEDING	CHILD NUTRITION	TOTAL
\$ 566	\$ 3,200	\$ 3,766
0	35,279	35,279
0	121,809	121,809
<u>23,040</u>	<u>839,061</u>	<u>2,093,022</u>
\$ 23,606	\$ 999,349	\$ 2,253,876
\$ 0	\$ 0	\$ 887,001
0	0	304,194
0	0	39,726
<u>15,683</u>	<u>1,039,560</u>	<u>1,055,243</u>
\$ 15,683	\$ 1,039,560	\$ 2,286,164
\$ 7,923	\$ (40,211)	\$ (32,288)
<u>1,553</u>	<u>59,253</u>	<u>60,806</u>
\$ 9,476	\$ 19,042	\$ 28,518

**East Carroll Parish School Board
Lake Providence, Louisiana**

AGENCY FUNDS

SCHOOL ACTIVITY FUND

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

RETIREMENT INSURANCE FUND

The monthly receipt and payment of funds for the retirees' insurance benefits are accounted for in the retiree insurance fund. Although the account is under the supervision of the School Board, it belongs to the retirees and is not available for use by the School Board.

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

AGENCY FUNDS
Combining Schedule of Assets and Liabilities
June 30, 1999

Exhibit 3

	<u>SCHOOL ACTIVITY FUND</u>	<u>RETIREMENT INSURANCE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 73,554	\$ 29,093	\$ 102,647
TOTAL ASSETS	<u>\$ 73,554</u>	<u>\$ 29,093</u>	<u>\$ 102,647</u>
LIABILITIES			
Deposits due others	\$ 73,554	\$ 29,093	\$ 102,647
TOTAL LIABILITIES	<u>\$ 73,554</u>	<u>\$ 29,093</u>	<u>\$ 102,647</u>

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

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

Exhibit 4

	<u>Balance, July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 1999</u>
*****SCHOOL ACTIVITY FUND*****				
ASSETS				
Cash and cash equivalents	\$ 61,602	\$ 214,445	\$ 202,493	\$ 73,554
	<u>\$ 61,602</u>	<u>\$ 214,445</u>	<u>\$ 202,493</u>	<u>\$ 73,554</u>
LIABILITIES				
Deposits due others	\$ 61,602	\$ 214,445	\$ 202,493	\$ 73,554
	<u>\$ 61,602</u>	<u>\$ 214,445</u>	<u>\$ 202,493</u>	<u>\$ 73,554</u>
*****RETIREMENT INSURANCE FUND*****				
ASSETS				
Cash and cash equivalents	\$ 23,728	\$ 81,924	\$ 76,559	\$ 29,093
	<u>\$ 23,728</u>	<u>\$ 81,924</u>	<u>\$ 76,559</u>	<u>\$ 29,093</u>
LIABILITIES				
Deposits due others	\$ 23,728	\$ 81,924	\$ 76,559	\$ 29,093
	<u>\$ 23,728</u>	<u>\$ 81,924</u>	<u>\$ 76,559</u>	<u>\$ 29,093</u>
*****TOTAL AGENCY FUNDS*****				
ASSETS				
Cash and cash equivalents	\$ 85,330	\$ 296,369	\$ 279,052	\$ 102,647
	<u>\$ 85,330</u>	<u>\$ 296,369</u>	<u>\$ 279,052</u>	<u>\$ 102,647</u>
LIABILITIES				
Deposits due others	\$ 85,330	\$ 296,369	\$ 279,052	\$ 102,647
	<u>\$ 85,330</u>	<u>\$ 296,369</u>	<u>\$ 279,052</u>	<u>\$ 102,647</u>

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

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

Exhibit 5

SCHOOL	Balance, Beginning	Additions	Deductions	Balance, Ending
Lake Providence Junior High	\$ 15,786	\$ 14,703	\$ 9,438	\$ 21,051
Lake Providence Senior High	2,210	43,689	39,681	6,218
Lake Providence Senior High Athletic	1,970	36,721	37,586	1,105
Monticello High	22,015	45,419	43,748	23,686
Northside Elementary	4,709	21,892	23,592	3,009
Southside Elementary	6,788	22,543	23,432	5,899
Transylvania Elementary	<u>8,124</u>	<u>29,478</u>	<u>25,016</u>	<u>12,586</u>
Total	<u>\$ 61,602</u>	<u>\$ 214,445</u>	<u>\$ 202,493</u>	<u>\$ 73,554</u>

**East Carroll Parish School Board
Lake Providence, Louisiana**

GENERAL

Exhibit 6

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

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. 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 \$650 per month, and the president receives \$50 per month for performing the duties of his/her office.

<u>Board Member</u>	<u>Actual Salary</u>
Georjean Jackson, President	\$ 8,450
Ralph Coleman	7,850
Glenn Dixon	3,950
Gene Edmondson	7,850
Evangelia Fields-Combs	7,850
Fannie Hawkins	7,850
Ernestine Houston	3,250
Tommy McKeel	7,850
Michael Owens	7,850
Buford Perry	<u>7,850</u>
Total	<u>\$70,600</u>

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Other Report Required by
Government Auditing Standards**

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

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

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

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(A Professional
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Tim Green, CPA

Margie Williamson, CPA



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

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

We have audited the financial statements of East Carroll Parish School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 non-compliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-F3 and 99-F4.

Management Letter Items.

We also noted immaterial instances of noncompliance which we have reported to management of the School Board in a separate letter dated September 9, 1999, included later in this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 99-F1, 99-F2, 99-F3, and 99-F4.

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

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

Management Letter Items

We noted other matters involving the internal control over financial reporting which we have reported to management of the School Board in a separate letter dated September 9, 1999, included later in this report.

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

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 9, 1999

ALLEN, GREEN & COMPANY, LLP

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Margie Williamson, CPA

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

Board Members

East Carroll Parish School Board
Lake Providence, Louisiana

Compliance

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

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

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported *in accordance with OMB Circular No. A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 99-F5.*

Internal Control Over Compliance

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

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 9, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Allen, Green + Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 9, 1999

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

Exhibit 7

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
National School Lunch Program	10.555	N/A	\$ 543,690
School Breakfast Program	10.553	N/A	248,407
Summer Food Program for Children	10.559	N/A	<u>23,040</u>
Total United States Department of Agriculture			<u>815,137</u>
United States Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education - State-Administered Basic Grant Program	84.002	N/A	42,964
Title I Grants to Local Educational Agencies			
Basic Grant Program	84.010	99-IASA-18-I	1,116,318
Special Education			
State Grants - Part B	84.027	99-IB-18-S	105,723
Preschool Grants	84.173	99-IP-18-S	8,880
Vocational Education			
Basic Grants to States	84.048	99-VE-18-2B/BG	45,011
School to Work	84.UKN	N/A	5,999
Title VI - Innovative Education Program Strategies	84.298	99-IASA-18-VI	14,593
Title II - Eisenhower Professional Development State Grants	84.281	99-IASA-18-II	13,580
Title IV (Safe and Drug-Free Schools)	84.186	99-IASA-18-IV	23,151
Goals 2000			
State and Local Education Systematic Improvement Grants (GOALS 2000 State Grants)	84.276A	99-LI-18-L	63,302
Technology Literacy Challenge	84.318X	99-LCF-18-F	<u>207,263</u>
Total United States Department of Education			<u>1,646,784</u>
NONCASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution Program (Commodities)	10.550	N/A	<u>46,964</u>
Total Noncash Federal Awards			<u>46,964</u>
Total Federal Awards			<u>\$2,508,885</u>

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

	<u>Federal Sources</u>
General Fund	\$ 415,863
Special Revenue Funds:	
Title I	1,116,318
IDEA	105,723
Preschool	8,880
Summer Feeding	23,040
Child Nutrition	<u>839,061</u>
	<u>\$2,508,885</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - MATCHING REVENUES

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

NOTE 6 - NONCASH PROGRAMS

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

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

PART I - Summary of the auditors' results

Financial statement audit

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

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

- iii. There were instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed an audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:

CFDA #84.010 Title I Grants to Local Educational Agencies
CFDA #84.318X Technology Literacy Challenge
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

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

Reference # and title: 99-F1 Accounting System

Entity-wide or program/department-specific: This finding is entity-wide.

Criteria or specific requirement: A centralized accounting system provides for stronger internal controls and more accurate record keeping.

Condition found: The School Board does not have a centralized accounting system. The payroll function is a completely separate system. Because of this, all information created by the payroll system must be manually entered on the general ledger of the other funds. Also, the payroll system does not provide a general ledger.

Proper perspective for judging the prevalence and consequences: Payroll-related expenditures make up the majority of the School Board's expenditures.

Possible asserted effect (cause and effect):

Cause: Management is currently using software that does not accommodate its needs.

Effect: The information on the general ledger may not correctly reflect actual payroll expenditures.

Recommendations to prevent future occurrences: Since this finding was initially reported, the School Board has purchased software that will accommodate its needs. The School Board should implement the use of this software as soon as possible.

**East Carroll Parish School Board
Lake Providence, Louisiana**

***Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999***

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

Reference # and title: 99-F2 Inadequate Separation of Duties

Entity-wide or program/department-specific: This finding is entity-wide.

Criteria or specific requirement: Good internal controls dictate that job responsibilities should be structured in such a way that if errors and/or irregularities occurred, they could be detected in a timely manner.

Condition found: Some employees have job duties in which they receive and deposit monies, maintain accounting records, initiate accounting transactions, and prepare bank reconciliations for a fund or function.

Possible asserted effect (cause and effect):

Cause: Unknown.

Effect: The current controls are not structured in such a way that assures that if errors and/or irregularities occurred, they would be detected.

Recommendations to prevent future occurrences: The School Board should review job descriptions and functions in the business department and adopt a policy that realigns the duties in the accounting area so that the internal controls are stronger.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

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

Reference # and title: 99-F3 Fixed Asset Listing and Safeguarding of Fixed Assets

Entity-wide or program/department-specific: This finding is entity-wide with the exception of the special education fund.

Criteria or specific requirement: LSA-R.S. 24:515 (B)(1) requires the School Board to maintain records of all land, buildings, improvements other than buildings, equipment and other general fixed assets which were purchased or otherwise acquired, and for which the entity is accountable.

Good internal control requires safeguarding movable fixed assets. This is accomplished by tagging all movable fixed assets with a unique identification number and marking as School Board property.

Condition found: The School Board was unable to provide a comprehensive listing of fixed assets by location as of June 30, 1999. The last comprehensive list was prepared in June 1995. Although the School Board adjusts the general ledger to reflect additions and deletions each year, the list has not been maintained for additions nor deletions.

Movable fixed assets purchased since 1995 have not been tagged with a unique identification number nor marked as School Board property.

Proper perspective for judging the prevalence and consequences: Since July 1, 1995, the School Board has made additions and deletions to fixed assets of \$4,879,099 and \$97,516, respectively.

The fixed asset listing and safeguarding of fixed assets was tested at two locations. To test fixed assets at both locations, assets were chosen from the listing and traced to the asset and assets were chosen from the location and traced back to the listing. The results of the tests were as follows. Twenty-one items were chosen from the listing to be traced to the physical asset. Of the twenty-one items chosen, 19% or four could not be traced to the asset because there were no tag numbers on the listing nor on the assets or the asset had been discarded, but not removed from the listing. Eighteen assets were chosen to trace back to the fixed assets listing. Of the eighteen assets, 44% or eight assets could not be traced back to the listing because there were no tag numbers on the assets nor on the listing.

Possible asserted effect (cause and effect):

Cause: The person assigned this job resigned and no one was hired as a replacement. The duties were assigned to other personnel, who due to time constraints were unable to keep the information up-to-date.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

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

**Reference # and title: 99-F3 Fixed Asset Listing and Safeguarding of Fixed Assets
(Continued)**

Possible asserted effect (cause and effect): (Continued)

Effect: The School Board is not in compliance with LSA-R.S. 24:515 (B)(1) which requires the School Board to maintain records of all land, buildings, improvements other than buildings, equipment and other general fixed assets.

The School Board does not have adequate controls over the safeguarding of movable fixed assets.

Recommendations to prevent future occurrences: The School Board should act immediately to compile a comprehensive fixed asset listing by location and continue to update it for all additions and deletions. The list should include a description, the purchase date, the cost, and the tag number of the asset. All existing moveable fixed assets and any additions in the future should be tagged with a unique identification number and marked as School Board property.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

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

Reference # and title: 99-F4 Student Activity Funds

Entity-wide or program/department-specific: This finding is specific to student activity funds.

Criteria or specific requirement: The School Board should have uniform procedures and requirements for student activity funds. These procedures and requirements should be based on the information provided in the "School Activity Funds Accounting, Auditing, and Financial Reporting" handbook issued by the Louisiana Legislative Auditor. The procedures and requirements, if followed, should offer some assurance over the internal control over school activity fund accounting.

Condition found: As part of our auditing procedures, two schools were haphazardly selected to review the accounting records and internal control structure at each school. At each school, the bookkeepers responded to a questionnaire provided by the external auditor, bank reconciliations were tested for accuracy, and fourteen receipts and twenty-four disbursements were tested for certain attributes.

The following was noted at Lake Providence Senior High:

1. Four receipts of cash could not be traced to the deposit slip because no detailed information was kept for the deposit.
2. One receipt was not deposited timely.
3. One receipt could not be traced to the cash receipts journal.
4. Five receipts could not be traced to original documents (i.e., teachers' log).
5. Eleven disbursements had no documentation to support charge. Because there was no supporting documentation, we could not determine if the payments were approved by authorized personnel, if the invoices were current when paid, or if the charges were necessary and reasonable.
6. Eight disbursements were not current when paid.
7. Five disbursements were paid from copies of invoices.
8. The financial records were in disorder.
9. School has more than one checking account.

The following was noted at Northside Elementary:

1. No receipts were issued prior to January 29, 1999.
2. Fourteen receipts could not be traced to deposit for receipts issued after January 29, 1999.
3. Nine disbursements were not supported by adequate documentation.
4. Three disbursements were not current when paid.
5. Reimbursements for travel were not reimbursed according to School Board policy.

Proper perspective for judging the prevalence and consequences: For the fiscal year 1998-99, Lake Providence Senior High had total receipts and disbursements of \$80,410 and \$77,266, respectively. Northside Elementary had total receipts and disbursements of \$21,892 and \$23,592, respectively.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

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

Reference # and title: 99-F4 Student Activity Funds (Continued)

Possible asserted effect (cause and effect):

Cause: The auditors were unable to determine the cause of the problems at these two schools. The following explanation for the cause of the record-keeping problems was obtained from management. The appropriate handling of school funds is a result of untrained personnel and inadequate supervision of personnel. A lack of understanding of appropriate methods for handling of school funds is a result of personnel being unaware of the proper method to use in this procedure. Until recently, trained auditors have never gone into the East Carroll Parish Schools to audit school activity funds; therefore, no clear and concise procedure has been established.

Effect: The result of the deficiencies is that internal control is weakened over school activity fund accounting since procedures described in the handbook are not being followed.

Recommendations to prevent future occurrences: Management should perform a detailed examination of the financial records for Lake Providence High School and obtain explanations for all expenditures which do not have documentation. Employees responsible for accounting for school activity funds should be familiar with the procedures and requirements of the "School Activity Funds Accounting, Auditing, and Financial Reporting" handbook. These procedures and requirements should be followed at all times.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Reference # and title: 99-F5 Request for Reimbursement

Federal program and specific federal award identification:

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Award Year</u>
United States Department of Education			
<i>Passed Through Louisiana Department of Education:</i>			
Title I Grants to Local Educational Agencies			
Basic Grant Program	84.010	99-IASA-18-I	1999
Technology Literacy Challenge	84.318X	99-LCF-18-F	1999

Criteria or specific requirement: According to the Louisiana State Department of Education (LDOE) Guidelines for State and Federal Flow-Through Funds, "Each recipient may request only actual expenditures for which a check has been issued. Salaries and fringe benefits are the only exception of this policy."

Condition found: In testing claims for reimbursement, we noted the following:

In Title I, three instances where funds were requested for reimbursement before the program costs were paid.

In Technology Literacy Challenge, seven instances where funds were requested for reimbursement before the program costs were paid.

Possible asserted effect (cause and effect):

Cause: Unknown.

Effect: The School Board is not in compliance with LDOE guidelines pertaining to request for reimbursement.

Recommendations to prevent future occurrences: The School Board should pay all program costs from entity funds before a request for reimbursement is made.

**East Carroll Parish School Board
Lake Providence, Louisiana**

Other Information

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

East Carroll Parish School Board
Lake Providence, Louisiana

Summary Schedule of Prior Audit Findings
June 30, 1999

Finding reference # and title: **98-F1** **Accounting System**

Initially occurred: Fiscal year ended June 30, 1996.

Condition: The School Board does not have a centralized accounting system. The payroll function is a completely separate system. Because of this, all information created by the payroll system must be manually entered on the general ledger of the other funds. Also, the payroll system does not provide a general ledger.

Corrective action planned: See finding 99-F1 in Corrective Action Plan for the current-year audit.

Finding reference # and title: **98-F2** **Inadequate Separation of Duties**

Initially occurred: Fiscal year ended June 30, 1996.

Condition: Some employees have job duties in which they receive and deposit monies, maintain accounting records, initiate accounting transactions, and prepare bank reconciliations for a fund or function.

Corrective action planned: See finding 99-F2 in Corrective Action Plan for the current-year audit.

Finding reference # and title: **98-F3** **Seventy Percent General Fund Expenditure Requirement**

Initially occurred: Fiscal year ended June 30, 1998.

Condition: The School Board's general fund expenditures for instructional purposes were less than 70%.

Corrective action taken: The School Board met the 70% requirement for the 1998-1999 fiscal year.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Summary Schedule of Prior Audit Findings
June 30, 1999**

Finding reference # and title: 98-F4 Fixed Asset Listing and Safeguarding of Fixed Assets

Initially occurred: Fiscal year ended June 30, 1998.

Condition: The School Board was unable to provide a comprehensive listing of fixed assets by location as of June 30, 1998. The last comprehensive list was prepared in June 1995. Although the School Board adjusts the general ledger to reflect additions and deletions each year, the list has not been maintained for additions nor deletions.

Movable fixed assets purchased since 1995 have not been tagged with a unique identification number nor marked as School Board property.

Corrective action planned: See finding 99-F3 in Corrective Action Plan for the current-year audit.

Finding reference # and title: 98-F5 Late Filing of Report

Initially occurred: Fiscal year ended June 30, 1998.

Condition: The audit report as of and for the year ended June 30, 1998, was filed after that deadline.

Corrective action taken: The audit report will be filed timely for the year ended June 30, 1999.

East Carroll Parish School Board
Lake Providence, Louisiana

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

Finding reference # and title: 99-F1

Accounting System

Condition: The School Board does not have a centralized accounting system. The payroll function is a completely separate system. Because of this, all information created by the payroll system must be manually entered on the general ledger of the other funds. Also, the payroll system does not provide a general ledger.

Corrective action planned: The School Board has purchased a centralized accounting system and it is currently in use.

Person responsible for corrective action:

Marrage Facen, Superintendent
East Carroll Parish School Board
P. O. Box 792
Lake Providence, LA 71254-0792

Telephone: (318) 559-2222
Fax: (318) 559-3864

Anticipated completion date: By June 30, 2000.

Finding reference # and title: 99-F2

Inadequate Separation of Duties

Condition: Some employees have job duties in which they receive and deposit monies, maintain accounting records, initiate accounting transactions, and prepare bank reconciliations for a fund or function.

Corrective action planned: One person will have sole responsibility of reconciling all bank statements. Other duties will be divided evenly among other personnel.

Person responsible for corrective action:

Marrage Facen, Superintendent
East Carroll Parish School Board
P. O. Box 792
Lake Providence, LA 71254-0792

Telephone: (318) 559-2222
Fax: (318) 559-3864

Anticipated completion date: By June 30, 2000.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

Finding reference # and title: **99-F3**

Fixed Asset Listing and Safeguarding of Fixed Assets

Condition: The School Board was unable to provide a comprehensive listing of fixed assets by location as of June 30, 1999. The last comprehensive list was prepared in June 1995. Although the School Board adjusts the general ledger to reflect additions and deletions each year, the list has not been maintained for additions nor deletions.

Movable fixed assets purchased since 1995 have not been tagged with a unique identification number nor marked as School Board property.

Corrective action planned: The School Board has hired a person to maintain a comprehensive fixed asset listing through new accounting system that has been purchased.

Person responsible for corrective action:

Marrage Facen, Superintendent
East Carroll Parish School Board
P. O. Box 792
Lake Providence, LA 71254-0792

Telephone: (318) 559-2222
Fax: (318) 559-3864

Anticipated completion date: By June 30, 2000.

**East Carroll Parish School Board
Lake Providence, Louisiana**

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

Finding reference # and title: 99-F4

Student Activity Funds

Condition: As part of our auditing procedures, two school were haphazardly selected to review the accounting records and internal control structure at each school.

The following was noted at Lake Providence Senior High:

1. Four receipts of cash could not be traced to the deposit slip because no detailed information was kept for the deposit.
2. One receipt was not deposited timely.
3. One receipt could not be traced to the cash receipts journal.
4. Five receipts could not be traced to original documents (i.e., teachers' log).
5. Eleven disbursements had no documentation to support charge. Because there was no supporting documentation, we could not determine if the payments were approved by authorized personnel, if the invoices were current when paid, or if the charges were necessary and reasonable.
6. Eight disbursements were not current when paid.
7. Five disbursements were paid from copies of invoices.
8. The financial records were not organized in an orderly manner.
9. School has more than one checking account.

The following was noted at Northside Elementary:

1. No receipts were issued prior to January 29, 1999.
2. Fourteen receipts could not be traced to deposit for receipts issued after January 29, 1999.
3. Nine disbursements were not supported by adequate documentation.
4. Four disbursements were not current when paid.
5. Reimbursements for travel were not reimbursed according to School Board policy.

Corrective action planned:

1. Persons involved will be made aware of findings as detailed by auditors.
2. Central Office Business Manager and Superintendent will conduct workshops to institute proper handling of school activity funds at all schools.
3. Persons who do not comply with instructions given in workshop will be recommended for action by the East Carroll Parish School Board.

Person responsible for corrective action:

Marrage Facen, Superintendent
East Carroll Parish School Board
P. O. Box 792
Lake Providence, LA 71254-0792

Telephone: (318) 559-2222
Fax: (318) 559-3864

Anticipated completion date: By June 30, 2000.

East Carroll Parish School Board
Lake Providence, Louisiana

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

Finding reference # and title: 99-F5

Request for Reimbursement

Condition found: In testing claims for reimbursement, we noted the following:

In Title I, three instances where funds were requested for reimbursement before program costs were paid.

In Technology Literacy Challenge, seven instances where funds were requested for reimbursement before program costs were paid.

Corrective action planned: The general fund will pay all costs for those federal programs that receive funds on a reimbursement basis before any monies are requested.

Person responsible for corrective action:

Marrage Facen, Superintendent
East Carroll Parish School Board
P. O. Box 792
Lake Providence, LA 71254-0792

Telephone: (318) 559-2222
Fax: (318) 559-3864

Anticipated completion date: By June 30, 2000.

**East Carroll Parish School Board
Lake Providence, Louisiana**

Management Letter Items

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Monroe, LA 71211-6075

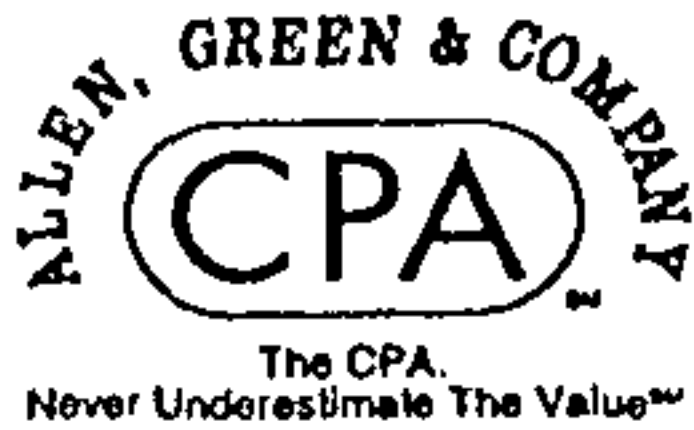
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Ernest L. Allen, CPA
(A Professional
Accounting Corp.)

Tim Green, CPA

Margie Williamson, CPA



Management Letter

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

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

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated September 9, 1999, on the financial statements of the School Board. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

99-M1 Vocational Agriculture Funding

Comment: LSA-R.S. 17:181 requires that each LEA allocate to each secondary school, no less than \$50 per student for each student enrolled in a vocational agriculture, agribusiness, or agri-science program.

Based on the number of eligible students, a total of \$7,600 should have been allocated for the purpose. For the fiscal year ended June 30, 1999, the School Board allocated \$3,470.

Recommendation: The School Board should allocate the appropriate amount of funds based on the number of eligible students.

Management's response: For the 1999-2000 school year and subsequent years, the School Board will allocate the appropriate funds according to the number of eligible students in the vocational program.

99-M2 The General Fund Column of the AFR Did Not Match the General Fund Trial Balance

Comment: Each year the School Board submits an Annual Financial Report (AFR) to the Louisiana Department of Education. This report should reflect the transactions for the School Board for the year being reported. Certain federal grants can be reported in the general fund column of the AFR. All other federal grants must be reported in other columns of the AFR.

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

Currently, the School Board has several federal grants recorded on the general ledger of the general fund. To correctly submit the AFR each year, these other federal grants must be removed from the trial balance of the general fund. Completing the AFR would be simplified if the information recorded on the general ledger of the general fund was the same as what is required for the AFR. Also, this would allow better monitoring of the expenditures for these federal grants.

Recommendation: Federal grants that cannot be reported in the general fund column of the AFR should be recorded in another fund on the general ledger.

Management's response: Federal grants will be recorded as separate funds with the new accounting system in place. The new accounting system will also generate the AFR.

99-M3 Travel Reimbursements

Comment: In testing travel reimbursements, it was noted that some requests for reimbursement did not have receipts attached. Three requests did not have any explanation as to the number of meals they were reimbursed. Having the receipts attached to a request for reimbursement allows the person approving payment to know what exactly is being reimbursed.

Recommendation: The School Board should ensure that employees who travel are familiar with the School Board's travel reimbursement policy and understand their responsibility to adhere to the policy. The School Board should be consistent with adherence to the policy. Adequate documentation should be required by the School Board before payment is made.

Management's response: The School Board began making improvements following the June 30, 1998 audit. The School Board will continue to update and enforce policies for travel reimbursements.

99-M4 Bank Reconciliations

Comment: Monthly-bank reconciliations should be performed as an internal control over cash.

The bank account for the payroll fund remained unreconciled for several months during the audit period.

Recommendation: All bank accounts should be reconciled within a few days' receipt of the bank statement.

Management's response: Beginning with the 1999-2000 school year and subsequent years, one person will be responsible for reconciling all bank statements in a timely manner.

99-M5 Title I Salaries

Comment: To be allowable costs, salaries in federal award programs must be the same as salaries for the same position in non-federal award programs.

The Title I clerk is paid more than the other clerks who work for the School Board.

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

Recommendation: The School Board should request only the portion of the Title I clerk's salary that is attributed to the salary schedule for all clerks.

Management's response: Title I will request only that portion of Title I clerk's salary that is attributed to the salary schedule for all clerks.

99-M6 Title I Request

Comment: During field work, it was noted that Title I requests funds for utilities in advance. The amounts being requested were estimates and at the end of the year, the final amount was "settled up." The actual utilities are being paid by the general fund each month and a couple of times a year Title I will reimburse the general fund for Title I utilities that have been paid by the general fund.

Title I compliance requirements state that for school boards funded on a reimbursement basis, program costs must be paid for by school board's funds before a reimbursement is requested from the federal government. There is one exception to this requirement; salaries can be requested one month in advance.

Recommendation: Actual utility costs for Title I should be paid by Title I monthly. Once the actual bill has been paid, Title I can request reimbursement from the federal government. Because Title I must have an actual expenditure before a request for reimbursement can be made, this will necessitate a short-term loan from the general fund each time invoices are paid. This is the normal practice for school boards who have separate checking accounts for all funds.

Management's response: For the 1999-2000 school year and subsequent school years, the general fund will loan Title I funds for payment of payables before reimbursement is requested from the state with the exception of salaries.

99-M7 Uniform Unclaimed Property Act of 1997

Comment: The Uniform Unclaimed Property Act of 1997 (LSA-R.S. 9:151 - 181) requires governments and governmental subdivisions or agencies, such as the School Board, to follow certain procedures regarding property that is presumed to be abandoned as defined in the Act.

LSA-R.S. 9:154(A) states that:

"Property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property for the following:"

LSA-R.S. 9:154(A)(10) states:

"Property held by a court, state or other government, governmental subdivision or agency, public corporation, or other public authority, one year after the property becomes distributable, except as provided in R.S. 15:86.1..."

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

LSA-R.S. 9:154(A)(11) states:

"Wages or other compensation for personal services, one year after the compensation becomes payable."

Therefore, the Act appears to apply to both property and for wages or other compensation for personal services which is deemed abandoned one year after the property becomes distributable or the compensation becomes payable. Assuming that the Act applies to these items, the School Board is required to report the property and pay funds equal to the value of the property to the Secretary of the Louisiana Department of Revenue on an annual basis.

One situation which School Boards encounter fairly frequently and which may fall under the provisions of the Act involves old outstanding checks. Both vendor and payroll checks which have been outstanding for more than one year from the date of issuance appear to meet the definition of abandoned property under the Act. Annually, these checks would be reported and the funds remitted to the Secretary of the Louisiana Department of Revenue in accordance with the Act. They could not be voided and the cash returned to the book balance.

There may be situations other than old outstanding checks to which the School Board should consider whether or not the Act would apply.

Recommendation: The School Board should consult with legal counsel to determine the applicability of the Act to the School Board's operations.

Annually, the School Board should report any abandoned property and remit funds to the Secretary of the Louisiana Department of Revenue in accordance with the Act.

Management's response: The School Board will comply with this recommendation.

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

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

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

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

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

Monroe, Louisiana
September 9, 1999

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Status of Prior Management Letter Items
June 30, 1999**

Reference # and title: **98-M1** **Declaration of Emergency**

Comment: On July 1, 1997, the School Board declared an emergency to purchase a special education bus. LSA-R.S. 38:2212(D) states that notice of such public emergency shall, within ten days thereof, be published in the official journal. The School Board did not publish the notice within the required number of days.

Management action taken: The School Board declared an emergency for the year ended June 30, 1999. Proper notification within the required number of days was published in the official journal.

Reference # and title: **98-M2** **School Activity Funds**

Comment: Uniform procedures and requirements for School Activity Funds accounting are described in the *School Activity Funds Accounting, Auditing, and Financial Reporting* handbook issued by the Louisiana Legislative Auditor. The policies and controls adopted by the East Carroll Parish School Board concerning school activity funds should be based on the information provided in this manual. The School Board does not have a comprehensive student activity fund policy. Each school has developed their own policies regarding student activity funds.

As part of our auditing procedures, two schools were selected to review the accounting records and internal control structure. The following were noted:

1. At both schools, approval of withdrawal of funds contained only one signature.
2. One school did not issue receipts for money received during the 1997-98 school year.
3. One school made deposits on a weekly basis during the 1997-98 school year. The other school made deposits on an average of once or twice per month.
4. One school allowed cashing of personal checks from funds on hand.

The result of the above deficiencies is that internal control is weakened over school activity fund accounting.

Management action taken: Each of the schools was audited by supervisors and/or the Business Manager in April or May of the current school term. The audit was performed with the above directives in mind. The schools are still working to correct these deficiencies.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Status of Prior Management Letter Items
June 30, 1999**

Reference # and title: **98-M3** **Year 2000 Compliance**

Comment: The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. For many years programmers eliminated the first two digits from a year when writing programs. When the internal clocks in computers and other equipment roll over from 12/31/99 to 01/01/00 many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing data altogether.

The Governmental Accounting Standards Board has issued a Technical Bulletin which identifies four stages as necessary to implement a year 2000 compliant system. These four stages are described below:

Awareness Stage - Encompasses establishing a budget and project plan for dealing with the year-2000 issue.

Assessment Stage - The organization actually begins the process of identifying all of its systems and individual components of the systems.

Remediation Stage - The organization actually makes changes to systems and equipment. Decisions are made on how to make the systems or processes year 2000 compliant and the required system changes are made.

Validation/Testing Stage - The organization validates and tests the changes made during the conversion process.

Management action taken: The School Board has taken steps to ensure year 2000 compliance. See year 2000 information on page 30 for a detailed outline of steps the School Board has taken.

Reference # and title: **98-M4** **The General Fund Column of the AFR Did not Match the General Fund Trial Balance**

Comment: Each year the School Board submits an Annual Financial Report (AFR) to the Louisiana Department of Education. This report should reflect the transactions for the School Board for the year being reported. Certain federal grants can be reported in the general fund column of the AFR. All other federal grants must be reported in other columns of the AFR.

Currently, the School Board has several federal grants recorded on the general ledger of the general fund. To correctly submit the AFR each year, these other federal grants must be removed from the trial balance of the general fund. Completing the AFR would be simplified if the information recorded on the general ledger of the general fund was the same as what is required for the AFR. Also, this would allow better monitoring of the expenditures for these federal grants.

Management action planned: See 99-M2 in the current-year management letter.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Status of Prior Management Letter Items
June 30, 1999**

Reference # and title: 98-M5 Incorrect Salaries

Comment: In testing payroll expenditures, four instances were found where salaries were in error. Of these four, two were due to the incorrect number of years' experience used in calculating the salary. The other two were clerical errors. It was also noted during testing, that prior years experience is not confirmed. State regulations allow the School Board to pay only for actual service credit.

Management action taken: Steps have been taken to ensure that employees are being paid for the correct number of years' experience and that clerical errors are caught in a timely fashion. The School Board will continue to make improvements in these areas.

Reference # and title: 98-M6 Time Sheets for Employees Paid from More than One Program

Comment: OMB Circular No. A-87 requires that charges to federal programs for salaries and wages be based on payroll documentation. Where employees work for multiple programs, a distribution of their salary or wages must be supported by personnel activity reports or equivalent documents. These documents must reflect an after-the-fact distribution of the actual activity, account for the total activity the employee is to be compensated for, prepared at least monthly, and be signed by the employee. We noted one employee who is paid from multiple programs without the required time sheets.

Management action taken: All employees who work for multiple programs are now required to sign time sheets from all programs on which they work.

Reference # and title: 98-M7 Title I Request

Comment: During field work, it was noted that Title I requests funds for utilities in advance. The amounts being requested were estimates and at the end of the year, the final amount was "settled up." The actual utilities are being paid by the general fund each month and a couple of times a year Title I will reimburse the general fund for Title I utilities that have been paid by the general fund.

Title I compliance requirements state that for school boards funded on a reimbursement basis, program costs must be paid for by School Board's funds before a reimbursement is requested from the federal government. There is one exception to this requirement; salaries can be requested one month in advance.

Management action planned: See 99-M6 in the current-year management letter.

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Status of Prior Management Letter Items
June 30, 1999**

Reference # and title: **98-M8** **Travel Reimbursements**

Comment: In testing travel reimbursements, it was noted that some requests for reimbursement did not have receipts attached. One request did not have any explanation as to the reason for the reimbursement. Having the receipts attached to a request for reimbursement allows the person approving payment to know what exactly is being reimbursed.

Management action planned: The School Board began making improvements following the June 30, 1998 audit. The School Board will continue to update and enforce policies for travel reimbursements. See 99-M3 in the current-year management letter.