

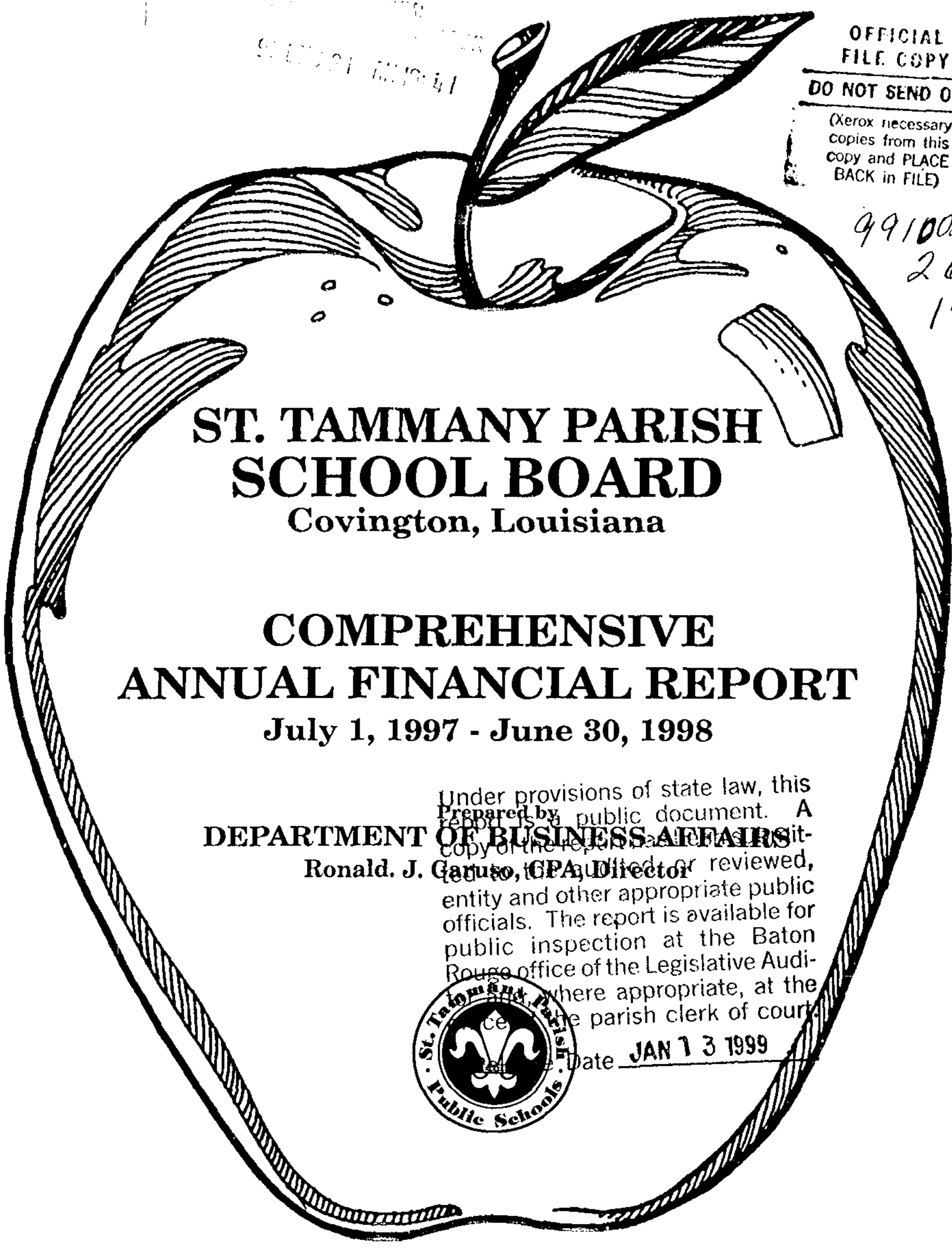
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**ST. TAMMANY PARISH
SCHOOL BOARD**
Covington, Louisiana

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
July 1, 1997 - June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the Department of Business Affairs, Ronald J. Garuso, CPA, Director, for review, audit, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor, where appropriate, at the parish clerk of court.

DEPARTMENT OF BUSINESS AFFAIRS

Ronald J. Garuso, CPA, Director



Date **JAN 13 1999**

**ST. TAMMANY PARISH SCHOOL BOARD
COVINGTON, LOUISIANA**

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1998

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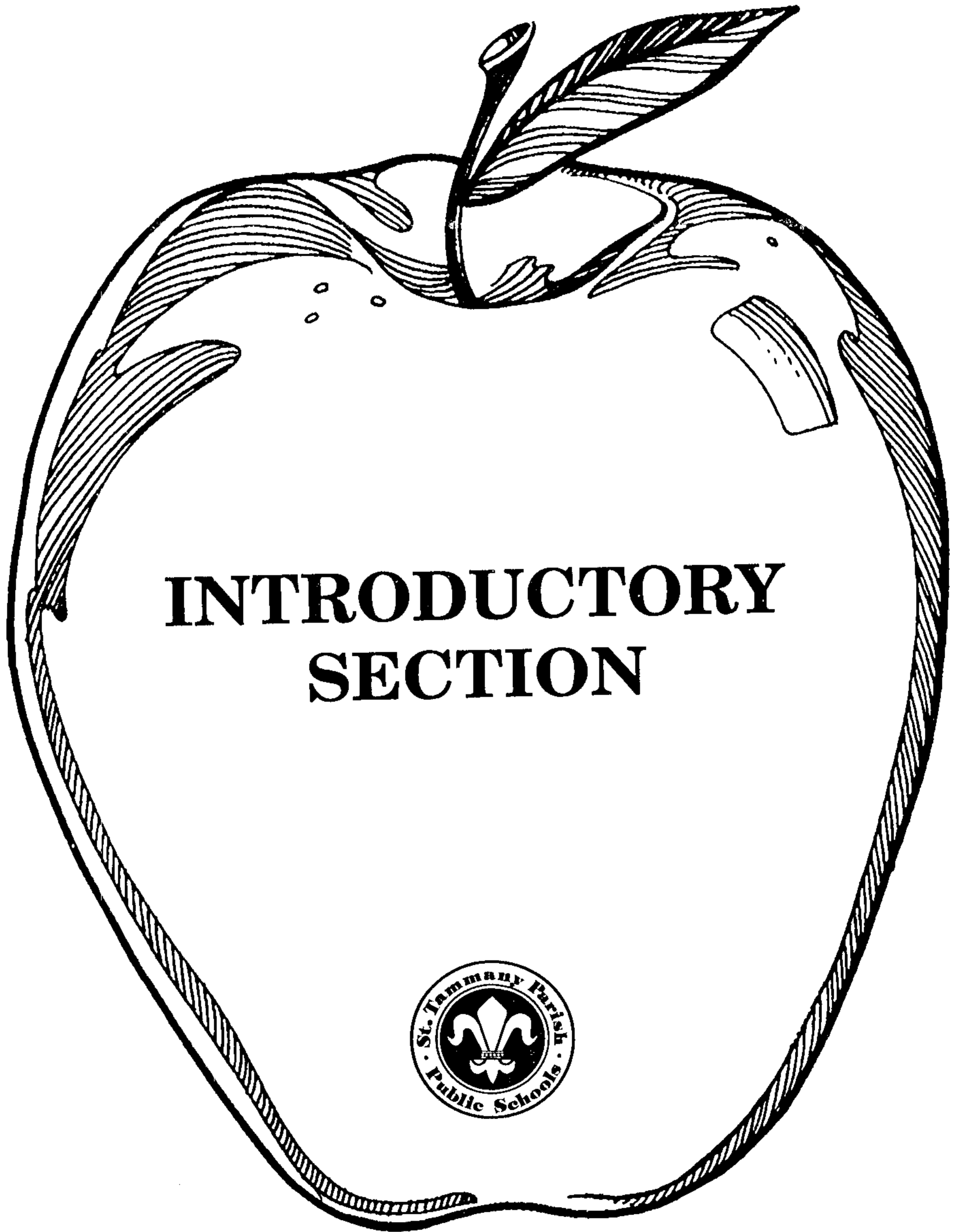
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**INTRODUCTORY
SECTION**



St. Tammany Parish School Board

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LEONARD P. MONTELEONE
SUPERINTENDENT

November 16, 1998

The Members of the
St. Tammany Parish School Board
Covington, Louisiana:

DISTRICT	BOARD MEMBERS
10	JOHN C. LAMARQUE, PRESIDENT
8	DANIEL G. ZECHENELLY, VICE PRESIDENT
1	NEAL M. HENNEGAN
2	EDDIE FIELDING
3	A.R. "SMITTY" SMITH
4	GREGORY J. SAURAGE
5	CHARLES T. HARRELI
6	DONALD J. VILLERE
7	PATTI YOUNG
9	BETTY VERZWYVELT
11	E. ROTH ALLEN, PH.D.
12	JAMES "RONNIE" PANKS, SR.
13	ANTHONY "TONY" TEDESCO
14	RAY A. ALFRED
15	MARY K. LYNCH-BELLISARIO

The comprehensive annual financial report of the St. Tammany Parish School Board for the fiscal year ended June 30, 1998, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the School Board. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School Board's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The School Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report.

This report includes all funds, account groups and activities for which the School Board exercises financial accountability. The School Board is a legislative body authorized to govern the public education system of St. Tammany Parish, Louisiana. The School System is governed by a fifteen-member board with each member serving a concurrent four year term. The current board is in the last year of its four-year term. It is the responsibility of the School Board to make public education available to the residents of St. Tammany Parish, including instructional personnel, instructional facilities, administrative support, business services, operation and maintenance

(continued)

and bus transportation. The School Board provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for disabled children and vocational education. The school system has a current enrollment of approximately 32,600 pupils.

The School Board is authorized to establish public schools as it deems necessary, to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed and to determine the local supplement to their salaries. Accordingly, since the School Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for financial matters, the School Board is not included in any other governmental reporting entity.

ECONOMIC CONDITION AND OUTLOOK

St. Tammany Parish is one of the southeastern parishes (counties) of Louisiana and covers an area of 1,141 square miles. It is located directly north of New Orleans on the north shore of Lake Pontchartrain and has been ranked as one of the fastest growth areas in the United States. St. Tammany was the fastest growing parish in Louisiana during the 1970s and the 1980s and, thus far, in the 1990s. The population has almost tripled since 1970 and today's population of 180,000 is an increase of 23% over 1989's population. If the growth in population continues at its current rate, it is estimated that the population will be approaching 211,000 by the year 2002. St. Tammany has experienced a 20% growth rate over the last five years and there are more than 65,000 households in the parish and this number is expected to increase to more than 76,000 by 2002.

The economy of St. Tammany Parish is primarily residential oriented, which has brought an influx of retail and service establishments, offices and shopping centers. However, there is a unique blend of residents employed in a variety of diverse industries ranging from agriculture to space-age technology. The parish currently has a 3.1 percent unemployment rate as compared to a statewide rate of 6.1 percent and a national rate of 4.7 percent. Its per capita personal income of \$23,006 ranks first in the State whose average is \$19,709, with the national average being \$24,436. The median household effective buying income in the parish in 1997 was \$36,042 compared to a state rate of \$28,137 and a national rate of \$34,618. The value of single-family homes in 1997 averaged \$112,000 in the eastern section of the parish and \$167,900 in the western section. Total retail sales for 1997 were in excess of \$1.75 billion and St. Tammany Parish is ranked number one in the State in retail trade employment. The assessed value of residential and commercial property has increased by 8.2 percent over the previous year.

According to University of New Orleans economist, Dr. Timothy Ryan, "The economy of St. Tammany Parish is actually growing faster than the population. St. Tammany has the state's highest per capita income, lowest poverty rate, highest median home prices and second highest median household income." The number of businesses rose 34% between 1990 and 1995, earnings rose 60.7% and employment rose 35.2%. According to Dr. Ryan, 27% of the households of St. Tammany have incomes over \$50,000 and about 23% of the population has a bachelor's degree or better.

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It is expected that as a result of the continuing favorable economic indicators, St. Tammany's population will continue to increase and that construction of both homes and retail establishments will lead the economy. At present, St. Tammany is issuing more than half of all building permits in the metropolitan New Orleans area. Recent job growth can be attributed considerably to home building. Typically, there is one permanent job created for every two-thirds of a house built.

The commercial market in St. Tammany has followed the residential market. The average occupancy for retail centers is 95% and office occupancy is over 90%. The commercial market is as active as it has been in the past ten years. Following the boom in residential construction, shopping center developers have entered the market. Major retail facilities, as well as strip centers, are approaching full occupancy and most are pre-leased prior to construction.

Economic indicators throughout the parish continue to reflect gains and St. Tammany Parish continues to enjoy an expanding economy driven by the retail sales and services establishments. The projected population growth is indicative of further growth in retail sales and continues to drive major construction projects for grocery stores, building supply stores, furniture stores, drug stores, general merchandise stores and other consumer oriented businesses. The expansion of the retail sales and services establishments, coupled with the increasing growth in home construction, promises economic boosts in both sales and property taxes.

St. Tammany Parish's economy is also being driven by the tourism industry. The parish ranks ninth in the state in tourism related revenue having generated \$113 million in 1997. This is almost three times the \$38 million received in 1987 and is a twenty-five percent increase in the past five years. Since Slidell, in the eastern part of the parish, is the junction site of three interstate highways and three federal highways, sufficient vehicular traffic exists to provide a continuing source of potential tourists.

The St. Tammany Parish Economic Development Foundation (STEDF) is playing a major role in coordinating with other regional economic development organizations to target key commercial and industrial interest for future development. STEDF is participating with the Partners for Stennis Group, consisting of community leaders from Mississippi and Louisiana, to market the former Army Ammunition Plant, which closed in 1992, at Mississippi's Stennis Space Center. Nearly two million square feet are available and approximately 65% of all future employees are expected to reside in St. Tammany Parish. STEDF is also coordinating with MetroVision and the Florida Parishes Economic Development Association to target key commercial and industrial interest for future development. Additionally, STEDF is working with the Chambers of Commerce to encourage the local municipalities and the parish government to cooperate and coordinate their activities in the matters of planning and zoning.

This population growth and economic expansion present both opportunities and challenges for the School Board in the coming years. As mentioned elsewhere in this letter, the School Board has initiated the first phase of its Long-Range Plan to provide the capital facilities necessary for an expanding school system. However, since economic expansion usually trails population growth and the related increase in demand for current resources, the School Board will continue to explore methods to finance both the anticipated increases in demand for current operating expenditures and the need to provide the additional capital facilities required for a continuously expanding school system.

(continued)

MAJOR INITIATIVES

The Partnerships in Education (Adopt-A-School), begun in fiscal year 1989, continues to expand with all schools participating with at least one area business to share resources in support of public education. The businesses are recruited to provide a long-term commitment to furnish resource speakers, tutors, internships and sponsorships and to make donations of materials, supplies, equipment, and, in some instances, monetary assistance. The business community has shown its overwhelming support for the program. The area's chambers of commerce and business councils continue to coordinate efforts and to provide assistance. It is our goal to continue to have all schools in partnership with at least one business.

Currently, the Southern Association of Colleges and Schools (SACS) has accredited all twenty-three elementary, eight middle, fourteen junior high and seven high schools.

The Parent Involvement Program is utilized in every school in the system. The goal is to involve parents in the child's education in whatever capacity the parents offer (first aid assistant, library aide, classroom tutor, parenting workshop, etc.). In fiscal 1998, more than 125,000 hours were donated by parent volunteers.

Recognizing the importance of reading and mathematics, the State of Louisiana began the Kindergarten through Third Grade (K-3) Reading and Mathematics Initiative. Numerous studies have shown that students who are retained in grades K-3 are fifty percent more likely to drop out of school at a later age and that K-3 students who experience difficulty in either reading or mathematics are more likely to be retained. The centerpiece of the K-3 initiative is early prevention and intervention. The St. Tammany Parish School Board has instituted the "First Steps Continuum" in which K-3 teachers receive specialized training in identifying students performing below their grade level and in developing strategies for direct instruction. Additionally, the student's family and the business community will participate. A committee of parents and community representatives will work with educators to preview and select educational materials which will be provided to the parents for use at home in supporting the reading and mathematics learning process. In this manner, parents will become active participants in their child's reading and mathematics improvements. Intervention may include tutoring, extended school day, extended school year and/or other methods designed specifically for an individual student.

During fiscal year 1997, the School Board formed an Instructional Technology Committee, consisting of parents, community leaders, teachers, and administrators, whose mission was to develop a world-class and nationally recognized instructional technology program which promotes significant improvements in the learning and teaching process in all schools of the St. Tammany Parish School System. The School Board intends to develop responsible lifelong learners who are able to achieve and excel in a global society of continuing technological advancement. As such, the school system will invest in state-of-the-art equipment and services, ensure teacher and staff development opportunities, and continuously maintain and upgrade the technology base.

In fiscal year 1998, the St. Tammany Parish School Board began an aggressive technology improvement program by adopting the following three goals:

1. To update existing electrical wiring and to identify, purchase and install equipment and software need to empower students to use technology as a tool for effective communication, personal productivity, and life long learning.

(continued)

2. To empower teachers, media specialists and staff to effectively use technology to enhance instruction, increase productivity, and facilitate their own life long learning.
3. To provide a technologically rich environment at all schools by installing local area networks, a wide area network and access to the Internet.

During the 1998 fiscal year, twenty-five schools were electronically rewired to accommodate the new technology, equipment was purchased and installed in 405 classrooms, eight labs with 832 computers were installed, 16 computers and their related software for student research were purchased at four libraries, equipment for student video production was installed and 24 trainers were trained so that they could instruct 369 educators on the new technology and the integration of the Internet into the curriculum to improve student achievement.

All of this resulted in approximately 19,000 students gaining access to the Internet for research, classroom projects and telecommunication activities across the curriculum.

To initially fund the technological improvements, the School Board dedicated \$1 million in the fiscal year 1998 General Fund budget, the school system was awarded a \$1.3 million technology grant and a \$116,000 8G grant from the State of Louisiana, a \$118,000 federal grant, and by donations from the individual schools and their parent teacher organizations. Future funding will be provided by the General Fund, the State of Louisiana, the availability of other state, federal and corporate/private funds, and by the \$55 million bond issue discussed elsewhere in this letter.

For those certified teachers who aspire to an administrative position, the School Board began the St. Tammany Parish Administrative Training Program. During the first semester, the participants are required to attend formal training sessions on the myriad facets of school administration. During the second semester, participants are required to perform a minimum of 45 hours of administrative duties as determined by the principal. By receiving both formal and on-the-job training, participants will be introduced to the many requirements of school administration.

During fiscal 1998, the Data Processing Department's major new initiative was the development and support for the implementation of the school system's technology plan. Members of the Department's staff served as network and technology resources at both the school and the parish levels. The Data Processing Department performed the engineering, prepared specifications, evaluated the Request for Proposals (RFP) responses and managed the installation and implementation of the individual schools' network wiring requirements. The Department also developed an engineering section and is now providing all PC and network installation, support and repair services for the Instructional Department and the Administration Department.

During fiscal 1998, as part of the 1996 \$25,000,000 bond issue, 154 classrooms were completed at ten school sites. An additional 80 classrooms are scheduled to be completed in fiscal 1999. The new 45 classroom elementary school in Mandeville is scheduled to be completed by the fall of 1999. The remaining 45 classrooms will be combined with the 1998 bond issue and should be completed by the fall of 2001.

The School Board, using in-depth forecasting methods and after a thorough review of existing school facilities developed a five-year capital improvement plan. As a result, on May 2, 1998, the voters of St. Tammany Parish approved a proposition which authorized the issuance of \$55,000,000 in general obligation bonds.

(continued)

This five-year program will provide for the construction of 279 classrooms, including a new middle school in Mandeville and a new junior high school in the Pearl River area. These new permanent classrooms will replace 125 existing portable classrooms. Additionally, new rest room facilities, paved parking and renovations to existing school facilities are also planned. In addition, Schoen Middle School in Covington will be closed, its students transferred to Pine View Middle School, and renovated for use as an administrative facility.

Also included is \$4 million for educational technology which will initiate the \$10 million technology plan developed by community members and educators and approved by the School Board in 1997. The \$4 million will primarily be used for upgrading the electrical wiring of schools, network wiring and the purchase of technology equipment. In addition, the old Mandeville Kindergarten School will be renovated to serve as a Technology Center. The Center will be used to train teachers in the use of technology in the classroom, broadcast production, distance learning, teleconferencing and will provide additional educational opportunities for students, teachers and the community.

FINANCIAL INFORMATION

Internal Controls. Management of the School Board is responsible for establishing and maintaining internal controls designed to ensure that the assets of the School Board are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal, state and parish financial awards, the School Board also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal controls are subject to periodic evaluation by management.

As a part of the School Board's single audit, described earlier, significant internal controls are considered, including that portion related to federal financial awards, as well as to test the School Board's compliance with material provisions of applicable laws and regulations. The results of the School Board's single audit for the fiscal year ended June 30, 1998 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. In addition, the School Board maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the annual appropriated budgets, including all subsequent amendments, approved by the School Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the function or project level within the individual funds. The School Board also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year end, for budgetary purposes, are included as expenditures in the General Fund and the Capital Projects Funds. In the other funds, encumbered amounts lapse at year end, however, encumbrances generally reappropriated as part of the next year's budget.

(continued)

As demonstrated by the statements and schedules included in the financial section of this report, the School Board continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Funds revenues for the fiscal year ended June 30, 1998 and the amount and percentage of increases and decreases in relation to prior year revenues:

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1997</u>	<u>Percent of Increase (Decrease)</u>
Local sources:				
Taxes:				
Ad valorem	\$36,698,311	18.13%	\$2,562,063	7.51%
Sales and use	39,708,390	19.62	2,322,080	6.21
Rentals, leases and royalties	11,894	.01	1,789	17.70
Tuition	799,506	.40	102,208	14.66
Earnings on Investments	2,436,020	1.20	310,621	14.61
Food service	2,428,186	1.20	91,653	3.92
Other	<u>507,651</u>	<u>.25</u>	<u>29,155</u>	6.09
Total local sources	<u>82,589,958</u>	<u>40.81</u>	<u>5,419,569</u>	7.02
State sources:				
Equalization	100,378,987	49.60	6,883,454	7.36
Contributions to Teachers' Retirement	160,037	.08	(9,175)	(5.42)
Revenue sharing	1,721,553	.85	89,708	5.50
Professional Improvement Program	1,153,762	.57	(47,009)	(3.91)
Other	<u>4,219,293</u>	<u>2.08</u>	<u>2,673,052</u>	172.87
Total state sources	<u>107,633,632</u>	<u>53.18</u>	<u>9,590,030</u>	9.78
Federal sources	<u>12,159,109</u>	<u>6.01</u>	<u>824,977</u>	7.28
TOTAL REVENUES	<u>\$202,382,699</u>	<u>100.00%</u>	<u>\$15,834,576</u>	8.49

The two most significant local revenue sources are property taxes and sales taxes. Property tax millages are established by the State Constitution and/or tax propositions approved by the electorate. Any increase to current millages or additional millages must be approved by a referendum of the voters. Ad valorem taxes show a sustained growth primarily due to the population growth and the related home and commercial construction being added to the tax roles. Sales taxes show a continued growth in collections which is attributable to the expansion of the local economy over the previous year and to the growth in the population. The School Board collects the maximum two percent sales tax allowed by state law. The increase in earnings on investments is primarily attributable to the accumulation of a General Fund fund balance, thereby providing funds for investment.

State revenue sources continue to provide the majority of the School Board's revenue. The increase in the State's 1997-98 appropriation for equalization is composed primarily of additional funding generated by the growth in student enrollment and the State Legislature's efforts to fully fund the Minimum Foundation Program (MFP) formula. The large increase in other state sources

(continued)

includes the state's first-time appropriations of \$408,867 in teacher supply funds and \$1,305,447 in technology funds. Also included is \$1,134,524 for the state's initial funding of the K-3 Reading and Math Initiative Program.

The increase in federal sources is primarily due to extra funding for the various programs directed toward disadvantaged students, particularly for those in the IDEA Title I Program.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Funds expenditures for the fiscal year ended June 30, 1998 and the percentage of increases and decreases in relation to prior year expenditures.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1997</u>	<u>Percent of Increase (Decrease)</u>
Current:				
Instruction:				
Regular Ed programs	\$70,668,066	36.59%	\$7,727,942	12.28%
Special Ed programs	31,227,638	16.17	3,023,904	10.72
Vocational education programs	4,071,311	2.11	283,733	7.49
Other instructional programs	4,336,002	2.25	593,749	15.87
Special programs	3,586,943	1.86	(47,832)	(1.32)
Adult education programs	<u>219,327</u>	<u>.11</u>	<u>16,281</u>	8.02
Total instruction	<u>114,109,287</u>	<u>59.09</u>	<u>11,597,777</u>	11.31
Support services:				
Pupil support	7,437,544	3.85	684,546	10.14
Instructional staff support	7,175,552	3.72	746,113	11.60
General administration	3,162,421	1.64	47,109	1.51
School administration	10,401,807	5.39	392,638	3.92
Business administration	1,252,376	.65	102,572	8.92
Operation and maintenance - of plant	14,194,355	7.34	749,087	5.57
Pupil transportation	11,292,113	5.84	544,321	5.06
Central services	<u>1,535,856</u>	<u>.80</u>	<u>141,110</u>	10.12
Total support services	<u>56,452,024</u>	<u>29.23</u>	<u>3,407,496</u>	6.42
Food services	9,837,955	5.09	589,779	6.38
Community services	756,239	.39	80,685	11.94
Facilities acquisition and construction	201,684	.10	(355,228)	(63.78)
Debt service:				
Principal	6,215,000	3.22	585,000	10.39
Interest and other charges	<u>5,551,665</u>	<u>2.88</u>	<u>(50,533)</u>	(.90)
TOTAL EXPENDITURES	<u>\$193,123,854</u>	<u>100.00%</u>	<u>\$15,854,976</u>	8.94%

(continued)

The overall increase in expenditures is primarily attributable to the continued growth in student enrollment. As a result, an additional 44 regular education teachers, 17 special education teachers and 15 special education teacher aides were added to the staff during the 1998 fiscal year. Additionally, included in expenditures is the State provided \$1,288 raise for teachers and the \$350 raise for support personnel.

As shown above, expenditures for instructional purposes increased by \$11.6 million, which represents approximately 90% of the total increase in expenditures. This indicates that we are continuing to place a larger portion of our resources into the classroom.

During fiscal year 1997, the General Fund financed the construction of a new administrative building to house the Data Processing and Personnel Departments.

General Fund Balance. The fund balance of the General Fund increased in fiscal year 1998 to \$16,353,994 which is the equivalent of 26 working days of expenditures. The fund balance is primarily earmarked for the improvement in ratings of any future debt issuances. The School Board does not anticipate entering the short-term debt market to finance current operating expenditures.

Debt Administration. At June 30, 1998, the School Board had a number of debt issues outstanding, including \$14,150,000 of sales tax bonds, \$70,655,000 of general obligation bonds, and \$3,725,000 of certificates of indebtedness.

The School Board is limited by state statute from issuing sales tax bonds in excess of seventy-five percent of the anticipated sales tax revenues. The one-cent sales and use tax dedicated to service the bonds will expire in 2007 when the bonds are redeemed.

Under state statute, the School Board's general obligation bonded debt issuances are subject to a limitation based on thirty-five percent of total assessed value of real and personal property within the parish. As of June 30, 1998, the School Board's general obligation bonded debt of \$70,655,000 was well below the legal limit of \$255,385,064 and debt per capita equaled \$391. The general obligation bonds are serviced by an ad valorem tax levy.

The certificates of indebtedness are serviced by an irrevocable pledge from the levy and collection of a special General Fund ad valorem tax of 4.47 mills.

A summary of ratings, by issue, follows:

<u>Issue</u>	<u>Original Amount Issued</u>	<u>.....Ratings.....</u>	
		<u>Moody's</u>	<u>Standard and Poor's</u>
Sales Tax Bonds:			
1992 (1)	\$11,000,000	Aaa	AAA
1995 (2)	7,500,000	Aaa	AAA
General Obligation Bonds:			
1990 (1)	9,875,000	Aaa	AAA
1991 (1)	30,800,000	Aaa	AAA
1992 (3)	5,000,000	Aaa	AAA
1993	3,540,000	Baa1	A
1993 (1)	13,195,000	Aaa	AAA
1996 (2)	25,000,000	Aaa	AAA
1997	7,415,000	A3	A-

(continued)

<u>Issue</u>	<u>Original Amount Issued</u>	<u>.....Ratings.....</u>	
		<u>Moody's</u>	<u>Standards and Poor's</u>
Certificates of Indebtedness:			
1994 (3)	\$6,000,000	Aaa	AAA

- (1) Insured by Financial Guaranty Insurance Company
- (2) Insured by Financial Security Assurance, Inc.
- (3) Insured by AMBAC Indemnity Corporation

Not included in the School Board's General Long-Term Debt Account Group are \$5,695,000 of School District No. 12 General Obligation Bonds defeased on June 1, 1991, \$1,585,000 of School District No. 8 General Obligation Bonds defeased on February 1, 1993 and \$6,970,000 of School District No. 12 General Obligation Bonds defeased on February 5, 1997. The Notes to the Financial Statements contain more detailed information on the defeased bonds.

Subsequent to June 30, 1998, the School Board issued \$55,000,000 of General Obligation Bonds dated July 1, 1998 which are secured by unlimited ad valorem taxation. The bonds are insured by Financial Security Assurance, Inc. and are rated Aaa by Moody's and AAA by Standard and Poor's.

Additionally, on July 1, 1998, the School Board issued \$14,480,000 of refunding bonds to advance refund \$14,015,000 of series 1991 General Obligation Bonds. These bonds are also insured by Financial Security Assurance, Inc. and are rated Aaa by Moody's and AAA by Standard and Poor's.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit and the Louisiana Asset Management Pool (LAMP) administered by the State Treasurer. The School Board earned interest revenue of \$3,891,052 on all investments for the year ended June 30, 1998.

The School Board's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits in financial institutions were either insured by federal depository insurance or secured by the pledge of securities owned by the financial institution. These pledged securities are held by a mutually agreed upon third-party financial institution in the name of the School Board. All of the deposits in financial institutions made by the School Board during the year and at June 30, 1998 are classified in the category of the lowest credit risk as defined by the Governmental Accounting Standards Board. The deposits made in LAMP are more fully discussed in the Notes to Financial Statements.

Risk Management. During fiscal year 1988, the School Board initiated a limited risk management program for workers' compensation. As part of this comprehensive plan, resources are being accumulated in an Internal Service Fund to meet potential losses. In addition, various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims in excess of \$250,000.

In addition, during fiscal year 1990, the School Board initiated a limited risk management program for general liability and property damage. Resources are transferred from the General Fund and accumulated in an Internal Service Fund to pay potential claims. The School Board has undertaken a program to determine methods to limit our exposure to general liability claims and

(continued)

to minimize any potential loss of or damage to property. Third party coverage of commercial insurance claims in excess of \$150,000 for both general liability and property damage is maintained by the School Board.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting and auditing firm of KPMG Peat Marwick LLP was selected by the School Board to perform the fiscal year 1998 audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements is included in the financial section of this report. The independent auditors' reports related specifically to the Single Audit Act are included in the Single Audit Section.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the St. Tammany Parish School Board for its comprehensive annual financial report for the fiscal year ended June 30, 1997.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The St. Tammany Parish School Board was also awarded a Certificate of Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended June 30, 1997 by the Association of School Business Officials, International (ASBO).

The award certifies that the school system has presented its comprehensive annual financial report to the ASBO Panel of Review for critical review and evaluation and that the report was judged to have complied with the principles and practices of financial reporting recognized by ASBO. Receiving the award is recognition that the school system has met the highest standards of excellence in school financial reporting.

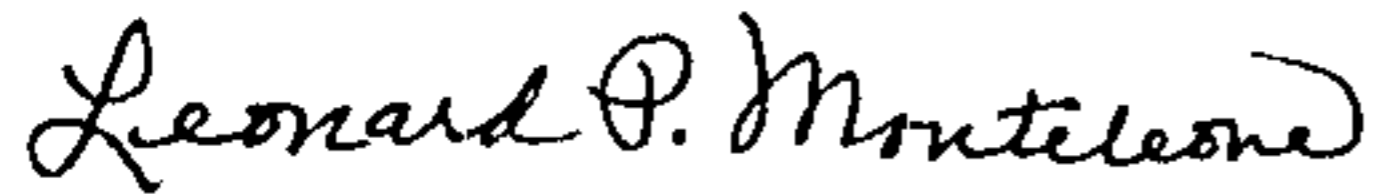
Both a Certificate of Achievement (GFOA) and a Certificate of Excellence (ASBO) are valid for a period of one year only. The St. Tammany Parish School Board has received both certificates for the last ten consecutive years. We believe our current comprehensive annual financial report continues to conform to the program requirements of both organizations and we are submitting it to GFOA and ASBO to determine its eligibility for each of the certificates.

(continued)

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Business Affairs Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, our gratitude is extended to the Graphic Arts Department for their valued assistance in the design and reproduction of this report.

In closing, without the leadership and support of the Members of the School Board, both individually and collectively, preparation of this report would not have been possible.

Respectfully submitted,



Leonard P. Monteleone
Superintendent



Ronald J. Caruso, CPA
Director of Business Affairs

Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Tammany Parish
School Board, Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Douglas R. Ellsworth
President

Jeffrey L. Essler
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ST. TAMMANY PARISH SCHOOL BOARD

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 1997

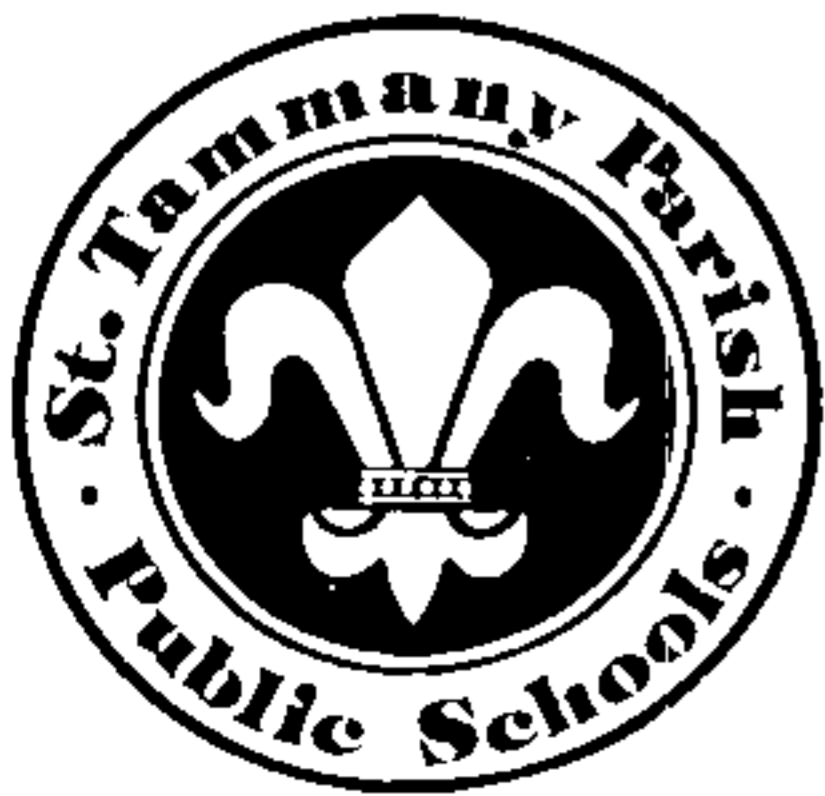
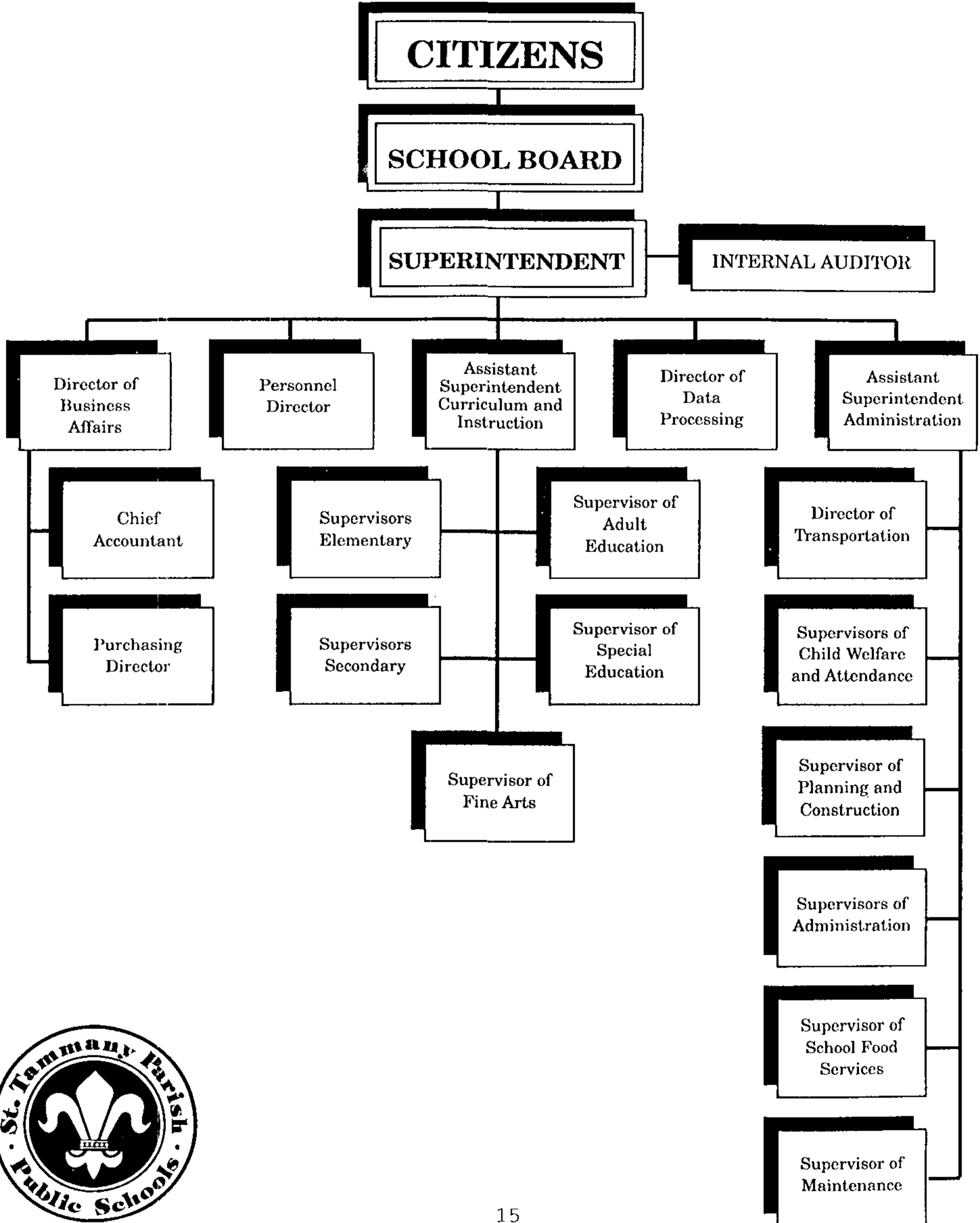
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

John M. Dwyer
President

Don L. Hargis
Executive Director

ST. TAMMANY PARISH SCHOOL BOARD

Organizational Chart



St. Tammany Parish School Board

PRINCIPAL OFFICIALS

School Board Members

President - John C. Lamarque

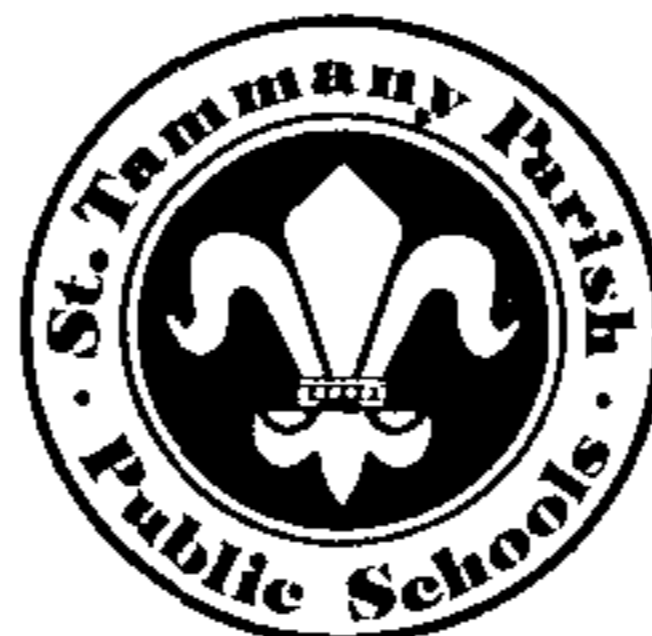
Vice-President - Daniel G. Zechenelly

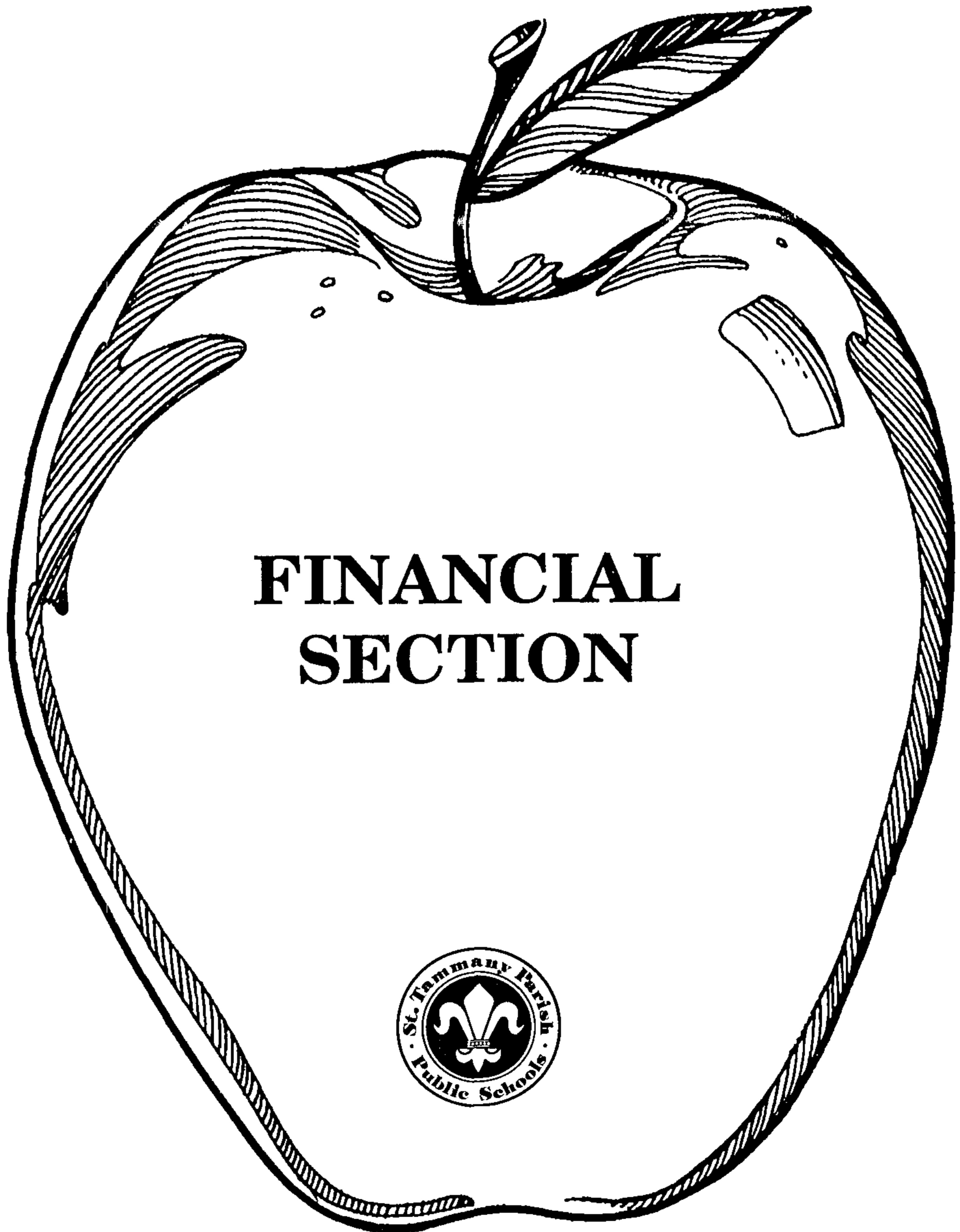
Ray A. Alfred
E. Roth Allen
Edward J. Fielding, III
Charles T. Harrell
Neal M. Hennegan
Mary K. Lynch-Bellisario
James Panks, Sr.

Gregory J. Saurage
Albert R. Smith
Anthony J. Tedesco
Betty Verzwylvelt
Donald J. Villere
Patti Young

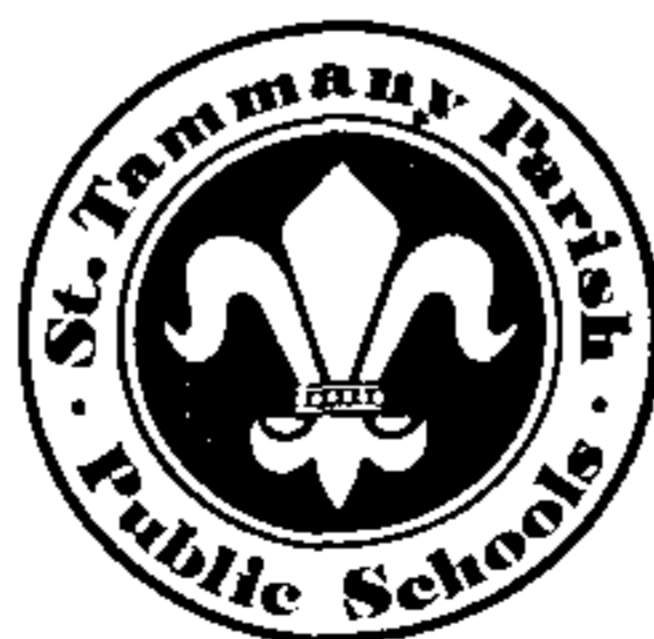
Administrative Officials

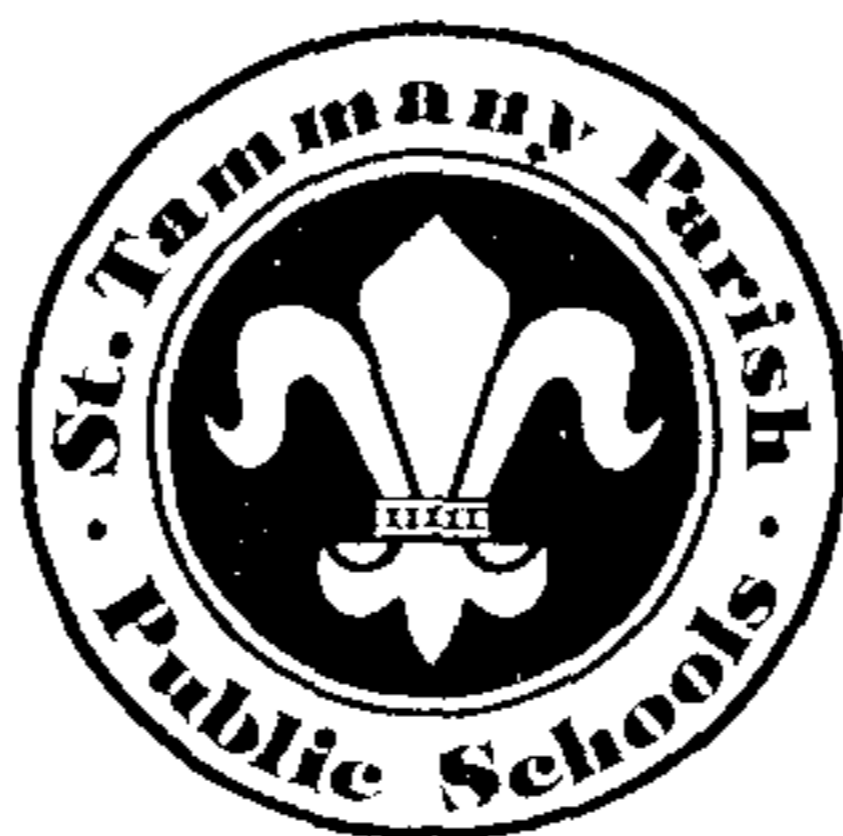
Leonard P. Monteleone, *Superintendent*
Richard Tanner, *Assistant Superintendent-Administration*
Gayle Sloan, *Assistant Superintendent-Curriculum and Instruction*
Ronald J. Caruso, CPA, *Director of Business Affairs*
Carlo A. Giaccone, *Director of Data Processing*
Peter J. Jabbia, *Personnel Director*





**FINANCIAL
SECTION**





GENERAL PURPOSE FINANCIAL STATEMENTS

Independent Auditors' Report

The Members of the
St. Tammany Parish School Board
Covington, Louisiana:

We have audited the accompanying general-purpose financial statements of the St. Tammany Parish School Board (the School Board), as of and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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.

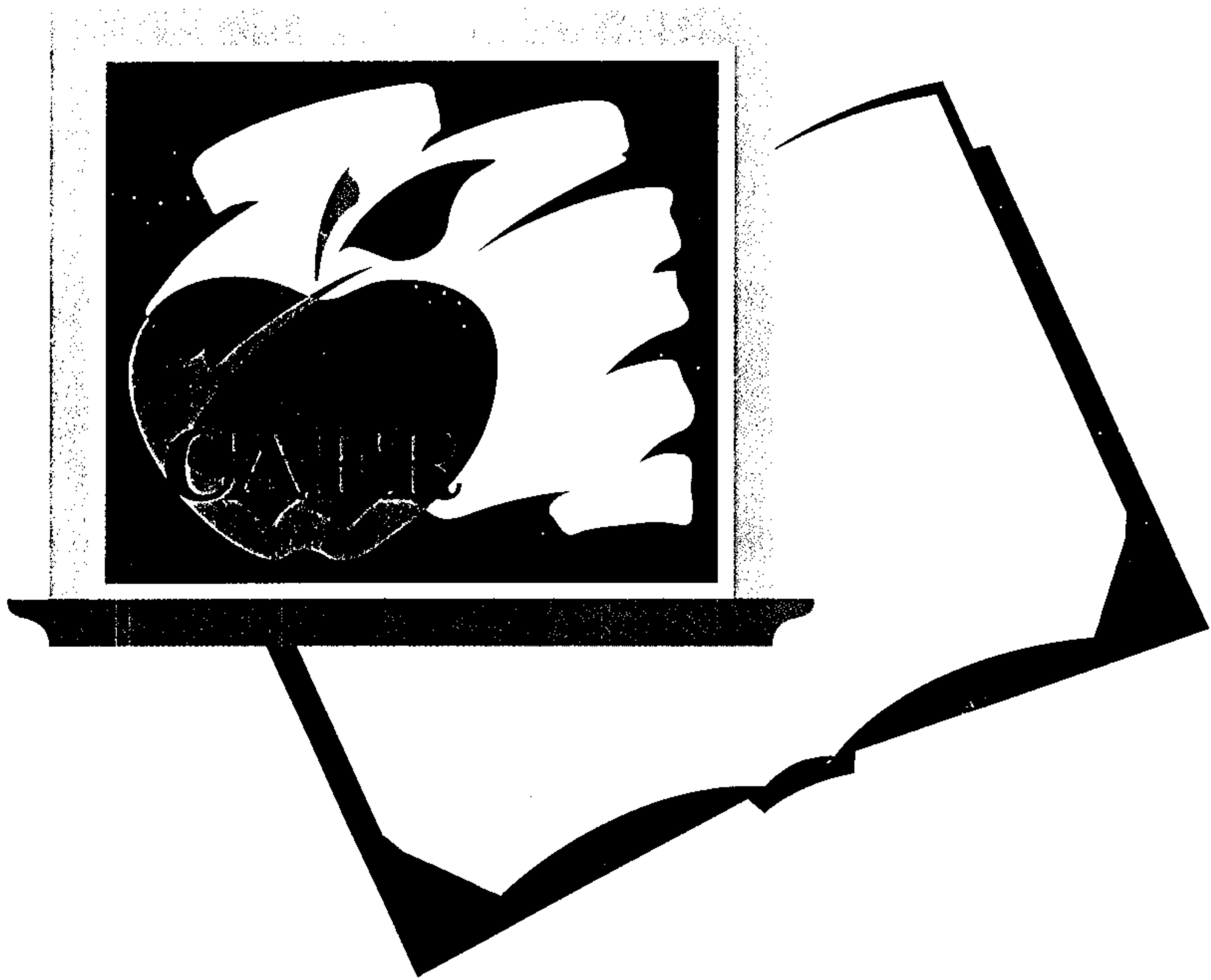
In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the School Board as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 1998, 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.

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

KPMG Peat Marwick LLP

October 30, 1998



ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Combined Balance Sheet-All Fund Types and Account Groups
June 30, 1998
With Comparative Totals for June 30, 1997

	Governmental Fund Types.....			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents (note 4)	\$25,627,044	4,465,736	10,509,202	20,502,314
Investments (note 5)	<u>1,727,097</u>			
Receivables:				
Taxes:				
Ad valorem	452,010		191,290	
Sales and use		3,350,366		
Intergovernmental:				
Federal	45,170	1,692,628		
State	979,698	149,601		
Other	<u>281,194</u>	<u>10,054</u>	<u>170,499</u>	<u>86,937</u>
Total receivables	<u>1,758,072</u>	<u>5,202,649</u>	<u>361,789</u>	<u>86,937</u>
Due from other funds (note 6)	4,937,989	1,257,558	156,317	186,339
Inventory (note 1-I)		240,602		
Prepaid items (note 1-O)				52,588
Other assets	175,100		14,103	
Property, plant and equipment (note 7)				
Land				
Buildings and improvements				
Furniture and equipment				
Construction in progress				
Other debits:				
Amount available in debt service funds				
Amount to be provided for retirement of general long-term debt	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$34,225,302</u>	<u>11,166,545</u>	<u>11,041,411</u>	<u>20,828,178</u>

Proprietary Fund Type	Fiduciary Fund TypeAccount Groups.....		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	1998	1997
Internal Service	Agency				
<u>4,590,181</u>	<u>2,598,285</u>			68,292,762	66,046,618
				<u>1,727,097</u>	<u>1,636,765</u>
				643,300	1,084,234
				3,350,366	3,582,863
				1,737,798	1,438,106
				1,129,299	391,841
<u>91,947</u>				<u>640,631</u>	<u>752,361</u>
<u>91,947</u>				<u>7,501,394</u>	<u>7,249,405</u>
14,125				6,552,328	4,676,249
				240,602	163,443
				52,588	
				189,203	
		5,835,103		5,835,103	5,835,103
		205,707,741		205,707,741	186,658,857
		33,935,127		33,935,127	29,478,744
		5,717,334		5,717,334	17,325,627
			10,995,203	10,995,203	9,154,157
			<u>86,289,740</u>	<u>86,289,740</u>	<u>93,770,317</u>
<u>4,696,253</u>	<u>2,598,285</u>	<u>251,195,305</u>	<u>97,284,943</u>	<u>433,036,222</u>	<u>421,995,285</u>

(continued)

ST. TAMMANY PARISH SCHOOL BOARD

Covington, Louisiana

Combined Balance Sheet-All Fund Types and Account Groups (continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Salaries and wages payable	\$14,206,455	607		
Payroll deductions and withholdings payable	826,096			
Accounts payable	2,476,358	552,046		319,730
Retainage payable				515,502
Due to other funds (note 6)	83,731	6,355,223	46,208	65,914
Other liabilities	186,663	30,318		
Deferred revenues	92,005	207,144		
Deposits due others (note 15)				
Liability for self-insurance losses (note 8)				
Claims liability (note 8)				
Bonds and certificates of indebtedness payable (note 9)				
Compensated absences payable (notes 1-L and 9)				
Total Liabilities	<u>17,871,308</u>	<u>7,145,338</u>	<u>46,208</u>	<u>901,146</u>
Equity and Other Credits:				
Investment in general fixed assets				
Retained Earnings:				
Reserved for employee benefits				
Unreserved, undesignated				
Fund balances (note 1-N):				
Reserved for encumbrances	208,242			6,716,232
Reserved for inventory		71,682		
Reserved for debt service			10,995,203	
Unreserved, undesignated	<u>16,145,752</u>	<u>3,949,525</u>		<u>13,210,800</u>
Total Equity and Other Credits	<u>16,353,994</u>	<u>4,021,207</u>	<u>10,995,203</u>	<u>19,927,032</u>
Commitments and contingencies (notes 7 and 16)				
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$34,225,302</u>	<u>11,166,545</u>	<u>11,041,411</u>	<u>20,828,178</u>

See accompanying notes to financial statements.

Proprietary Fund Type	Fiduciary Fund TypeAccount Groups.....		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	1998	1997
Internal Service	Agency			14,207,062	13,618,701
				826,096	988,470
11,349				3,359,483	2,284,659
				515,502	865,005
1,252				6,552,328	4,676,249
				216,981	110,657
405,361				704,510	609,373
	2,598,285			2,598,285	2,354,356
955,389				955,389	815,244
900,000				900,000	867,521
			88,530,000	88,530,000	94,745,000
			8,754,943	8,754,943	8,179,474
<u>2,273,351</u>	<u>2,598,285</u>	<u>NONE</u>	<u>97,284,943</u>	<u>128,120,579</u>	<u>130,114,709</u>
		251,195,305		251,195,305	239,298,331
959,123				959,123	1,059,919
1,463,779				1,463,779	1,215,725
				6,924,474	7,356,805
				71,682	68,395
				10,995,203	9,154,157
				33,306,077	33,727,244
<u>2,422,902</u>	<u>NONE</u>	<u>251,195,305</u>	<u>NONE</u>	<u>304,915,643</u>	<u>291,880,576</u>
<u>4,696,253</u>	<u>2,598,285</u>	<u>251,195,305</u>	<u>97,284,943</u>	<u>433,036,222</u>	<u>421,995,285</u>

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

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

	General	Special Revenue	Debt Service
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$25,990,794		10,707,517
Sales and use		39,708,390	
Rentals, leases, and royalties		11,894	
Tuition	169,963	629,543	
Earnings on investments	1,604,305	283,966	547,749
Food service		2,428,186	
Other	377,795	129,856	
State sources:			
Equalization	99,195,469	1,183,518	
Contributions to			
Teachers' Retirement	160,037		
Revenue sharing	1,721,553		
Professional Improvement Program	1,153,762		
Other	2,405,952	1,813,341	
Federal sources	334,481	11,824,628	
Total revenues	<u>133,114,111</u>	<u>58,013,322</u>	<u>11,255,266</u>
EXPENDITURES			
Current:			
Instruction:			
Regular Ed programs	68,662,667	2,005,399	
Special Ed programs	30,353,316	874,322	
Vocational Ed programs	3,827,346	243,965	
Other instructional programs	4,139,707	196,295	
Special programs	162,126	3,424,817	
Adult Ed programs	174,515	44,812	
Support services:			
Pupil support	6,650,424	787,120	
Instructional staff support	5,966,842	1,208,710	
General administration	2,318,068	518,344	326,009
School administration	10,401,807		
Business administration	1,252,376		
Operation and maintenance of plant	14,022,575	171,780	
Pupil transportation	11,190,562	101,551	
Central services	1,535,856		
Food service	881,017	8,956,938	
Community service programs	33,879	722,360	
Facilities acquisition and construction	201,684		
Debt service:			
Principal retirement			6,215,000
Interest and bank charges			5,551,665
Issuance costs			
Total expenditures	<u>161,774,767</u>	<u>19,256,413</u>	<u>12,092,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(28,660,656)</u>	<u>38,756,909</u>	<u>(837,408)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond sales			
Accrued interest received			
Operating transfers in	35,974,067	1,610,357	2,822,046
Operating transfers out	(2,174,767)	(39,728,111)	(143,592)
Payment to escrow agent			
Total other financing sources (uses)	<u>33,799,300</u>	<u>(38,117,754)</u>	<u>2,678,454</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>5,138,644</u>	<u>639,155</u>	<u>1,841,046</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>11,215,350</u>	<u>3,382,052</u>	<u>9,154,157</u>
FUND BALANCES AT END OF YEAR	<u>\$16,353,994</u>	<u>4,021,207</u>	<u>10,995,203</u>

See accompanying notes to financial statements.

Capital Projects	Totals (Memorandum Only)	
	1998	1997
	36,698,311	34,136,248
	39,708,390	37,386,310
	11,894	10,105
	799,506	697,298
1,221,042	3,657,062	3,919,365
	2,428,186	2,336,533
	507,651	478,496
	100,378,987	93,495,533
	160,037	169,212
	1,721,553	1,631,845
	1,153,762	1,200,771
	4,219,293	1,546,241
	12,159,109	11,334,132
<u>1,221,042</u>	<u>203,603,741</u>	<u>188,342,089</u>
	70,668,066	62,940,124
	31,227,638	28,203,734
	4,071,311	3,787,578
	4,336,002	3,742,253
	3,586,943	3,634,775
	219,327	203,046
	7,437,544	6,752,998
	7,175,552	6,429,439
	3,162,421	3,115,312
	10,401,807	10,009,169
	1,252,376	1,149,804
	14,194,355	13,445,268
	11,292,113	10,747,792
	1,535,856	1,394,746
	9,837,955	9,248,176
	756,239	675,554
9,489,052	9,690,736	16,476,691
	6,215,000	5,630,000
	5,551,665	5,542,807
		89,391
<u>9,489,052</u>	<u>202,612,906</u>	<u>193,218,657</u>
<u>(8,268,010)</u>	<u>990,835</u>	<u>(4,876,568)</u>
		32,415,000
		252,564
1,640,000	42,046,470	39,685,784
	(42,046,470)	(39,685,784)
		(7,435,839)
<u>1,640,000</u>	<u>NONE</u>	<u>25,231,725</u>
(6,628,010)	990,835	20,355,157
<u>26,555,042</u>	<u>50,306,601</u>	<u>29,951,444</u>
<u>19,927,032</u>	<u>51,297,436</u>	<u>50,306,601</u>

St. Tammany Parish School Board
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J. GENERAL FIXED ASSETS

Land, buildings and improvements, and furniture and equipment are recorded as expenditures in the governmental funds and are capitalized in the general fixed assets account group at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated market value on the date of donation. Approximately 95 per cent of general fixed assets are valued at historical cost, while the remaining 5 per cent are valued at estimated cost, based on the historical cost of like items.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized over the remaining useful lives of the assets. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term debt account group.

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. COMPENSATED ABSENCES

All 12-month non-school administrative employees earn from 10 to 20 days of vacation leave each year, depending on length of service with the School Board. A maximum of five days of vacation leave may be carried forward to the next calendar year. Upon termination, earned vacation leave is paid to the employee at the employee's current rate of pay.

All school board employees earn from 10 to 13 days of sick leave each year, depending upon the number of months employed. Sick leave can be accumulated without limitation. Upon retirement, a maximum of 25 days of unused sick leave is paid to the employee at the employee's current rate of pay, and all unused sick leave is used in the retirement benefit computation as earned service.

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
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Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Leave may be granted for rest and recuperation and professional and cultural improvement.

The cost of compensated absence privileges (unused sick leave) is recognized as a current year expenditure in the General Fund when leave is actually taken, or when employees are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

At June 30, 1998, employees of the School Board have accumulated and vested \$8,754,943 of compensated absence benefits in salary related payments, which is recorded within the general long-term debt account group since they are not payable from expendable available financial resources.

M. SALES AND USE TAXES

On June 25, 1966, the voters of St. Tammany Parish approved a one per cent sales and use tax which, after payment of necessary costs and expenses of collecting the tax, is dedicated for payments of salaries of teachers and other school personnel and for other operating expenses. On September 18, 1976, the voters of St. Tammany Parish approved a one per cent sales tax to be levied on behalf of the St. Tammany Parish School Board for a period of 15 years. On May 5, 1990 the voters of the parish authorized an extension of this tax for an additional 15 years, until expiration in 2007. The proceeds are dedicated for the purposes of capital improvements, maintenance, and operating expenses of the School Board. The sales and use taxes are collected by the St. Tammany Parish Tax Collector for a fee of 1.15 per cent of the monthly collections.

N. RESERVES OF FUND BALANCE

Reserves on the governmental funds represent portions of fund balances which are not available for appropriations for expenditures or have been legally segregated for future use.

O. PREPAID ITEMS

The prepaid items in the \$55 Million Construction Capital Projects Fund represents the prepayment of issuance costs for the \$55 million of general obligation bonds sold in fiscal year 1999 as discussed in Note 17. They will be recognized as expenditures in fiscal year 1999 when the corresponding bond proceeds are recognized.

(continued)

St. Tammany Parish School Board
Covington, Louisiana

Notes to Financial Statements
June 30, 1998

P. CLAIMS AND JUDGEMENTS

The School Board provides for losses and anticipated expenses resulting from claims and judgements including claim adjustment expenditures/expense, salvage and subrogation. Losses resulting from claims and judgements are estimated by utilizing a case by case review of all claims in accordance with Governmental Accounting Standards Board Codification Section C50.

The liability for such losses is recorded in the Internal Service Funds. Incurred but not reported claims as of June 30, 1998, have been considered in determining the accrued liability.

Q. COMPARATIVE DATA AND TOTAL COLUMNS ON COMBINED STATEMENTS

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in the School Board's financial position and operations. However, comparative data (i.e., presentation of prior year total by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

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 or results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. TERMINATED FUND

During fiscal year 1998, the \$26.5 Million Construction Capital Projects Fund terminated and the residual equity of \$10,530 was transferred to the Building Committee Capital Projects Fund.

(continued)

St. Tammany Parish School Board
Covington, Louisiana

Notes to Financial Statements
June 30, 1998

3. AD VALOREM TAXES

The following is a summary of authorized and levied parish wide ad valorem taxes for the fiscal year ended June 30, 1998:

Constitutional	4.47
Additional Support	6.26
Construction, Maintenance and Operations	4.47
Improve, Maintain and Operating	46.00
Bond and Interest - District No. 12	<u>25.90</u>
Total millage	<u>87.10</u>

4. CASH AND CASH EQUIVALENTS

At June 30, 1998, the School Board had cash and cash equivalents as follows:

Demand deposits	\$267,711
Money market accounts	8,142,156
Time certificates of deposit	<u>59,882,895</u>
Total cash and cash equivalents	<u>\$68,292,762</u>

Cash balances of all funds are combined to the extent possible. Interest earned on deposits is distributed to the individual funds based on the invested balances of the participating funds during the year. Interest is recorded when earned.

Under state law, the bank balances of these deposits 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 or exceed the amount on deposit with the fiscal agent. At June 30, 1998, cash and cash equivalents are entirely insured or collateralized with securities held by a mutually acceptable third party financial institution in the School Board's name, however, the securities may be released only upon the written authorization of the School Board, which is the lowest credit risk as defined by the Governmental Accounting Standards Board. The bank balances are fully insured and collateralized at June 30, 1998 as follows:

Total bank balances	<u>\$74,197,717</u>
Federal deposit insurance	\$1,058,813
Pledged securities	<u>79,309,881</u>
Total collateral	<u>\$80,368,694</u>

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

5. INVESTMENTS

Investments at June 30, 1998 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participant's shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

6. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	<u>\$4,937,989</u>	<u>\$83,731</u>
Special Revenue Funds:		
IASA	989,718	3,327,033
IDEA		403,189
Voc Ed		238,090
Miscellaneous Programs		207,455
8G		145,076
School Food Service	235,735	
1966 Sales Tax		1,655,717
1977 Sales Tax	32,105	368,879
Community Ed		<u>9,784</u>
Total Special Revenue Funds	<u>1,257,558</u>	<u>6,355,223</u>

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

<u>Fund</u> (continued)	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Debt Service Funds:		
Sales Tax Bond Sinking	\$156,317	\$5,233
Sales Tax Bond Reserve		26,872
Parishwide School Dist. No. 12	<u> </u>	<u>14,103</u>
Total Debt Service Funds	<u>156,317</u>	<u>46,208</u>
Capital Projects Funds:		
\$55 Million Construction		52,837
\$50 Million Construction	2,245	400
\$25 Million Construction	12,031	645
Parishwide Construction	<u>172,063</u>	<u>12,032</u>
Total Capital Projects Funds	<u>186,339</u>	<u>65,914</u>
Risk Management Internal Service Fund	<u>14,125</u>	<u>1,252</u>
Total	<u>\$6,552,328</u>	<u>\$6,552,328</u>

7. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets are as follows:

	Balance July 1, <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>1998</u>
Land	\$5,835,103			5,835,103
Buildings and improvement	186,658,857	19,048,884		205,707,741
Furniture and equipment	29,478,744	5,455,804	999,421	33,935,127
Construction in progress	<u>17,325,627</u>	<u>7,458,250</u>	<u>19,066,543</u>	<u>5,717,334</u>
	<u>\$239,298,331</u>	<u>31,962,938</u>	<u>20,065,964</u>	<u>251,195,305</u>

(continued)

St. Tammany Parish School Board
Covington, Louisiana

Notes to Financial Statements
June 30, 1998

Construction in progress at June 30, 1998 is composed of the following:

	<u>Project Authorization</u>	<u>Incurred as of June 30, 1998</u>	<u>Committed</u>
Abney Elementary	\$703,980	14,994	688,986
Covington Elementary	885,000	18,900	866,100
Covington High	1,255,711	1,188,406	67,305
Covington High	244,860	31,584	213,276
Cypress Cove	687,200	35,351	651,849
Fontainebleau High	1,864,273	1,630,433	233,840
Little Oak Middle	1,248,399	1,236,664	11,735
Little Oak Middle	197,381	39,494	157,887
Mandeville High	283,868	35,031	248,837
Northshore High	134,366	132,826	1,540
Northshore High	211,143	26,572	184,571
Pineview Middle	552,200	35,351	516,849
Salmen High	623,604	231,984	391,620
Salmen High	152,369	17,385	134,984
Sixth Ward Jr. High	253,075	55,497	197,578
"New" Mandeville Elementary	<u>5,835,160</u>	<u>986,862</u>	<u>4,848,298</u>
 Total	 <u>\$15,132,589</u>	 <u>5,717,334</u>	 <u>9,415,255</u>

8. RISK MANAGEMENT

The School Board initiated a risk management program for workers' compensation in fiscal year 1988. Premiums are paid into the Workers' Compensation Internal Service Fund by all funds from which salaries are paid and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 1998, a total of \$1,377,192 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$250,000. An amount for self-insurance losses of \$955,389 has been accrued as a liability based upon an actuary's estimate. Interfund premiums are based primarily upon the individual funds' claims experience and are reported as expenditures in the individual funds.

In addition, the School Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. During fiscal year 1990, the School Board established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Risk Management Fund provides coverage up to a maximum of \$150,000 for each general liability claim and \$150,000 for each property damage claim. The School Board purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage during the fiscal year.

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
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The General Fund of the School Board makes payments to the Risk Management Fund based on estimates of the amounts needed to pay claims and to accumulate funds for future catastrophic losses. At June 30, 1998, \$1,463,779 of fund equity is designated for future catastrophic losses. The claims liability of \$900,000 reported in the Fund at June 30, 1998 is based on the requirements of Governmental Accounting Standards Board which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in previous fiscal years were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments And Claims</u>	<u>Balance at Fiscal Year-End</u>
Workers' Compensation:				
1988-89	None	486,828	306,753	180,075
1989-90	\$180,075	702,404	393,776	488,703
1990-91	488,703	801,746	573,866	716,583
1991-92	716,583	512,942	604,020	625,505
1992-93	625,505	806,967	551,603	880,869
1993-94	880,869	813,785	727,379	967,275
1994-95	967,275	783,809	621,322	1,129,762
1995-96	1,129,762	804,968	971,398	963,332
1996-97	963,332	703,135	851,223	815,244
1997-98	815,244	1,246,261	1,106,116	955,389
Risk Management:				
1989-90	None	254,878	54,878	200,000
1990-91	\$200,000	445,698	70,698	575,000
1991-92	575,000	(37,714)	146,286	391,000
1992-93	391,000	301,887	283,451	409,436
1993-94	409,436	819,898	402,128	827,206
1994-95	827,206	539,874	394,954	972,126
1995-96	972,126	920,627	920,627	972,126
1996-97	972,126	462,088	566,693	867,521
1997-98	867,521	529,393	496,914	900,000

The School Board continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

9. CHANGES IN GENERAL LONG-TERM DEBT

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

	Balance July 1, <u>1997</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>1998</u>
Sales Tax Bonds	\$15,270,000		1,120,000	14,150,000
General Obligation Bonds	75,130,000		4,475,000	70,655,000
Certificates of Indebtedness	<u>4,345,000</u>		<u>620,000</u>	<u>3,725,000</u>
	94,745,000		6,215,000	88,530,000
Compensated Absences	<u>8,179,474</u>	<u>821,709</u>	<u>246,240</u>	<u>8,754,943</u>
Total	<u>\$102,924,474</u>	<u>821,709</u>	<u>6,461,240</u>	<u>97,284,943</u>

A schedule of the individual issues outstanding as of June 30, 1998 is as follows:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Sales Tax Bonds:					
1992	\$11,000,000	5.3-6.7%	2007	\$2,471,140	\$7,975,000
1995	<u>7,500,000</u>	5.5%	2007	<u>1,856,800</u>	<u>6,175,000</u>
Total Sales Tax Bonds	<u>18,500,000</u>			<u>4,327,940</u>	<u>14,150,000</u>
General Obligation Bonds:					
1990	9,875,000	6.6%	2000	83,947	840,000
1991	30,800,000	6.0-6.5%	2011	7,572,020	20,895,000
1992	5,000,000	5.4-6.4%	2012	2,204,010	4,260,000
1993	3,540,000	5.0-5.4%	2002	166,545	1,525,000
1993	13,195,000	4.7-8.8%	2013	5,542,913	11,915,000
1996	25,000,000	5.3-8.0%	2016	15,024,038	23,970,000
1997	<u>7,415,000</u>	4.6-5.2%	2010	<u>2,913,787</u>	<u>7,250,000</u>
Total General Obligation Bonds	<u>94,825,000</u>			<u>33,507,260</u>	<u>70,655,000</u>
Certificates of Indebtedness					
1994	<u>6,000,000</u>	4.8-5.0%	2003	<u>575,810</u>	<u>3,725,000</u>
Total	<u>\$119,325,000</u>			<u>\$38,411,010</u>	<u>\$88,530,000</u>

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish or by the 1977 sales and use tax. At June 30, 1998, the School Board has accumulated \$10,995,203 in the debt service funds for future debt service requirements.

The Sales Tax Bonds require the maintenance of a reserve as additional security for debt repayment. At June 30, 1998, the School Board has accumulated \$1,850,000 in reserve and is in compliance with the requirements of the debt agreement.

The sales tax bonds, general obligation bonds, and certificates of indebtedness are due as follows:

Year Ending June 30,	<u>Principal Payments</u>		Combined Interest Payments	<u>Total</u>
	<u>Bonds</u>	<u>Certificates of Indebtedness</u>		
1999	\$5,825,000	660,000	5,148,722	11,633,722
2000	6,085,000	700,000	4,748,702	11,533,702
2001	6,345,000	740,000	4,326,561	11,411,561
2002	6,125,000	790,000	3,902,361	10,817,361
2003	6,370,000	835,000	3,491,330	10,696,330
2004-2008	28,470,000		11,573,142	40,043,142
2009-2013	19,605,000		4,561,392	24,166,392
2014-2016	<u>5,980,000</u>		<u>658,800</u>	<u>6,638,800</u>
	<u>\$84,805,000</u>	<u>3,725,000</u>	<u>38,411,010</u>	<u>126,941,010</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt funded solely by ad valorem taxes in excess of 35 percent of the assessed value of taxable property. At June 30, 1998, the statutory limit is \$255,385,064 and the legal debt margin is \$190,180,274. Outstanding bonded debt payable from ad valorem taxes at June 30, 1998 totaled \$70,655,000.

10. PRIOR YEAR DEFEASANCE OF DEBT

On June 1, 1991, the School Board defeased the June 1, 1984 School District No. 12 General Obligation Bonds maturing on or after March 1, 1995. On February 5, 1997, the School Board defeased the June 1, 1990 School District No. 12 General Obligation Bonds maturing on or after June 1, 2001. On February 1, 1993, the School Board defeased the June 1, 1980 School District No. 8 General Obligation Bonds maturing on or after March 1, 1994. For each defeasement an irrevocable trust fund was created. New debt was issued and the proceeds were used to purchase U.S. Government Securities that were placed in the trust funds.

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St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1988

The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the School Board's General Long-Term Debt Account group. As of June 30, 1998, the following outstanding bonds are considered defeased:

	<u>Amount Outstanding</u>
School District No. 12:	
June 1, 1984	\$5,695,000
June 1, 1990	6,970,000
School District No. 8:	
June 1, 1980	<u>1,585,000</u>
Total	<u>\$14,250,000</u>

11. TAX ARBITRAGE REBATE

Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). For fiscal year 1998, arbitrage was not owed to the IRS.

12. RETIREMENT PLANS

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information, as required by the Governmental Accounting Standards Board Statement No. 27, relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRS)

Plan Description: The School Board participates in two membership plans of the TRS, the Regular Plan and Plan A. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

TRS issues a publicly available financial report that includes financial statements and required supplementary information of the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446.

Funding Policy: Plan members are required to contribute 8.0 percent and 9.1 percent of their annual covered salary for the Regular Plan and Plan A, respectively. The School Board is required to contribute at an actuarially determined rate. The current rate is 16.4 percent of annual covered payroll for both membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution to 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.

The School Board's contributions to the TRS for the years ended June 30, 1998, 1997, and 1996, were \$18,976,365, \$15,127,505, and \$13,955,608, respectively, equal to the required contributions for each year.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description: The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (504) 925-6484.

Funding Policy: Plan members are required to contribute 6.35 percent of their annual covered salary and the School Board is required to contribute at an actuarially determined rate. The current rate is 6.00 percent of annual covered payroll. Member contributions and employer contributions for the LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations and by remittances from the School Board.

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

The School Board's contributions to the LSERS for the years ended June 30, 1998, 1997, and 1996 were \$582,460, \$550,410, and \$524,977, respectively, equal to the required contributions for each year.

13. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In accordance with State statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. Currently, 787 retirees are eligible to participate in these benefits. These benefits for retirees are provided through the State Employees Group Benefits Program whose monthly premiums are paid jointly by the retirees and by the School Board. During fiscal year 1998, the School Board contributed 62% of the total premium for life insurance and 95% of the total premium for health care insurance provided to the retirees. The School Board recognizes the cost of providing these benefits (the Board's portion of premiums) as an expenditure on a pay-as-you-go basis when the monthly premiums are due. The School Board's cost of providing all health care benefits and life insurance premiums to the approximately 3,200 active and 600 retired participating employees amounted to \$12,845,936 for 1998. For 1998, the cost of premiums paid for retirees totaled \$2,680,340.

14. LEASES

The School Board has operating lease agreements for the rental of office equipment and classroom space. Rental expenditures for the year ended June 30, 1998 are as follows:

Office Equipment	\$182,918
Classroom Space	<u>77,450</u>
Total	<u>\$260,368</u>

15. CHANGES IN AGENCY DEPOSITS DUE OTHERS

A summary of changes in the School Activity Agency Fund's deposits due others are as follows:

Balance at Beginning of Year	\$2,354,356
Additions	9,306,654
Deductions	<u>9,062,725</u>
Balance at End of Year	<u>\$2,598,285</u>

(continued)

St. Tammany Parish School Board
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Notes to Financial Statements
June 30, 1998

16. LITIGATION AND CLAIMS

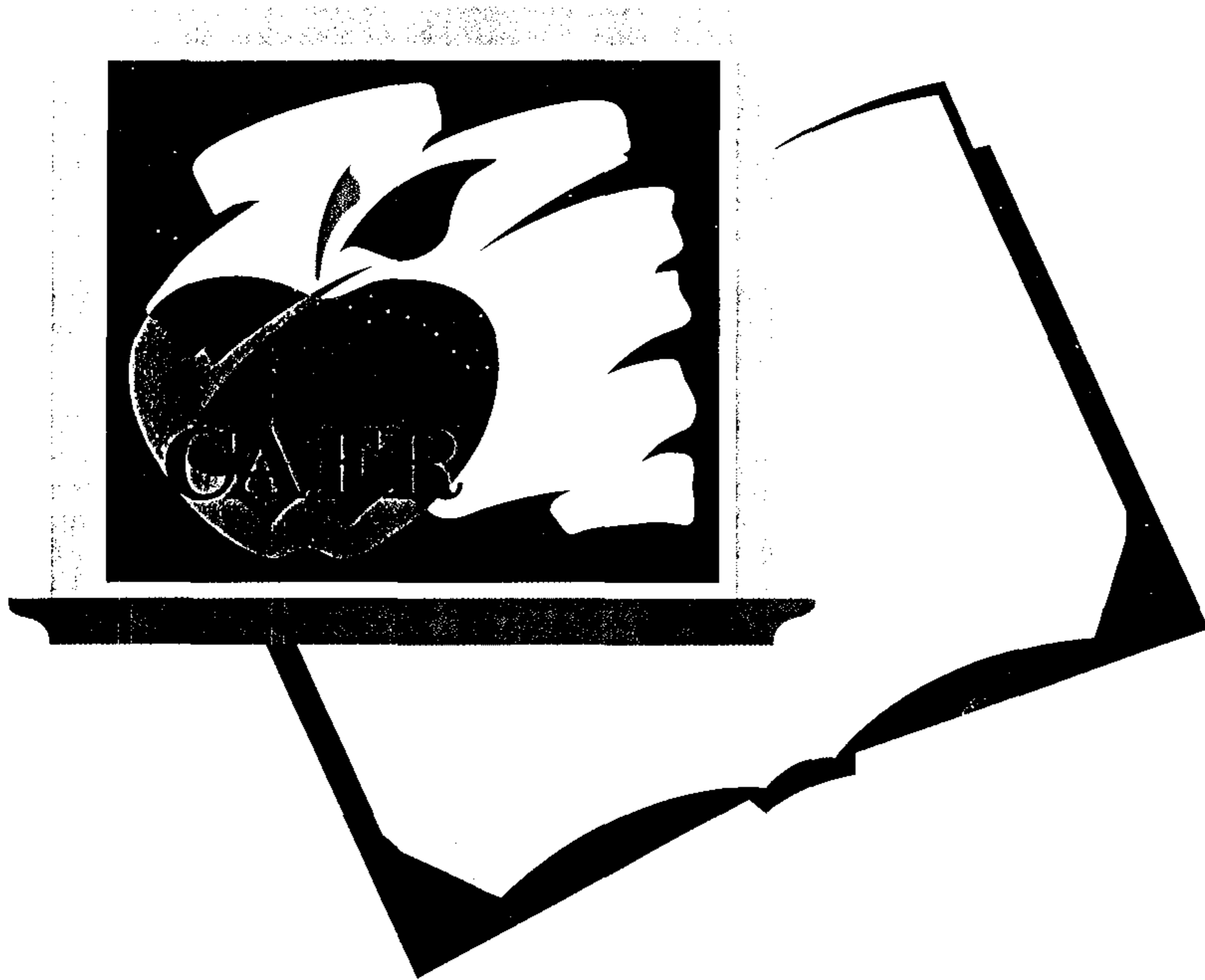
At June 30, 1998, the School Board was a defendant in lawsuits principally arising from the normal course of operations. The School Board's legal counsel has reviewed the School Board's claims and lawsuits, which are primarily personal injury claims, in order to evaluate the likelihood of an unfavorable outcome to the School Board and to arrive at an estimate, if any, of the amount or range of potential loss to the School Board. As a result of the review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", or "remote", as defined by the Governmental Accounting Standards Board. Amounts of claims classified as "probable" have been accrued in the claims liability and the liability for self-insurance losses, as explained in Note 8. The amount of claims and lawsuits which have been classified as "reasonably possible" individually range from \$3,000 to \$100,000. It is the opinion of the School Board, after conferring with legal counsel, that the liability, if any, which might arise from these lawsuits would not have a material adverse effect on the School Board's financial position.

The School Board participates in a number of federal financial assistance programs. Although the grant programs have been audited in accordance with the Single Audit Act through June 30, 1998, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Board expects such amounts, if any, to be immaterial.

17. SUBSEQUENT EVENT - ISSUANCE AND DEFEASANCE OF BONDS

Subsequent to June 30, 1998, the St. Tammany Parish School Board issued \$55 million of general obligation bonds dated July 1, 1998. The bonds are secured by and payable from unlimited ad valorem taxation. The bonds mature from March 1, 1999 through March 1, 2018 and have an interest rate ranging from 4.5% to 6.75%. The proceeds are to be used for the construction of new school facilities and for improvements to existing school facilities. The bonds were approved by the voters of St. Tammany Parish in a referendum held May 2, 1998.

In addition, the School Board issued \$14,480,000 of general obligation bonds with an average interest rate of 4.7% dated July 1, 1998 to advance refund \$14,015,000 of series 1991 outstanding general obligation bonds with maturities from March 1, 2002 through March 1, 2011 with an average interest rate of 6.5%. The series 1991 bonds are callable on March 1, 2001. The advance refunding met the requirements of an in-substance defeasance. The 1998 refunding bonds mature from March 1, 1999 through March 1, 2011.





**FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS**



GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FUND
Comparative Balance Sheets
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and cash equivalents	\$25,627,044	22,608,413
Investments	<u>1,727,097</u>	<u>1,636,765</u>
Receivables:		
Ad valorem taxes	452,010	691,623
Intergovernmental:		
Federal	45,170	41,290
State	979,698	264,589
Other	<u>281,194</u>	<u>195,120</u>
Total receivables	<u>1,758,072</u>	<u>1,192,622</u>
Due from other funds	4,937,989	2,956,026
Other	<u>175,100</u>	<u> </u>
TOTAL ASSETS	<u>\$34,225,302</u>	<u>28,393,826</u>
LIABILITIES AND EQUITY		
Liabilities:		
Salaries and wages payable	\$14,206,455	13,437,920
Payroll deductions and withholdings payable	826,096	988,470
Accounts payable	2,476,358	1,990,726
Due to other funds	83,731	608,090
Other liabilities	186,663	85,432
Deferred revenues	<u>92,005</u>	<u>67,838</u>
Total Liabilities	<u>17,871,308</u>	<u>17,178,476</u>
Equity:		
Fund balance:		
Reserved for encumbrances	208,242	295,219
Unreserved, undesignated	<u>16,145,752</u>	<u>10,920,131</u>
Total Equity	<u>16,353,994</u>	<u>11,215,350</u>
TOTAL LIABILITIES AND EQUITY	<u>\$34,225,302</u>	<u>28,393,826</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes In
Fund Balance-Budget and Actual
(NON-GAAP BASIS)
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES (Schedule 3)	\$132,400,561	133,114,111	713,550
EXPENDITURES (Schedule 4)	<u>166,380,750</u>	<u>161,687,790</u>	<u>4,692,960</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(33,980,189)</u>	<u>(28,573,679)</u>	<u>5,406,510</u>
OTHER FINANCING SOURCES (USES):			
Other financing sources (Schedule 3)	35,143,502	35,974,067	830,565
Other financing uses (Schedule 4)	<u>(2,168,398)</u>	<u>(2,174,767)</u>	<u>(6,369)</u>
Total other financing sources (uses)	<u>32,975,104</u>	<u>33,799,300</u>	<u>824,196</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,005,085)	5,225,621	6,230,706
FUND BALANCE AT BEGINNING OF YEAR	<u>10,920,131</u>	<u>10,920,131</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$9,915,046</u>	<u>16,145,752</u>	<u>6,230,706</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FUND
Schedule of Revenues and Other Financing Sources
Budget and Actual (Non-GAAP Basis)
For the Year Ended June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
REVENUES				
Local sources:				
Ad valorem taxes	\$25,796,183	25,990,794	194,611	24,177,250
Tuition:				
Summer school	102,815	109,313	6,498	102,815
Driver education	48,950	60,650	11,700	51,597
Earnings on investments	1,150,000	1,604,305	454,305	1,375,408
Medical services	180,000	238,415	58,415	239,059
Other	129,821	139,380	9,559	207,277
Total revenues from local sources	27,407,769	28,142,857	735,088	26,153,406
State sources:				
Equalization	99,195,469	99,195,469		92,312,015
Contributions to				
Teachers' Retirement	152,473	160,037	7,564	169,212
Revenue sharing	1,721,553	1,721,553		1,631,845
Professional Improvement Program	1,188,544	1,153,762	(34,782)	1,200,771
Special education	131,967	139,856	7,889	131,374
Adult education	82,695	82,695		143,725
Non-public students	446,323	429,464	(16,859)	450,898
Teacher supply	408,936	408,867	(69)	
Technology	1,305,464	1,305,447	(17)	
Miscellaneous	27,248	39,623	12,375	343,439
Total revenues from state sources	104,660,672	104,636,773	(23,899)	96,383,279
Federal sources:				
Impact aid - PL 81-874	4,013	4,013		
ROTC	256,840	259,201	2,361	256,840
Adult education	71,267	71,267		10,237
Total revenues from federal sources	332,120	334,481	2,361	267,077
Total revenues	132,400,561	133,114,111	713,550	122,803,762
OTHER FINANCING SOURCES				
Operating transfers in:				
1966 Sales Tax Fund	18,581,262	18,932,096	350,834	17,806,677
1977 Sales Tax Fund	16,216,140	16,695,508	479,368	15,499,603
School Food Service Fund	200,000	197,861	(2,139)	194,475
Indirect costs	146,100	148,602	2,502	146,100
Total other financing sources	35,143,502	35,974,067	830,565	33,646,855
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$167,544,063	169,088,178	1,544,115	156,450,617

See accompanying independent auditors' report.

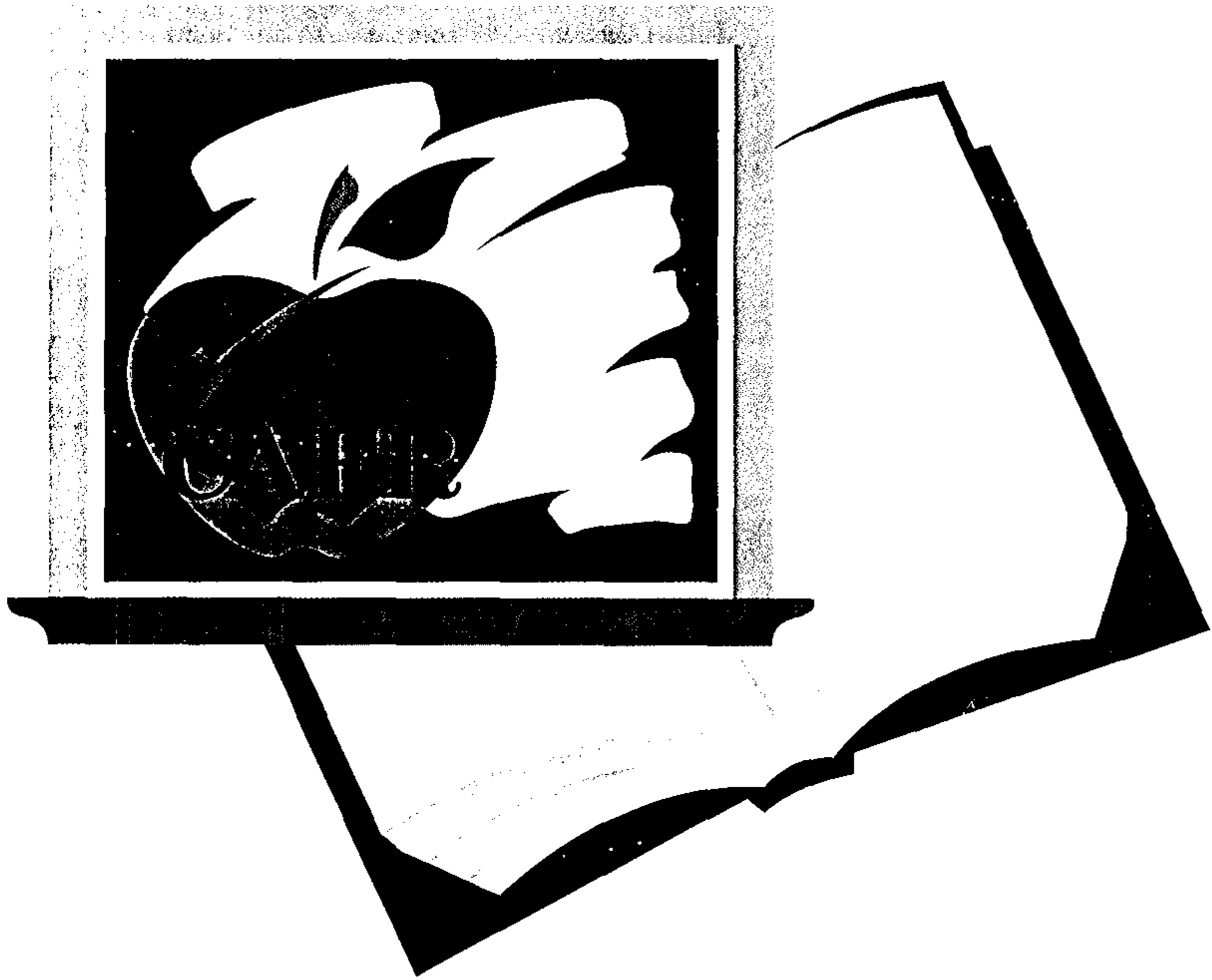
ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FUND
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Basis)
For the Year Ended June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
EXPENDITURES				
Instruction:				
Regular Ed programs:				
Salaries and benefits	\$64,834,909	64,262,167	572,742	61,268,512
Materials and books	5,505,994	4,391,538	1,114,456	2,753,116
Other	46,710	25,880	20,830	41,108
Total Regular Ed programs	70,387,613	68,679,585	1,708,028	64,062,736
Special Ed programs:				
Salaries and benefits	30,546,428	30,026,036	520,392	27,276,205
Materials and books	89,165	83,259	5,906	86,594
Other	358,800	244,674	114,126	353,252
Total Special Ed programs	30,994,393	30,353,969	640,424	27,716,051
Vocational Ed programs:				
Salaries and benefits	3,745,017	3,666,964	78,053	3,511,633
Other	172,900	163,603	9,297	167,500
Total Vocational Ed programs	3,917,917	3,830,567	87,350	3,679,133
Other instructional programs:				
Salaries and benefits	4,114,364	3,947,267	167,097	3,378,645
Other	252,957	203,944	49,013	540,992
Total other instructional programs	4,367,321	4,151,211	216,110	3,919,637
Special programs-salaries and benefits	169,535	162,126	7,409	119,288
Adult Ed programs:				
Salaries and benefits	211,728	170,606	41,122	224,197
Other	19,600	3,825	15,775	19,600
Total Adult Ed programs	231,328	174,431	56,897	243,797
Total Instruction	110,068,107	107,351,889	2,716,218	99,740,642
Support Services:				
Pupil support:				
Salaries and benefits	6,643,389	6,537,046	106,343	6,009,985
Other	137,775	109,885	27,890	121,175
Total pupil support	6,781,164	6,646,931	134,233	6,131,160
Instructional staff support:				
Salaries and benefits	5,602,582	5,489,464	113,118	5,250,880
Materials and books	342,626	257,575	85,051	302,926
Other	288,408	226,726	61,682	159,200
Total instructional staff support	6,233,616	5,973,765	259,851	5,713,006
General administration:				
Salaries and benefits	942,629	911,300	31,329	945,468
Professional services	937,133	868,407	68,726	866,071
Other	615,321	541,578	73,743	605,659
Total general administration	2,495,083	2,321,285	173,798	2,417,198

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
School administration:				
Salaries and benefits	\$9,820,565	9,692,335	128,230	9,141,277
Other	629,368	625,952	3,416	860,986
Total school administration	<u>10,449,933</u>	<u>10,318,287</u>	<u>131,646</u>	<u>10,002,263</u>
Business administration:				
Salaries and benefits	1,036,280	1,016,306	19,974	973,834
Other	269,200	237,529	31,671	188,000
Total business administration	<u>1,305,480</u>	<u>1,253,835</u>	<u>51,645</u>	<u>1,161,834</u>
Operation and maintenance of plant:				
Salaries and benefits	7,260,285	7,087,445	172,840	6,797,338
Utilities	3,990,000	3,871,825	118,175	3,840,000
Other	3,467,200	3,041,708	425,492	3,221,321
Total operation and maintenance of plant	<u>14,717,485</u>	<u>14,000,978</u>	<u>716,507</u>	<u>13,858,659</u>
Pupil transportation:				
Salaries and benefits	11,064,373	10,847,314	217,059	10,342,024
Other	421,600	343,248	78,352	378,188
Total pupil transportation	<u>11,485,973</u>	<u>11,190,562</u>	<u>295,411</u>	<u>10,720,212</u>
Central services:				
Salaries and benefits	1,073,273	1,051,944	21,329	905,306
Other	635,579	490,907	144,672	519,832
Total central services	<u>1,708,852</u>	<u>1,542,851</u>	<u>166,001</u>	<u>1,425,138</u>
Total Support Services	<u>55,177,586</u>	<u>53,248,494</u>	<u>1,929,092</u>	<u>51,429,470</u>
Food service-salaries and benefits	<u>903,256</u>	<u>881,017</u>	<u>22,239</u>	<u>860,541</u>
Community service programs-other	<u>38,675</u>	<u>33,879</u>	<u>4,796</u>	<u>38,575</u>
Facilities acquisition and construction:				
Salaries and benefits	161,326	146,072	15,254	204,313
Other	31,800	26,439	5,361	454,143
Total facilities acquisition and construction	<u>193,126</u>	<u>172,511</u>	<u>20,615</u>	<u>658,456</u>
Total Expenditures	<u>166,380,750</u>	<u>161,687,790</u>	<u>4,692,960</u>	<u>152,727,684</u>
OTHER FINANCING USES				
Operating transfers out:				
School Food Service Fund	315,148	321,517	(6,369)	274,000
Community Education Fund	120,000	120,000		120,000
Roofing Construction Fund	550,000	550,000		550,000
Certificate Sinking Fund	833,250	833,250		848,200
Parishwide Construction Fund	350,000	350,000		350,000
Total other financing uses	<u>2,168,398</u>	<u>2,174,767</u>	<u>(6,369)</u>	<u>2,142,200</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$168,549,148</u>	<u>163,862,557</u>	<u>4,686,591</u>	<u>154,869,884</u>

See accompanying independent auditors' report.





SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The School Board maintains the following Special Revenue Funds:

**IMPROVING AMERICA'S SCHOOLS ACT
INDIVIDUALS WITH DISABILITIES EDUCATION ACT
VOCATIONAL EDUCATION
MISCELLANEOUS PROGRAMS
8G
SCHOOL FOOD SERVICE
1966 and 1977 SALES TAX FUNDS
COMMUNITY EDUCATION PROGRAM**

**ST. TAMMANY PARISH SCHOOL BOARD
COVINGTON, LOUISIANA**

SPECIAL REVENUE FUNDS-
Individual Fund Descriptions

IMPROVING AMERICA'S SCHOOL ACT

Improving America's School Act (IASA) is a federally funded program promulgated by Public Law (PL) 103-382 which consolidated fourteen programs. IASA's purposes are to ensure high standards for all students, provide students with an enriched and accelerated educational program, provide staff development, and to align the efforts of state and local educational agencies.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT

Individuals with Disabilities Education Act (IDEA), Public Law (PL) 101-476, is a federally financed program of free public education in the least restrictive environment for children with exceptionalities.

VOCATIONAL EDUCATION

The Vocational Education (Voc Ed) Fund is a federally financed program used to expand and improve the agriculture, business, home economics, marketing and industrial arts curriculum.

MISCELLANEOUS PROGRAMS

The Miscellaneous Programs Fund is used to account for those programs that are anticipated to have a short duration. For fiscal year 1998, Arts in Education, Child Search, Starting Points, School to Work, Learn and Serve America, Educate America Act, Tech Prep, National Science, K-3 Reading and Math Initiative and Literary Challenge are among those accounted for in this fund.

8-G

The 8-G Fund is a state program to provide enhancement to elementary, secondary and vocational programs funded through the State Minimum Foundation Program.

SCHOOL FOOD SERVICE FUND

The School Food Service Fund accounts for the federal, state and local funds used for the operations of the school cafeterias.

(continued)

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

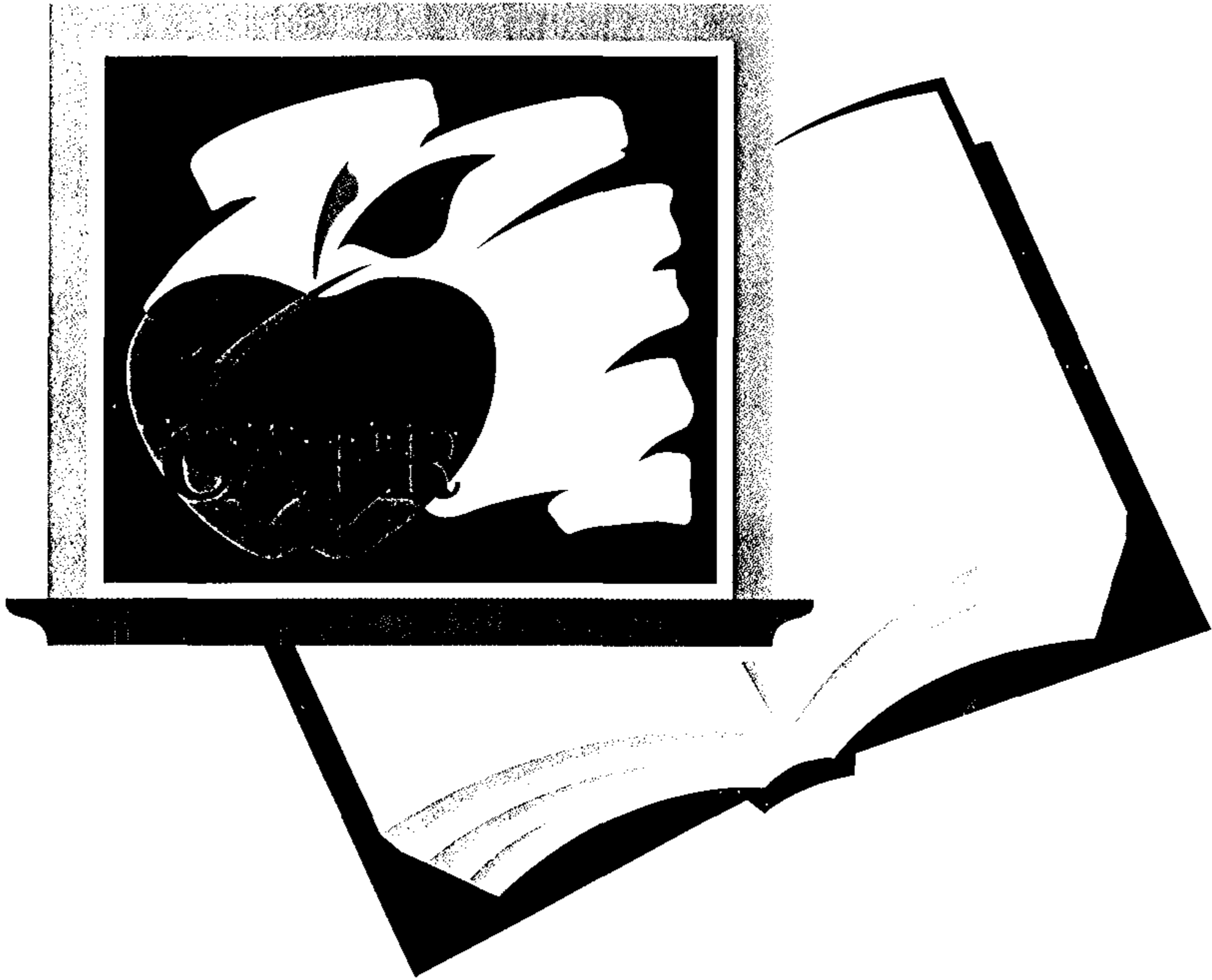
SPECIAL REVENUE FUNDS (CONTINUED)

1966 AND 1977 SALES TAX FUNDS

The Sales Tax Funds account for the revenues and expenditures of the two per cent tax authorized by the voters of St. Tammany Parish for the School Board. The 1966 tax is dedicated to supplement other revenues available to the School Board for the payment of salaries of teachers and other School Board personnel and any remaining revenues to be used for the expenses of operating the schools. The 1977 tax is dedicated for making capital improvements to and paying maintenance and operating expenses of the public school system of the parish. The School Board has entered into an agreement with the St. Tammany Parish Tax Collector for the collection of the tax for a 1.15 per cent fee.

COMMUNITY EDUCATION

The Community Education Fund is a locally funded program that offers a wide variety of informal leisure learning classes and activities for children and adults in St. Tammany Parish.



ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

SPECIAL REVENUE FUNDS

Combining Balance Sheet
June 30, 1998
With Comparative Totals for June 30, 1997

	IASA	IDEA	Voc Ed	Miscellaneous Programs	8G
ASSETS					
Cash and cash equivalents	\$1,839,881				
Receivables	661,350	412,424	241,757	377,097	149,601
Due from other funds	989,718				
Inventory					
TOTAL ASSETS	<u>\$3,490,949</u>	<u>412,424</u>	<u>241,757</u>	<u>377,097</u>	<u>149,601</u>
LIABILITIES AND EQUITY					
Liabilities:					
Salaries and wages payable	\$607				
Accounts payable	152,514	9,235	3,667	142,213	4,525
Due to other funds	3,327,033	403,189	238,090	207,455	145,076
Other liabilities					
Deferred revenues	<u>10,795</u>			<u>27,429</u>	
Total Liabilities	<u>3,490,949</u>	<u>412,424</u>	<u>241,757</u>	<u>377,097</u>	<u>149,601</u>
Equity:					
Fund balances:					
Reserved for inventory					
Unreserved, undesignated					
Total Equity	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
TOTAL LIABILITIES AND EQUITY	<u>\$3,490,949</u>	<u>412,424</u>	<u>241,757</u>	<u>377,097</u>	<u>149,601</u>

See accompanying independent auditors' report.

School Food Service	1966 Sales Tax	1977 Sales Tax	Community Education	Totals	
				1998	1997
2,492,908	4,853	5,056	123,038	4,465,736	1,843,337
10,054	1,675,183	1,675,183		5,202,649	5,114,130
235,735		32,105		1,257,558	856,228
<u>240,602</u>				<u>240,602</u>	<u>163,443</u>
<u>2,979,299</u>	<u>1,680,036</u>	<u>1,712,344</u>	<u>123,038</u>	<u>11,166,545</u>	<u>7,977,138</u>
				607	180,631
199,995	19,317	19,317	1,263	552,046	235,321
	1,655,717	368,879	9,784	6,355,223	4,017,735
30,318				30,318	25,225
<u>168,920</u>				<u>207,144</u>	<u>136,174</u>
<u>399,233</u>	<u>1,675,034</u>	<u>388,196</u>	<u>11,047</u>	<u>7,145,338</u>	<u>4,595,086</u>
71,682				71,682	68,395
<u>2,508,384</u>	<u>5,002</u>	<u>1,324,148</u>	<u>111,991</u>	<u>3,949,525</u>	<u>3,313,657</u>
<u>2,580,066</u>	<u>5,002</u>	<u>1,324,148</u>	<u>111,991</u>	<u>4,021,207</u>	<u>3,382,052</u>
<u>2,979,299</u>	<u>1,680,036</u>	<u>1,712,344</u>	<u>123,038</u>	<u>11,166,545</u>	<u>7,977,138</u>

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

SPECIAL REVENUE FUNDS

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

	IASA	IDEA	Voc Ed	Miscellaneous Programs	8G
REVENUES					
Local sources:					
Taxes-sales and use					
Rentals, leases and royalties					
Tuition					
Earnings on investments					
Food service					
Other				108,378	
State sources:					
Equalization				1,154,875	658,466
Other					
Federal sources	<u>4,565,164</u>	<u>1,893,029</u>	<u>244,213</u>	<u>640,442</u>	<u>-----</u>
Total revenues	<u>4,565,164</u>	<u>1,893,029</u>	<u>244,213</u>	<u>1,903,695</u>	<u>658,466</u>
EXPENDITURES					
Current:					
Instruction:					
Regular Ed programs	75,405			1,528,013	401,981
Special Ed programs		874,322			
Vocational Ed programs			243,965		
Other instructional programs	29,062			52,272	114,961
Special programs	3,281,237			94,497	49,083
Adult Ed programs				44,812	
Support services:					
Pupil support	345,010	421,758		20,352	
Instructional staff support	541,593	422,569		152,107	92,441
General administration	37,775	18,973	248	198	
Operation and maintenance of plant	143,563	28,217			
Pupil transportation	12,235	81,884		7,432	
Food service					
Community service programs					
Total expenditures	<u>4,465,880</u>	<u>1,847,723</u>	<u>244,213</u>	<u>1,899,683</u>	<u>658,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>99,284</u>	<u>45,306</u>	<u>NONE</u>	<u>4,012</u>	<u>NONE</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in					
Operating transfers out	<u>(99,284)</u>	<u>(45,306)</u>	<u>-----</u>	<u>(4,012)</u>	<u>-----</u>
Total other financing sources (uses)	<u>(99,284)</u>	<u>(45,306)</u>	<u>NONE</u>	<u>(4,012)</u>	<u>NONE</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCES AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

Statement 6

School Food Service	1966 Sales Tax	1977 Sales Tax	Community Education	Totals	
				1998	1997
	19,854,195	19,854,195		39,708,390	37,386,310
			11,894	11,894	10,105
			629,543	629,543	542,886
122,596	77,412	83,958		283,966	209,266
2,428,186				2,428,186	2,336,533
21,478				129,856	32,160
1,183,518				1,183,518	1,183,518
4,481,780				1,813,341	476,805
				11,824,628	11,067,055
8,237,558	19,931,607	19,938,153	641,437	58,013,322	53,244,638
				2,005,399	401,853
				874,322	751,560
				243,965	247,131
				196,295	224,727
				3,424,817	3,538,108
				44,812	
				787,120	702,886
				1,208,710	910,171
	230,575	230,575		518,344	491,295
				171,780	159,880
				101,551	119,723
8,956,938				8,956,938	8,375,806
			722,360	722,360	637,669
8,956,938	230,575	230,575	722,360	19,256,413	16,560,809
(719,380)	19,701,032	19,707,578	(80,923)	38,756,909	36,683,829
1,346,765		143,592	120,000	1,610,357	1,520,965
(197,861)	(19,701,032)	(19,680,616)		(39,728,111)	(37,400,618)
1,148,904	(19,701,032)	(19,537,024)	120,000	(38,117,754)	(35,879,653)
429,524	NONE	170,554	39,077	639,155	804,176
2,150,542	5,002	1,153,594	72,914	3,382,052	2,577,876
2,580,066	5,002	1,324,148	111,991	4,021,207	3,382,052

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

IASA Special Revenue Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$4,735,527	4,565,164	(170,363)
EXPENDITURES			
Instruction:			
Regular Ed programs	78,219	75,405	2,814
Other instructional programs	30,147	29,062	1,085
Special programs	3,403,687	3,281,237	122,450
Support services:			
Pupil support	357,885	345,010	12,875
Instructional staff support	561,804	541,593	20,211
General administration	39,185	37,775	1,410
Operation and maintenance of plant	148,920	143,563	5,357
Pupil transportation	12,691	12,235	456
Total expenditures	4,632,538	4,465,880	166,658
EXCESS OF REVENUES OVER EXPENDITURES	102,989	99,284	(3,705)
OTHER FINANCING USES			
Operating transfers out	(102,989)	(99,284)	3,705
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	NONE	NONE	NONE
FUND BALANCE AT END OF YEAR	NONE	NONE	NONE

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

IDEA Special Revenue Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	2,051,225	1,893,029	(158,196)
EXPENDITURES			
Instruction-Special Ed programs	947,387	874,322	73,065
Support services:			
Pupil support	457,003	421,758	35,245
Instructional staff support	457,882	422,569	35,313
General administration	20,559	18,973	1,586
Operation and maintenance of plant	30,575	28,217	2,358
Pupil transportation	<u>88,727</u>	<u>81,884</u>	<u>6,843</u>
Total expenditures	2,002,133	1,847,723	154,110
EXCESS OF REVENUES OVER EXPENDITURES	49,092	45,306	(3,786)
OTHER FINANCING USES			
Operating transfers out	<u>(49,092)</u>	<u>(45,306)</u>	<u>3,786</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Vocational Education Special Revenue Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	<u>\$265,251</u>	<u>244,213</u>	<u>(21,038)</u>
EXPENDITURES			
Instruction-Vocational Ed programs	265,003	243,965	21,038
Support services-general administration	<u>248</u>	<u>248</u>	<u>-----</u>
Total expenditures	<u>265,251</u>	<u>244,213</u>	<u>21,038</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Miscellaneous Programs Special Revenue Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources-other	\$111,906	108,378	(3,528)
State sources-other	1,231,186	1,154,875	(76,311)
Federal sources	<u>675,963</u>	<u>640,442</u>	<u>(35,521)</u>
Total revenues	<u>2,019,055</u>	<u>1,903,695</u>	<u>(115,360)</u>
EXPENDITURES			
Instruction:			
Regular Ed programs	1,620,608	1,528,013	92,595
Other instructional programs	55,440	52,272	3,168
Special programs	100,223	94,497	5,726
Adult Ed programs	47,528	44,812	2,716
Support services:			
Pupil support	21,585	20,352	1,233
Instructional staff support	161,324	152,107	9,217
General administration	210	198	12
Pupil transportation	<u>7,882</u>	<u>7,432</u>	<u>450</u>
Total expenditures	<u>2,014,800</u>	<u>1,899,683</u>	<u>115,117</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,255	4,012	(243)
OTHER FINANCING USES			
Operating transfers out	<u>(4,255)</u>	<u>(4,012)</u>	<u>243</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

8G Special Revenue Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
State sources-other	<u>\$695,500</u>	<u>658,466</u>	<u>(37,034)</u>
EXPENDITURES			
Instruction:			
Regular Ed programs	424,589	401,981	22,608
Other instructional programs	121,427	114,961	6,466
Special programs	51,844	49,083	2,761
Support services:			
Instructional staff support	<u>97,640</u>	<u>92,441</u>	<u>5,199</u>
Total expenditures	<u>695,500</u>	<u>658,466</u>	<u>37,034</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

School Food Service Special Revenue Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable</u>
REVENUES			
<i>Local sources:</i>			
Earnings on investments	\$80,000	122,596	42,596
Food service	2,357,561	2,428,186	70,625
Other	10,000	21,478	11,478
State sources - Equalization	1,183,518	1,183,578	
Federal sources	<u>4,415,894</u>	<u>4,481,780</u>	<u>65,886</u>
Total revenues	8,046,973	8,237,558	190,585
EXPENDITURES			
Food service	<u>9,209,522</u>	<u>8,956,938</u>	<u>252,584</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES			
	<u>(1,162,549)</u>	<u>(719,380)</u>	<u>443,169</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,336,585	1,346,765	10,180
Operating transfers out	<u>(200,000)</u>	<u>(197,861)</u>	<u>2,139</u>
Total other financing sources (uses)	<u>1,136,585</u>	<u>1,148,904</u>	<u>12,319</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			
	(25,964)	429,524	455,488
FUND BALANCE AT BEGINNING OF YEAR	<u>2,150,542</u>	<u>2,150,542</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$2,124,578</u>	<u>2,580,066</u>	<u>455,488</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

1966 Sales Tax Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Taxes-sales and use	\$19,581,080	19,854,195	273,115
Earnings on investments	<u>69,560</u>	<u>77,412</u>	<u>7,852</u>
Total revenues	19,650,640	19,931,607	280,967
EXPENDITURES			
Support services-general administration	<u>303,300</u>	<u>230,575</u>	<u>72,725</u>
EXCESS OF REVENUES OVER EXPENDITURES	19,347,340	19,701,032	353,692
OTHER FINANCING USES			
Operating transfers out	<u>(19,347,340)</u>	<u>(19,701,032)</u>	<u>(353,692)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	<u>5,000</u>	<u>5,002</u>	2
FUND BALANCE AT END OF YEAR	<u>\$5,000</u>	<u>5,002</u>	2

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

1977 Sales Tax Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Taxes-sales and use	\$19,581,080	19,854,195	273,115
Earnings on investments	<u>71,560</u>	<u>83,958</u>	<u>12,398</u>
Total revenues	19,652,640	19,938,153	285,513
EXPENDITURES			
Support services-general administration	<u>303,300</u>	<u>230,575</u>	<u>72,725</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>19,349,340</u>	<u>19,707,578</u>	<u>358,238</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	140,000	143,592	3,592
Operating transfers out	<u>(19,200,295)</u>	<u>(19,680,616)</u>	<u>(480,321)</u>
Total other financing sources (uses)	<u>(19,060,295)</u>	<u>(19,537,024)</u>	<u>(476,729)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			
	289,045	170,554	(118,491)
FUND BALANCE AT BEGINNING OF YEAR	<u>1,153,594</u>	<u>1,153,594</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$1,442,639</u>	<u>1,324,148</u>	<u>(118,491)</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Community Education Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Rentals, leases and royalties	\$11,900	11,894	(6)
Tuition	<u>620,000</u>	<u>629,543</u>	<u>9,543</u>
Total revenues	631,900	641,437	9,537
EXPENDITURES			
Community service programs	<u>783,500</u>	<u>722,360</u>	<u>61,140</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(151,600)	(80,923)	70,677
OTHER FINANCING SOURCES			
Operating transfers in	<u>120,000</u>	<u>120,000</u>	<u>NONE</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(31,600)	39,077	70,677
FUND BALANCE AT BEGINNING OF YEAR	<u>72,914</u>	<u>72,914</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$41,314</u>	<u>111,991</u>	<u>70,677</u>

See accompanying independent auditors' report.



DEBT SERVICE FUNDS

The Debt Service Funds are used to accumulate monies for the payment of bond issues and certificates of indebtedness. The bond issues and certificates of indebtedness are financed by sales tax collections and special property tax levies on property within the territorial limits of the school district. The School Board maintains the following Debt Service Funds:

**SALES TAX BOND SINKING
SALES TAX BOND RESERVE
CERTIFICATES SINKING
PARISHWIDE SCHOOL DISTRICT NO. 12**

**ST. TAMMANY PARISH SCHOOL BOARD
COVINGTON, LOUISIANA**

DEBT SERVICE FUNDS
Individual Fund Descriptions

SALES TAX BOND SINKING

The Sales Tax Bond Sinking Fund is used for the repayment of bonds secured by a one percent sales and use tax.

SALES TAX BOND RESERVE

The Sales Tax Bond Reserve Fund is used to accumulate resources for the purpose of paying the principal and interest on the bonds secured by a one percent sales and use tax, that would otherwise be placed in default, as required by the bond agreement.

CERTIFICATES SINKING

The Certificates Sinking Debt Service Fund is used for the repayment of certificates of indebtedness secured by an irrevocable pledge of a special General Fund ad valorem tax of 4.47 mills.

PARISHWIDE SCHOOL DISTRICT NO. 12

The Parishwide School District No. 12 Debt Service Fund is used for the repayment of bonds secured by unlimited ad valorem taxes within the District.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

DEBT SERVICE FUNDS

Combining Balance Sheet
June 30, 1998
With Comparative Totals for June 30, 1997

	Sales Tax Bond <u>Sinking</u>	Sales Tax Bond <u>Reserve</u>	Certificates <u>Sinking</u>
ASSETS			
Cash and cash equivalents	\$520,128	1,850,196	20,605
Receivables	3,176	26,676	
Due from other funds	156,317		
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$679,621</u>	<u>1,876,872</u>	<u>20,605</u>
LIABILITIES AND EQUITY			
Liabilities:			
Due to other funds	\$5,233	26,872	
Equity:			
Fund balances-reserved for debt service	<u>674,388</u>	<u>1,850,000</u>	<u>20,605</u>
TOTAL LIABILITIES AND EQUITY	<u>\$679,621</u>	<u>1,876,872</u>	<u>20,605</u>

See accompanying independent auditors' report.

Statement 16

Parishwide School District No. 12	Totals	
	1998	1997
8,118,273	10,509,202	8,602,742
331,937	361,789	422,644
	156,317	166,589
<u>14,103</u>	<u>14,103</u>	<u> </u>
<u>8,464,313</u>	<u>11,041,411</u>	<u>9,191,975</u>
14,103	46,208	37,818
<u>8,450,210</u>	<u>10,995,203</u>	<u>9,154,157</u>
<u>8,464,313</u>	<u>11,041,411</u>	<u>9,191,975</u>

ST TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Sales Tax Bond Sinking Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources-earnings on investments	<u>\$40,000</u>	<u>41,233</u>	<u>1,233</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,120,000	1,120,000	
Interest and bank charges	<u>863,295</u>	<u>861,252</u>	<u>2,043</u>
Total expenditures	<u>1,983,295</u>	<u>1,981,252</u>	<u>2,043</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,943,295)</u>	<u>(1,940,019)</u>	<u>3,276</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,988,796	1,988,796	
Operating transfers out	<u>(40,000)</u>	<u>(41,233)</u>	<u>(1,233)</u>
Total other financing sources (uses)	<u>1,948,796</u>	<u>1,947,563</u>	<u>(1,233)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	5,501	7,544	2,043
FUND BALANCE AT BEGINNING OF YEAR	<u>666,844</u>	<u>666,844</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$672,345</u>	<u>674,388</u>	<u>2,043</u>

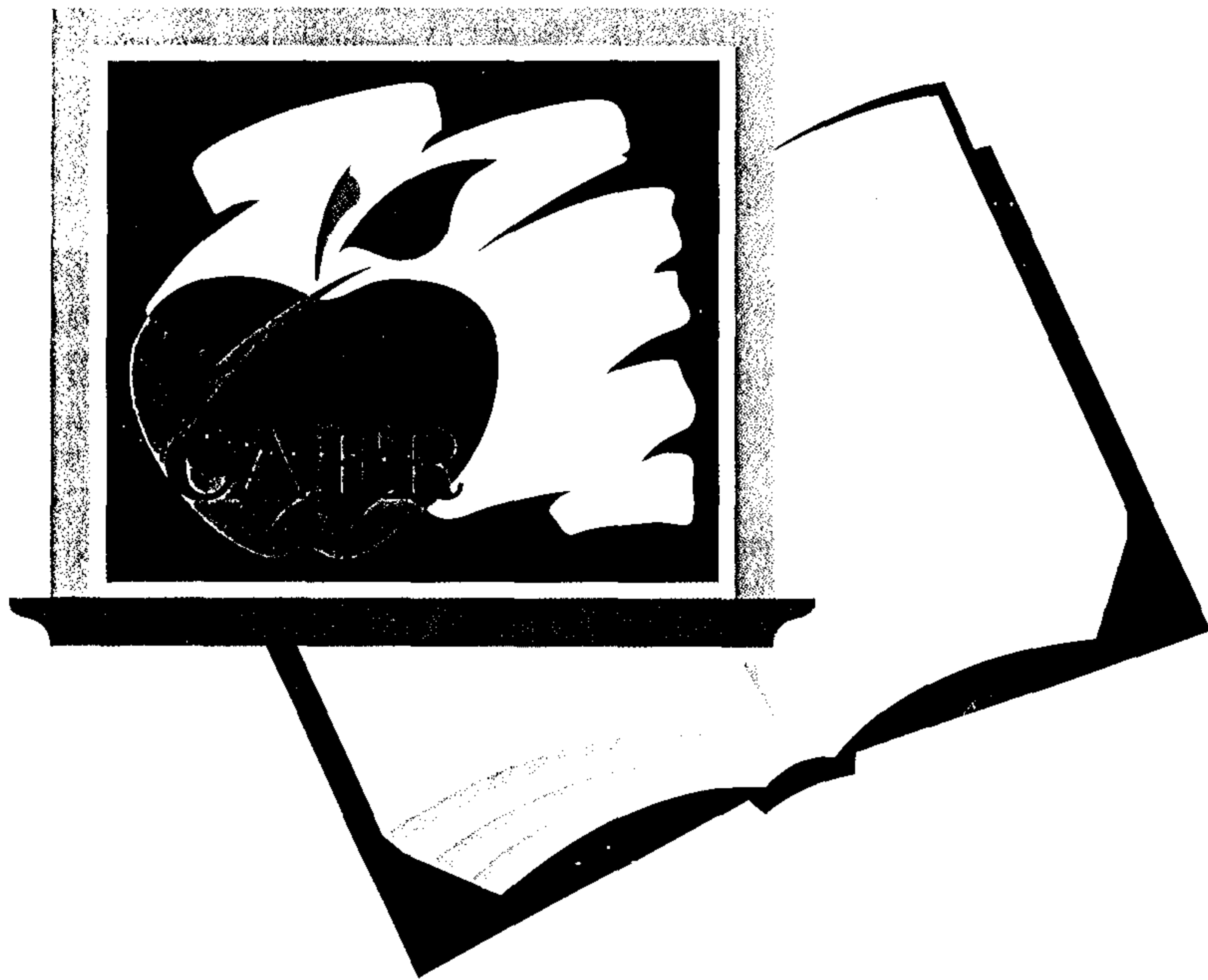
See accompanying independent auditors' report.

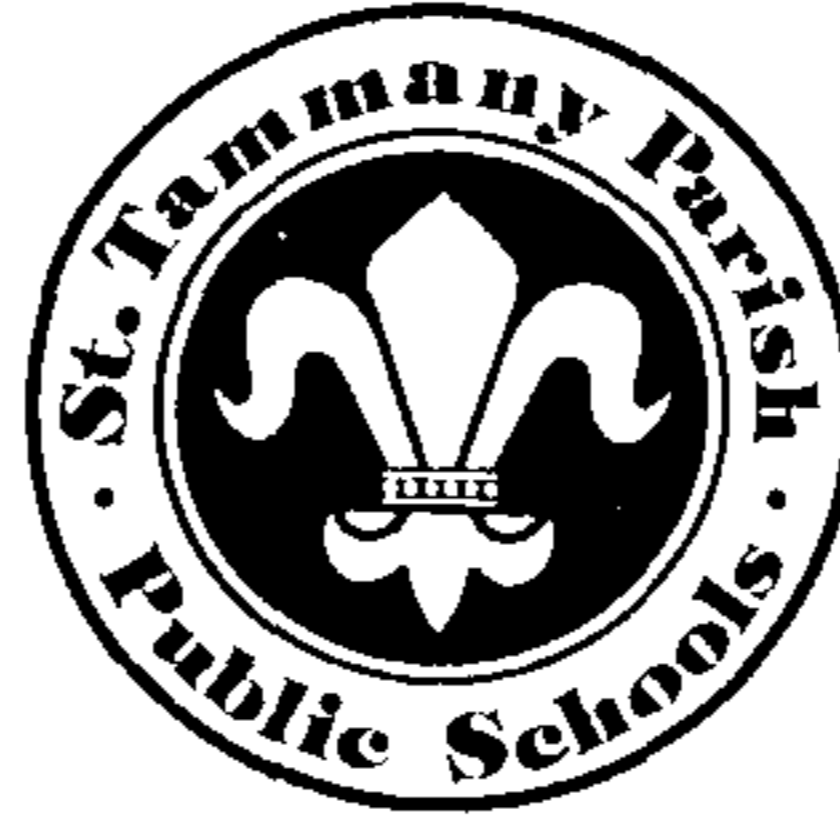
ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Sales Tax Bond Reserve Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources-earnings on investments	\$100,000	102,359	2,359
OTHER FINANCING USES			
Operating transfers out	(100,000)	(102,359)	(2,359)
EXCESS OF REVENUES OVER OTHER FINANCING USES	NONE	NONE	NONE
FUND BALANCE AT BEGINNING OF YEAR	<u>1,850,000</u>	<u>1,850,000</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$1,850,000</u>	<u>1,850,000</u>	<u>NONE</u>

See accompanying independent auditors' report.





CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the district wide construction and improvement of public school facilities. Financing has been provided by the proceeds from various sales of general obligation and special revenue bonds, certificates of indebtedness, and transfers from the General Fund and the 1977 Sales Tax Special Revenue Fund. The School Board maintains the following Capital Projects Funds:

**\$26.5 MILLION CONSTRUCTION
\$55 MILLION CONSTRUCTION
\$50 MILLION CONSTRUCTION
CERTIFICATES CONSTRUCTION
\$25 MILLION CONSTRUCTION
BUILDING COMMITTEE
ROOFING CONSTRUCTION
PARISHWIDE CONSTRUCTION**

**ST. TAMMANY PARISH SCHOOL BOARD
COVINGTON, LOUISIANA**

**CAPITAL PROJECTS FUNDS
Individual Fund Descriptions**

\$55 MILLION CONSTRUCTION

The \$55 Million Construction Fund is used to account for the \$55 million in bond proceeds for the construction and renovation of schools.

\$26.5 MILLION CONSTRUCTION

The \$26.5 Million Construction Fund is used to account for the \$26.5 million in bond proceeds for the construction and renovation of schools. This fund terminated in fiscal year 1998. The residual equity of \$10,530 was transferred to the Building Committee Fund.

\$50 MILLION CONSTRUCTION

The \$50 Million Construction Fund is used to account for the \$50 million in bond proceeds for the construction and renovation of schools.

CERTIFICATES CONSTRUCTION

The Certificates Construction Fund is used to account for the \$6 million of certificates of indebtedness issued for the construction of Fontainebleau Junior High School.

\$25 MILLION CONSTRUCTION

The \$25 Million Construction Fund is used to account for the \$25 million in bond proceeds for the construction and renovation of schools.

BUILDING COMMITTEE

The Building Committee Fund accounts for the appropriations from the 1977 Sales Tax Special Revenue Fund and is used for unforeseen incidental projects not to exceed \$5,000.

ROOFING CONSTRUCTION

The Roofing Construction Fund is used to account for the appropriation from the General Fund to provide for a systematic roofing replacement program of school facilities.

PARISHWIDE CONSTRUCTION

The Parishwide Construction Fund accounts for the appropriations from the 1977 Sales Tax Special Revenue Fund and the General Fund and is used for School Board prioritized construction throughout the school system.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

CAPITAL PROJECTS FUNDS

Combining Balance Sheet
June 30, 1998
With Comparative Totals for June 30, 1997

	<u>\$55 Million Construction</u>	<u>\$50 Million Construction</u>	<u>Certificates Construction</u>	<u>\$25 Million Construction</u>
ASSETS				
Cash and cash equivalents	\$249	2,870,034	47,751	15,879,124
Receivables		12,869		69,994
Due from other funds		2,245		12,031
Prepaid items	<u>52,588</u>			
TOTAL ASSETS	<u>\$52,837</u>	<u>2,885,148</u>	<u>47,751</u>	<u>15,961,149</u>
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable		19,652	3,280	228,637
Retainage payable		269,200	3,524	198,393
Due to other funds	<u>\$52,837</u>	<u>400</u>		<u>645</u>
Total Liabilities	<u>52,837</u>	<u>289,252</u>	<u>6,804</u>	<u>427,675</u>
Equity:				
Fund balances:				
Reserved for encumbrances		643,973	16,445	5,990,585
Unreserved, undesignated		<u>1,951,923</u>	<u>24,502</u>	<u>9,542,889</u>
Total Equity	<u>NONE</u>	<u>2,595,896</u>	<u>40,947</u>	<u>15,533,474</u>
TOTAL LIABILITIES AND EQUITY	<u>\$52,837</u>	<u>2,885,148</u>	<u>47,751</u>	<u>15,961,149</u>

See accompanying independent auditors' report.

Building Committee	Roofing Construction	Parishwide Construction	Totals	
			1998	1997
10,278	540,106 799	1,154,772 3,275 172,063	20,502,314 86,937 186,339 52,588	26,462,807 439,906 567,500
<u>10,278</u>	<u>540,905</u>	<u>1,330,110</u>	<u>20,828,178</u>	<u>27,470,213</u>
	41,274 8,492	26,887 35,893 12,032	319,730 515,502 65,914	37,587 865,005 12,579
<u>NONE</u>	<u>49,766</u>	<u>74,812</u>	<u>901,146</u>	<u>915,171</u>
10,278	33,942 457,197	21,009 1,234,289	6,716,232 13,210,800	7,061,586 19,493,456
<u>10,278</u>	<u>491,139</u>	<u>1,255,298</u>	<u>19,927,032</u>	<u>26,555,042</u>
<u>10,278</u>	<u>540,905</u>	<u>1,330,110</u>	<u>20,828,178</u>	<u>27,470,213</u>

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

CAPITAL PROJECTS FUNDS

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

	<u>\$26.5 Million Construction</u>	<u>\$50 Million Construction</u>	<u>Certificates Construction</u>	<u>\$25 Million Construction</u>
REVENUES				
Local sources:				
Earnings on investments	<u>\$619</u>	<u>176,634</u>	<u>6,833</u>	<u>962,453</u>
EXPENDITURES				
Facilities acquisition and construction:				
Site improvements		184,042	8,075	387,793
Construction contracts		1,469,474	45,932	5,027,792
Architect and engineers		141,388	7,465	530,718
Land purchases				
Equipment	7,824	23,570	3,331	
Other		3,236	1,022	4,356
Bond issuance cost				
Total expenditures	<u>7,824</u>	<u>1,821,710</u>	<u>65,825</u>	<u>5,950,659</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(7,205)</u>	<u>(1,645,076)</u>	<u>(58,992)</u>	<u>(4,988,206)</u>
OTHER FINANCING SOURCES				
Proceeds from bond sales				
Operating transfers in				
Total other financing sources	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>(7,205)</u>	<u>(1,645,076)</u>	<u>(58,992)</u>	<u>(4,988,206)</u>
FUND BALANCES AT BEGINNING OF YEAR	17,735	4,240,972	99,939	20,521,680
RESIDUAL EQUITY TRANSFER	<u>(10,530)</u>			
FUND BALANCES AT END OF YEAR	<u>NONE</u>	<u>2,595,896</u>	<u>40,947</u>	<u>15,533,474</u>

See accompanying independent auditors' report.

Building Committee	Roofing Construction	Parishwide Construction	Totals	
			1998	1997
<u>1,115</u>	<u>25,362</u>	<u>48,026</u>	<u>1,221,042</u>	<u>1,793,966</u>
		387,890	967,800	1,042,070
	737,210	380,109	7,660,517	13,357,328
	36,224	39,966	755,761	919,559
				271,060
24,180		33,503	92,408	258,290
	652	3,300	12,566	71,472
				30,000
<u>24,180</u>	<u>774,086</u>	<u>844,768</u>	<u>9,489,052</u>	<u>15,949,779</u>
<u>(23,065)</u>	<u>(748,724)</u>	<u>(796,742)</u>	<u>(8,268,010)</u>	<u>(14,155,813)</u>
				25,000,000
	<u>550,000</u>	<u>1,090,000</u>	<u>1,640,000</u>	<u>1,640,000</u>
<u>NONE</u>	<u>550,000</u>	<u>1,090,000</u>	<u>1,640,000</u>	<u>26,640,000</u>
(23,065)	(198,724)	293,258	(6,628,010)	12,484,187
22,813	689,863	962,040	26,555,042	14,070,855
<u>10,530</u>				
<u>10,278</u>	<u>491,139</u>	<u>1,255,298</u>	<u>19,927,032</u>	<u>26,555,042</u>

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

\$26.5 Million Construction Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources-earnings on investments	\$619	619	NONE
EXPENDITURES			
Facilities acquisition and construction:			
Equipment	<u>7,850</u>	<u>7,824</u>	<u>26</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(7,231)	(7,205)	26
FUND BALANCE AT BEGINNING OF YEAR	17,735	17,735	NONE
RESIDUAL EQUITY TRANSFER	<u>(10,504)</u>	<u>(10,530)</u>	<u>(26)</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

\$50 Million Construction Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable</u>
REVENUES			
Local sources-earnings on investments	\$150,000	176,634	26,634
EXPENDITURES			
Facilities acquisition and construction:			
Site improvements	475,000	329,917	145,083
Construction contracts	350,000	283,860	66,140
Architects and engineers	125,000	112,127	12,873
Equipment	50,000	19,754	30,246
Other	<u>10,000</u>	<u>3,236</u>	<u>6,764</u>
Total expenditures	<u>1,010,000</u>	<u>748,894</u>	<u>261,106</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(860,000)	(572,260)	287,740
FUND BALANCE AT BEGINNING OF YEAR	<u>2,524,183</u>	<u>2,524,183</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$1,664,183</u>	<u>1,951,923</u>	<u>287,740</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Certificates Construction Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources—earnings on investments	\$6,000	6,833	833
EXPENDITURES			
Facilities acquisition and construction:			
Construction contracts	15,500	15,132	368
Architects and engineers		5,198	(5,198)
Equipment	48,500	19,776	28,724
Other	<u>797</u>	<u>1,022</u>	<u>(225)</u>
Total expenditures	<u>64,797</u>	<u>41,128</u>	<u>23,669</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(58,797)	(34,295)	24,502
FUND BALANCE AT BEGINNING OF YEAR	<u>58,797</u>	<u>58,797</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>24,502</u>	<u>24,502</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

\$25 Million Construction Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources-earnings on investments	<u>\$950,000</u>	962,453	12,453
EXPENDITURES			
Facilities acquisition and construction:			
Site improvements	1,050,000	387,793	662,207
Construction contracts	9,500,000	6,025,267	3,474,733
Architects and engineers	350,000	414,258	(64,258)
Other	<u>12,500</u>	<u>4,356</u>	<u>8,144</u>
Total expenditures	<u>10,912,500</u>	<u>6,831,674</u>	<u>4,080,826</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,962,500)	(5,869,221)	4,093,279
FUND BALANCE AT BEGINNING OF YEAR	<u>15,412,110</u>	<u>15,412,110</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$5,449,610</u>	<u>9,542,889</u>	<u>4,093,279</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Building Committee Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources-earnings on investments	\$900	<u>1,115</u>	215
EXPENDITURES			
Facilities acquisition and construction:			
Equipment	<u>34,217</u>	<u>34,458</u>	(241)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(33,317)	(33,343)	(26)
FUND BALANCE AT BEGINNING OF YEAR	22,813	22,813	NONE
RESIDUAL EQUITY TRANSFER	<u>10,504</u>	<u>10,530</u>	26
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Roofing Construction Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable</u>
REVENUES			
Local sources-earnings on investments	<u>\$22,000</u>	<u>25,362</u>	<u>3,362</u>
EXPENDITURES			
Facilities acquisition and construction:			
Construction contracts	1,085,000	680,840	404,160
Architects and engineers	75,000	30,281	44,719
Other	<u>2,000</u>	<u>652</u>	<u>1,348</u>
Total expenditures	<u>1,162,000</u>	<u>711,773</u>	<u>450,227</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,140,000)	(686,411)	453,589
OTHER FINANCING SOURCES			
Operating transfers in	<u>550,000</u>	<u>550,000</u>	<u>NONE</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(590,000)	(136,411)	453,589
FUND BALANCE AT BEGINNING OF YEAR	<u>593,608</u>	<u>593,608</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$3,608</u>	<u>457,197</u>	<u>453,589</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Parishwide Construction Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Basis)
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable</u>
REVENUES			
Local sources-earnings on investments	<u>\$40,000</u>	<u>48,026</u>	<u>8,026</u>
EXPENDITURES			
Facilities acquisition and construction:			
Site improvements	875,000	308,912	566,088
Construction contracts	600,000	390,580	209,420
Architects and engineers	75,000	39,210	35,790
Equipment	50,000	25,945	24,055
Other	<u>7,500</u>	<u>3,300</u>	<u>4,200</u>
Total expenditures	<u>1,607,500</u>	<u>767,947</u>	<u>839,553</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,567,500)	(719,921)	847,579
OTHER FINANCING SOURCES			
Operating transfers in	<u>1,090,000</u>	<u>1,090,000</u>	NONE
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(477,500)	370,079	847,579
FUND BALANCE AT BEGINNING OF YEAR	<u>864,210</u>	<u>864,210</u>	NONE
FUND BALANCE AT END OF YEAR	<u>\$386,710</u>	<u>1,234,289</u>	<u>847,579</u>

See accompanying independent auditors' report.



INTERNAL SERVICE FUNDS

Internal Service Funds are used to accumulate resources to pay the claims and judgements against the School Board's governmental funds.

WORKERS' COMPENSATION FUND

The Workers' Compensation Internal Service Fund accounts for the accumulation of resources for and the payments of benefits under the School Board's self-insurance program for workers' compensation.

RISK MANAGEMENT FUND

The Risk Management Internal Service Fund is used to account for and finance the School Board's uninsured risks of loss arising from general liability and property damage claims.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS

Combining Balance Sheet
June 30, 1998
With Comparative Totals for June 30, 1997

	Workers' Compensation	Risk Management	Totals	
			1998	1997
ASSETS				
Cash and cash equivalents	\$1,852,781	2,737,400	4,590,181	4,174,963
Accounts receivable	61,850	30,097	91,947	80,103
Due from other funds		14,125	14,125	129,906
TOTAL ASSETS	\$1,914,631	2,781,622	4,696,253	4,384,972
LIABILITIES AND EQUITY				
Liabilities:				
Salaries and wages payable				150
Accounts payable	\$119	11,230	11,349	21,025
Due to other funds		1,252	1,252	27
Deferred revenue		405,361	405,361	405,361
Liability for self-insurance losses	955,389		955,389	815,244
Claims liability		900,000	900,000	867,521
Total Liabilities	955,508	1,317,843	2,273,351	2,109,328
Equity:				
Retained Earnings:				
Reserved for employee benefits	959,123		959,123	1,059,919
Unreserved - undesignated		1,463,779	1,463,779	1,215,725
Total Equity	959,123	1,463,779	2,422,902	2,275,644
TOTAL LIABILITIES AND EQUITY	\$1,914,631	2,781,622	4,696,253	4,384,972

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses , and
Changes in Retained Earnings
For the Year Ended June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997

	Workers' Compensation	Risk Management	Totals	
			1998	1997
OPERATING REVENUES				
Employer contributions	\$1,326,070	1,386,748	2,712,818	2,492,068
Insurance proceeds		18,834	18,834	93,755
Total operating revenues	<u>1,326,070</u>	<u>1,405,582</u>	<u>2,731,652</u>	<u>2,585,823</u>
OPERATING EXPENSES				
Contractual services	90,040	110,313	200,353	223,738
Premium payments	181,036	652,320	833,356	819,351
Benefit Payments	1,106,116		1,106,116	851,223
Claims		496,914	496,914	566,693
Increase (Decrease) in provision for self-insurance losses	140,145	32,479	172,624	(252,693)
Other operating expenses		9,021	9,021	9,018
Total operating expenses	<u>1,517,337</u>	<u>1,301,047</u>	<u>2,818,384</u>	<u>2,217,330</u>
OPERATING INCOME (LOSS)	(191,267)	104,535	(86,732)	368,493
NON-OPERATING REVENUES				
Earnings on investments	<u>90,471</u>	<u>143,519</u>	<u>233,990</u>	<u>222,684</u>
NET INCOME (LOSS)	(100,796)	248,054	147,258	591,177
RETAINED EARNINGS AT BEGINNING OF YEAR				
	<u>1,059,919</u>	<u>1,215,725</u>	<u>2,275,644</u>	<u>1,684,467</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$959,123</u>	<u>1,463,779</u>	<u>2,422,902</u>	<u>2,275,644</u>

See accompanying independent auditors' report.

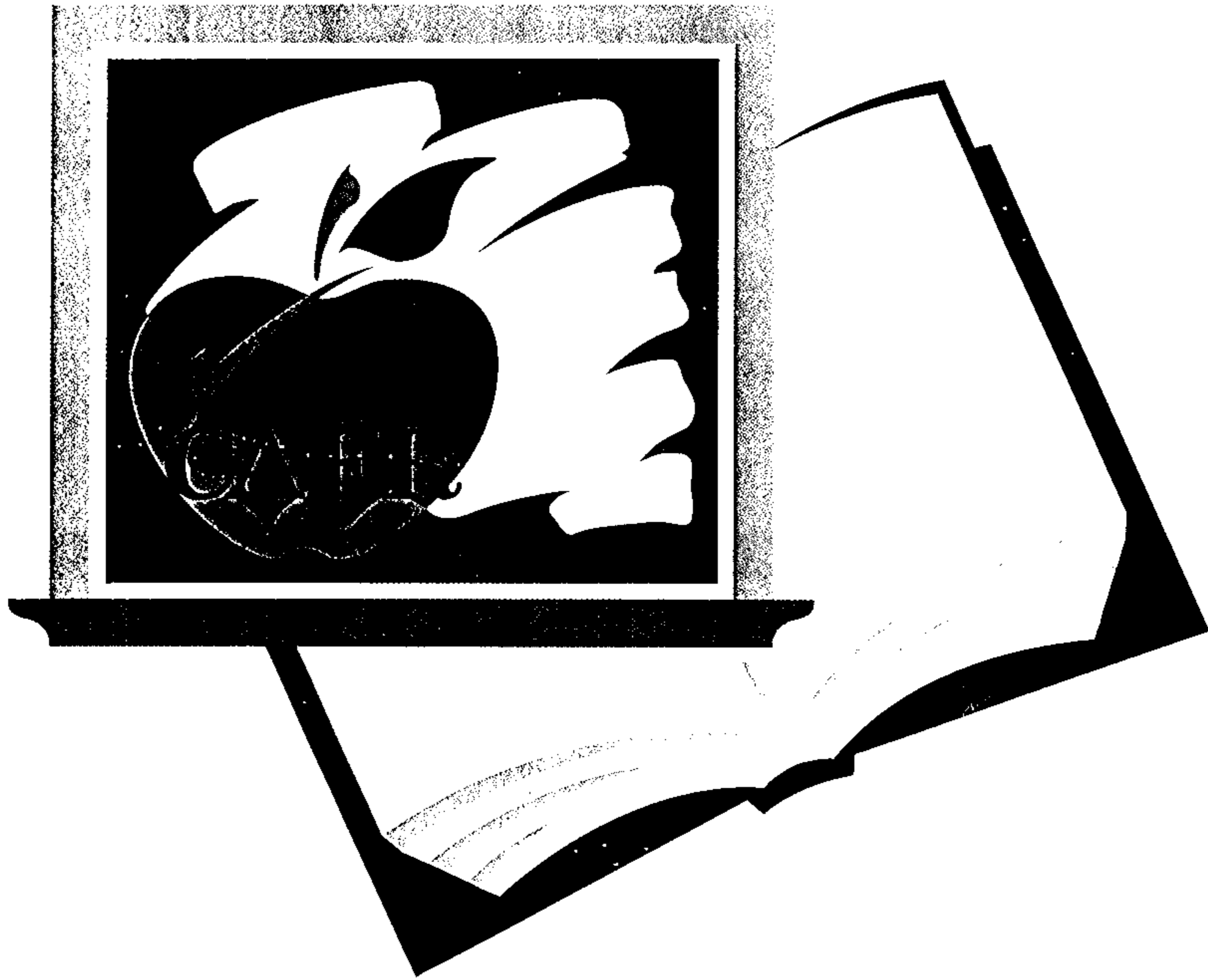
ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

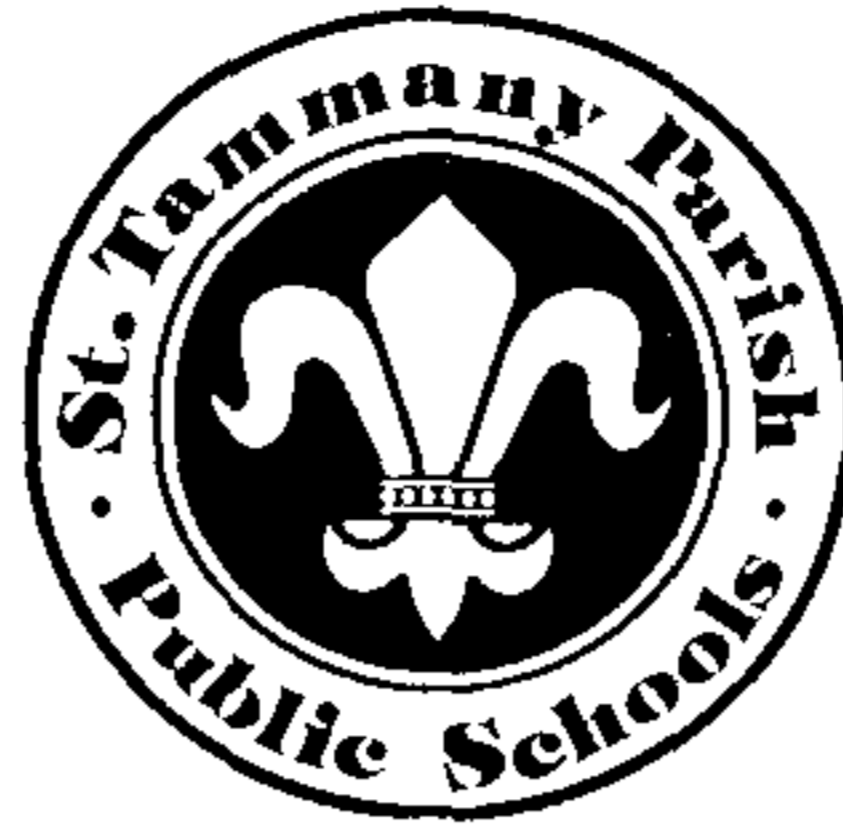
PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS

Combining Statement of Cash Flows
For the Year Ended June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997

	Workers' Compensation	Risk Management	Totals	
			1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from employer contributions	\$1,448,067	1,380,532	2,828,599	2,362,162
Insurance proceeds		18,834	18,834	93,755
Cash payments for:				
Benefits and claims	(1,108,597)	(502,884)	(1,611,481)	(1,534,618)
Insurance premiums	(181,036)	(652,320)	(833,356)	(819,351)
Other	<u>(90,040)</u>	<u>(119,484)</u>	<u>(209,524)</u>	<u>(232,606)</u>
Net cash provided (used) by operating activities	68,394	124,678	193,072	(130,658)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	<u>85,820</u>	<u>136,326</u>	<u>222,146</u>	<u>211,545</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	154,214	261,004	415,218	80,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,698,567</u>	<u>2,476,396</u>	<u>4,174,963</u>	<u>4,094,076</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$1,852,781</u>	<u>2,737,400</u>	<u>4,590,181</u>	<u>4,174,963</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$191,267)	104,535	(86,732)	368,493
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in provision for self insurance losses	140,145	32,479	172,624	(252,693)
Changes in assets and liabilities:				
(Increase) decrease in receivables	121,997	(6,216)	115,781	(129,906)
Decrease in payables	<u>(2,481)</u>	<u>(6,120)</u>	<u>(8,601)</u>	<u>(116,552)</u>
Net cash provided (used) by operating activities	<u>\$68,394</u>	<u>124,678</u>	<u>193,072</u>	<u>(130,658)</u>

See accompanying independent auditors' report.





AGENCY FUND

The Agency Fund is used to account for assets held by the School Board as an agent for others.

SCHOOL ACTIVITY FUND

The activities of the various individual school accounts are accounted for in the School Activity Fund. While 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.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

SCHOOL ACTIVITY AGENCY FUND

Comparative Balance Sheet
With Totals for June 30, 1998 and June 30, 1997

	TOTALS	
	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and cash equivalents	<u>\$2,598,285</u>	<u>2,354,356</u>
LIABILITIES		
Deposits due others	<u>\$2,598,285</u>	<u>2,354,356</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

SCHOOL ACTIVITY AGENCY FUND

Statement of Changes in Assets and Liabilities
Year Ended June 30, 1998

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1998</u>
ASSETS				
Cash and cash equivalents	<u>\$2,354,356</u>	<u>9,306,654</u>	<u>9,062,725</u>	<u>2,598,285</u>
LIABILITIES				
Deposits due others	<u>\$2,354,356</u>	<u>9,306,654</u>	<u>9,062,725</u>	<u>2,598,285</u>

See accompanying independent auditors' report.

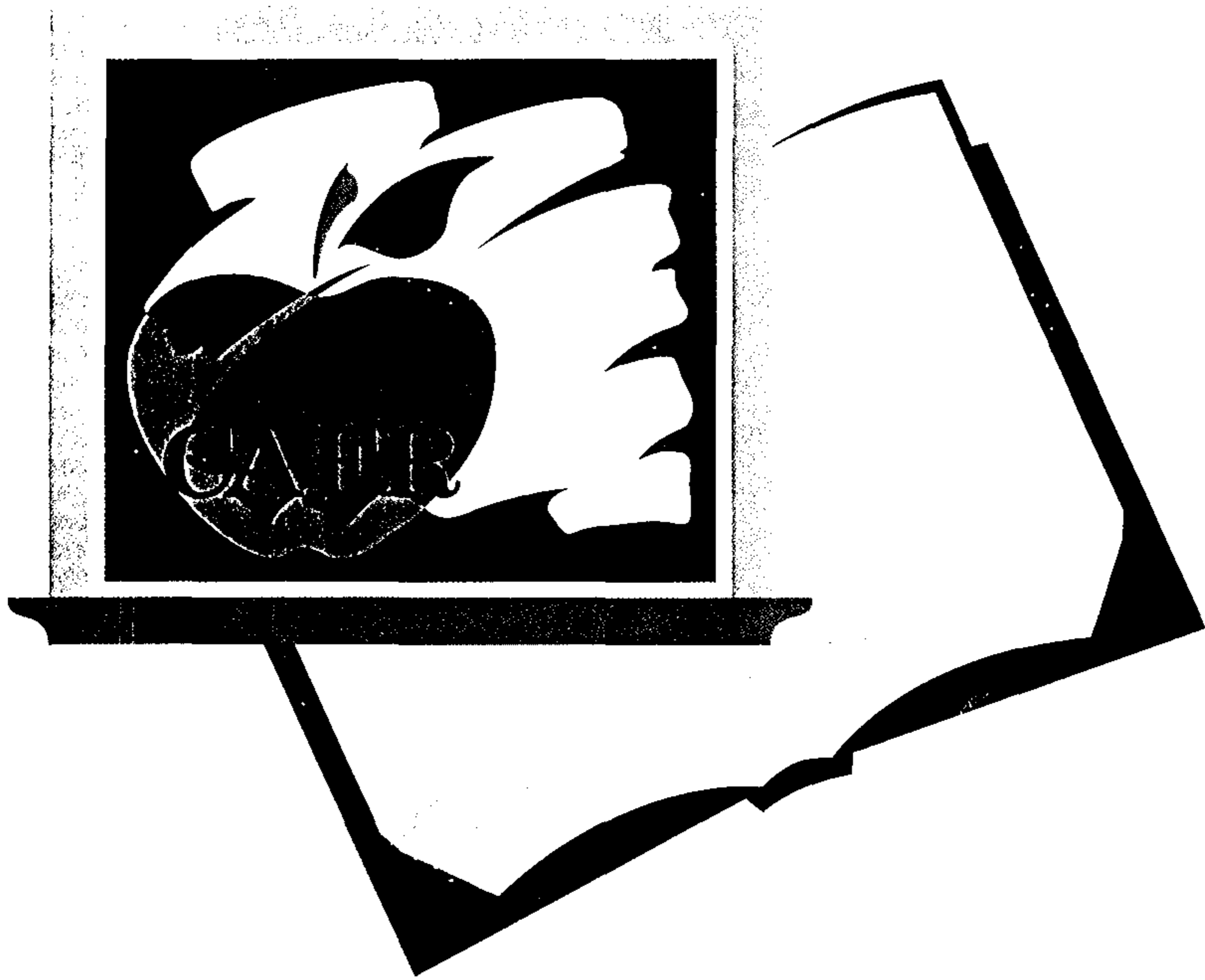
ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

SCHOOL ACTIVITY AGENCY FUND

Schedule of Changes in Deposits
By School
For the Year Ended June 30, 1998

<u>School</u>	<u>Balance July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1998</u>
Mandeville Kindergarten	\$2,852	54,578	43,947	13,483
Abita Springs Elementary	29,842	69,612	75,724	23,730
Abney Elementary	21,184	143,650	134,115	30,719
Alton Elementary	2,539	18,610	19,213	1,936
Bayou Woods Elementary	16,087	79,028	88,816	6,299
Bonne Ecole Elementary	26,461	150,168	152,873	23,756
Brock Elementary	13,376	28,954	27,853	14,477
Chahta-Ima Elementary	7,026	38,975	41,106	4,895
Covington Elementary	70,514	198,570	186,985	82,099
Cypress Cove Elementary	16,817	118,301	103,152	31,966
Florida Ave. Elementary	17,878	86,853	74,879	29,852
Folsom Elementary	2,997	86,314	80,932	8,379
Honey Island Elementary	20,313	112,461	106,165	26,609
Lyon Elementary	28,080	84,175	83,560	28,695
Madisonville Elementary	23,503	106,277	103,726	26,054
Mandeville Elementary	26,704	158,750	154,516	30,938
Pontchartrain Elementary	82,855	251,404	268,615	65,644
Riverside Elementary	17,663	56,745	60,400	14,008
Whispering Forest Elementary	25,062	75,915	80,851	20,126
Woodlake Elementary	12,489	177,210	178,364	11,335
Covington Special Ed.	708	4,413	4,514	607
Abita Springs Middle	23,710	100,239	98,961	24,988
Bayou Lacombe Middle	11,911	29,277	30,507	10,681
Carolyn Park Middle	17,971	159,291	146,789	30,473
Little Oak Middle	24,088	159,749	177,753	6,084
Mandeville Middle	59,040	306,443	289,065	76,418
Pine View Middle	2,835	40,995	41,071	2,759
Schoen, C.J. Middle	8,547	82,585	77,173	13,959
Tchefuncte Middle	36,842	204,973	203,282	38,533
Boyet Jr. High	61,295	229,746	219,798	71,243
Clearwood Jr. High	30,282	153,184	148,829	34,637
Fifth Ward Jr. High	43,038	106,949	103,874	46,113
Folsom Jr. High	17,812	57,488	60,685	14,615
Fontainebleau Jr. High	54,130	211,207	204,298	61,039
Lee Road Jr. High	16,028	175,054	166,006	25,076
Madisonville Jr. High	19,564	114,437	109,576	24,425
Mandeville Jr. High	51,541	248,320	240,893	58,968
Pearl River Jr. High	23,362	85,792	77,739	31,415
Pitcher Jr. High	27,220	130,184	134,436	22,968
St. Tammany Jr. High	79,242	143,828	149,348	73,722
Sixth Ward Jr. High	22,901	95,119	95,797	22,223
Slidell Jr. High	113,163	219,800	205,059	127,904
Covington High	262,241	735,796	735,557	262,480
Fontainebleau High	168,406	601,319	559,123	210,602
Mandeville High	206,937	626,906	613,925	219,918
Northshore High	135,156	679,662	655,375	159,443
Pearl River High	77,342	437,655	436,398	78,599
Salmen High	177,558	403,111	373,232	207,437
Slidell High	117,244	666,582	637,870	145,956
TOTAL	\$2,354,356	9,306,654	9,062,725	2,598,285

See accompanying independent auditors' report.





GENERAL FIXED ASSETS ACCOUNT GROUP

This group of accounts is used to account for the general fixed assets of the School Board.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FIXED ASSETS ACCOUNT GROUP

Schedule of General Fixed Assets- By Source
June 30, 1998

General fixed assets:	
Land	\$5,835,103
Buildings and improvements	205,707,741
Furniture and equipment	33,935,127
Construction in progress	<u>5,717,334</u>
Total general fixed assets	<u>\$251,195,305</u>
Investment in general fixed assets from:	
General and Capital Projects Funds	\$242,042,049
IASA funds	3,894,239
Vocational education funds	1,010,461
Other funds	<u>4,248,556</u>
Total investment in general fixed assets	<u>\$251,195,305</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FIXED ASSETS ACCOUNT GROUP

Schedule of General Fixed Assets-By Function
June 30, 1998

Function	Land	Buildings and Improvements	Furniture and Equipment	Total
Support services:				
Pupil support	\$5,768,103	201,171,620	22,502,054	229,441,777
Instructional staff support		1,497,860	418,009	1,915,869
General administration		613,151	3,425,160	4,038,311
Business and central services	50,000	1,241,583	3,815,484	5,107,067
Operation and maintenance of plant	17,000	1,183,527	3,476,409	4,676,936
Pupil transportation			298,011	298,011
Total support services	<u>\$5,835,103</u>	<u>205,707,741</u>	<u>33,935,127</u>	245,477,971
Construction in progress				<u>5,717,334</u>
Total general fixed assets				<u>\$251,195,305</u>

See accompanying independent auditors' report.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FIXED ASSETS ACCOUNT GROUP
Schedule of General Fixed Assets-By Location
June 30, 1998

Site	Land	Buildings and Improvements	Furniture and Equipment	Total
Old Rosenwald-Mandeville, La.	\$5,000			5,000
Abita Springs Elementary	53,050	2,606,596	387,167	3,046,813
Abita Springs Middle	14,000	2,661,074	334,317	3,009,391
Abney Elementary	47,000	3,327,385	521,627	3,896,012
Alton Elementary	30,700	1,700,822	343,104	2,074,626
Bayou Lacombe Junior	53,942	2,353,651	340,228	2,747,821
Bayou Woods Elementary	26,750	3,892,828	549,078	4,468,656
Bonne Ecole Elementary	42,363	3,385,290	285,313	3,712,966
Boyet Junior	36,180	3,844,938	521,498	4,402,616
Brock Elementary	5,000	2,639,781	364,765	3,009,546
Carolyn Park Middle	26,750	2,164,681	539,900	2,731,331
Chahta Ima Elementary	27,850	2,215,403	298,992	2,542,245
Clearwood Junior	85,000	5,214,705	448,423	5,748,128
Covington Annex	50,000	600,583	170,360	820,943
Covington Elementary	50,000	2,441,000	601,038	3,092,038
Covington High	140,000	8,213,248	1,374,259	9,727,507
Covington Special Ed. Center-	34,500	1,242,020	36,012	1,312,532
Harrison Curriculum Center		734,000	907,589	1,641,589
Covington Warehouse-	10,000	196,000	1,580,501	1,786,501
Covington Educational Center		613,151	1,409,775	2,022,926
Cypress Cove Elementary	438,900	4,594,678	369,513	5,403,091
5th Ward Junior	25,500	3,238,280	437,296	3,701,076
Florida Avenue Elementary	46,475	4,157,721	332,739	4,536,935
Folsom Elementary	14,500	3,109,575	419,096	3,543,171
Folsom Junior	41,180	1,809,048	278,169	2,128,397
Fontainebleau High	610,000	11,896,736	837,256	13,343,992
Fontainebleau Junior High	478,150	6,173,381	566,871	7,218,402
Honey Island Elementary	423,010	2,971,597	366,932	3,761,539
Lee Road Junior	35,500	3,018,385	497,179	3,551,064
Little Oak Middle	36,180	3,144,081	469,724	3,649,985
Lyon Elementary	9,800	3,380,512	429,174	3,819,486
Madisonville Elementary	15,000	2,414,046	259,933	2,688,979
Madisonville Junior	48,750	2,260,326	350,274	2,659,350
Mandeville Elementary	19,500	3,599,193	392,579	4,011,272
Mandeville High	189,250	8,852,610	1,187,641	10,229,501
Mandeville Junior High	24,360	3,077,497	514,882	3,616,739
Mandeville Kindergarten	20,000	738,000	179,099	937,099
Mandeville Middle	128,000	3,498,947	697,655	4,324,602
"New" Mandeville Elementary	273,059			273,059
Northshore High	400,000	8,681,370	1,172,625	10,253,995
Operation Jumpstart			91,357	91,357
Pearl River High	60,120	6,189,332	614,504	6,863,956
Pearl River Junior High	15,500	3,828,022	492,560	4,336,082
Pine View Middle	24,000	1,859,000	339,318	2,222,318
Pitcher, Wm. Junior High	6,642	5,337,880	508,378	5,852,900
Pontchartrain Elementary	336,001	5,927,917	421,537	6,685,455
Riverside Elementary	160,000	3,004,207	269,465	3,433,672
St. Tammany Junior High	46,807	5,522,000	642,723	6,211,530
Slidell Curriculum Center			338,847	338,847
Slidell Pupil Appraisal		763,860	73,923	837,783
Salmen High	58,000	6,820,486	1,033,187	7,911,673
Schoen, C.J. Middle	20,000	2,187,776	303,373	2,511,149
School Board Office	2,658	1,028,021	2,808,733	3,839,412
6th Ward Junior	16,000	4,282,687	558,368	4,857,055
Slidell Annex	2,289	82,000	146,904	231,193
Slidell High	66,386	10,142,812	1,689,517	11,898,715
Slidell Junior High	16,500	6,587,644	737,173	7,341,317
Slidell Support Facility		153,438	352,518	505,956
Slidell Warehouse	7,000	158,321	373,570	538,891
Tchefuncte Middle	336,001	6,068,410	457,719	6,862,130
Whispering Forest Elementary	620,000	2,896,860	333,203	3,850,063
Woodlake Elementary	26,000	2,201,729	382,715	2,610,444
Other		2,200	192,952	195,152
TOTAL	5,835,103	205,707,741	33,935,127	245,477,971

See accompanying independent auditors' report.

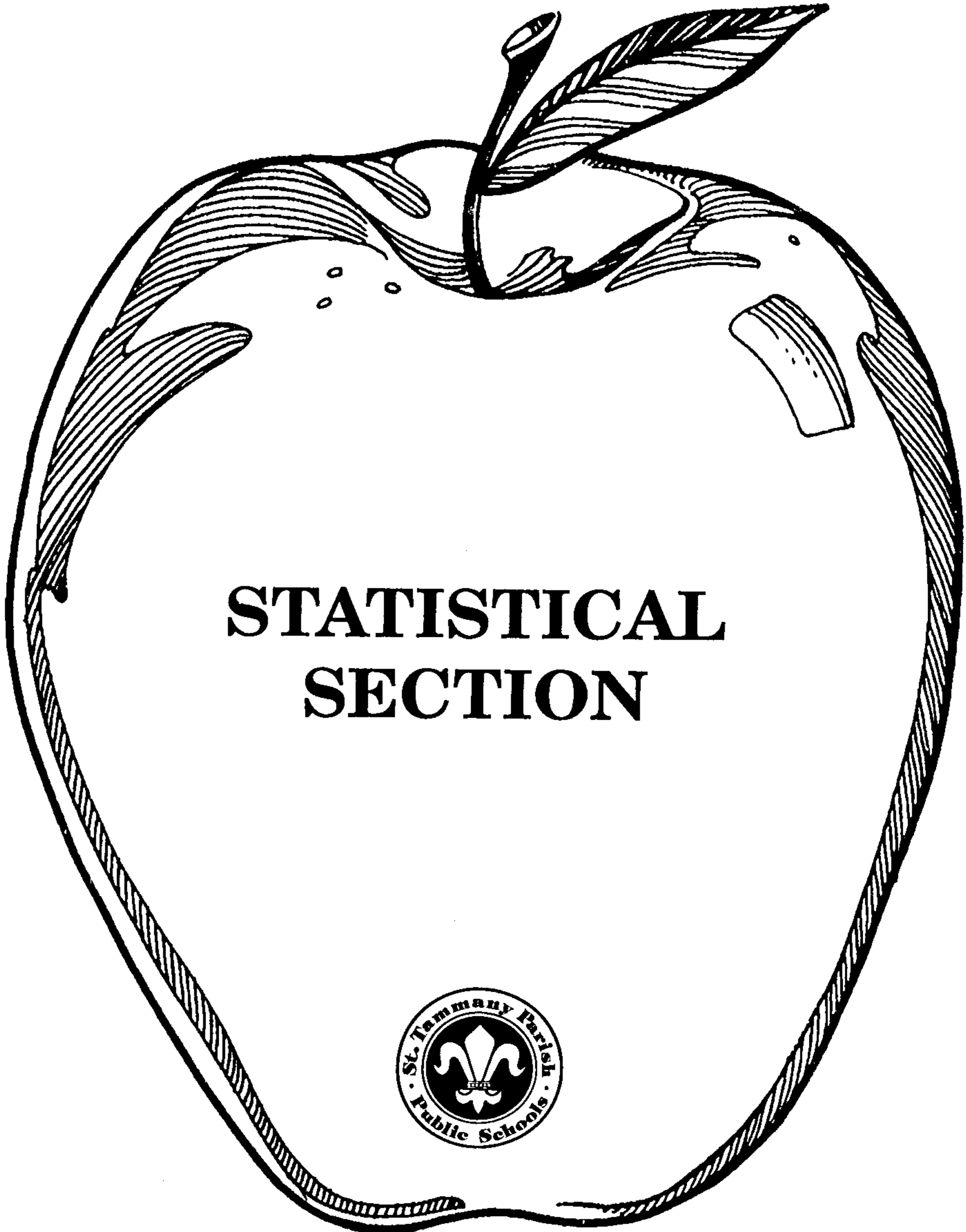
ST. TAMMAY PARISH SCHOOL BOARD
Covington, Louisiana

GENERAL FIXED ASSETS ACCOUNT GROUP

Schedule of Changes in General Fixed Assets-By Function
For the Year Ended June 30, 1998

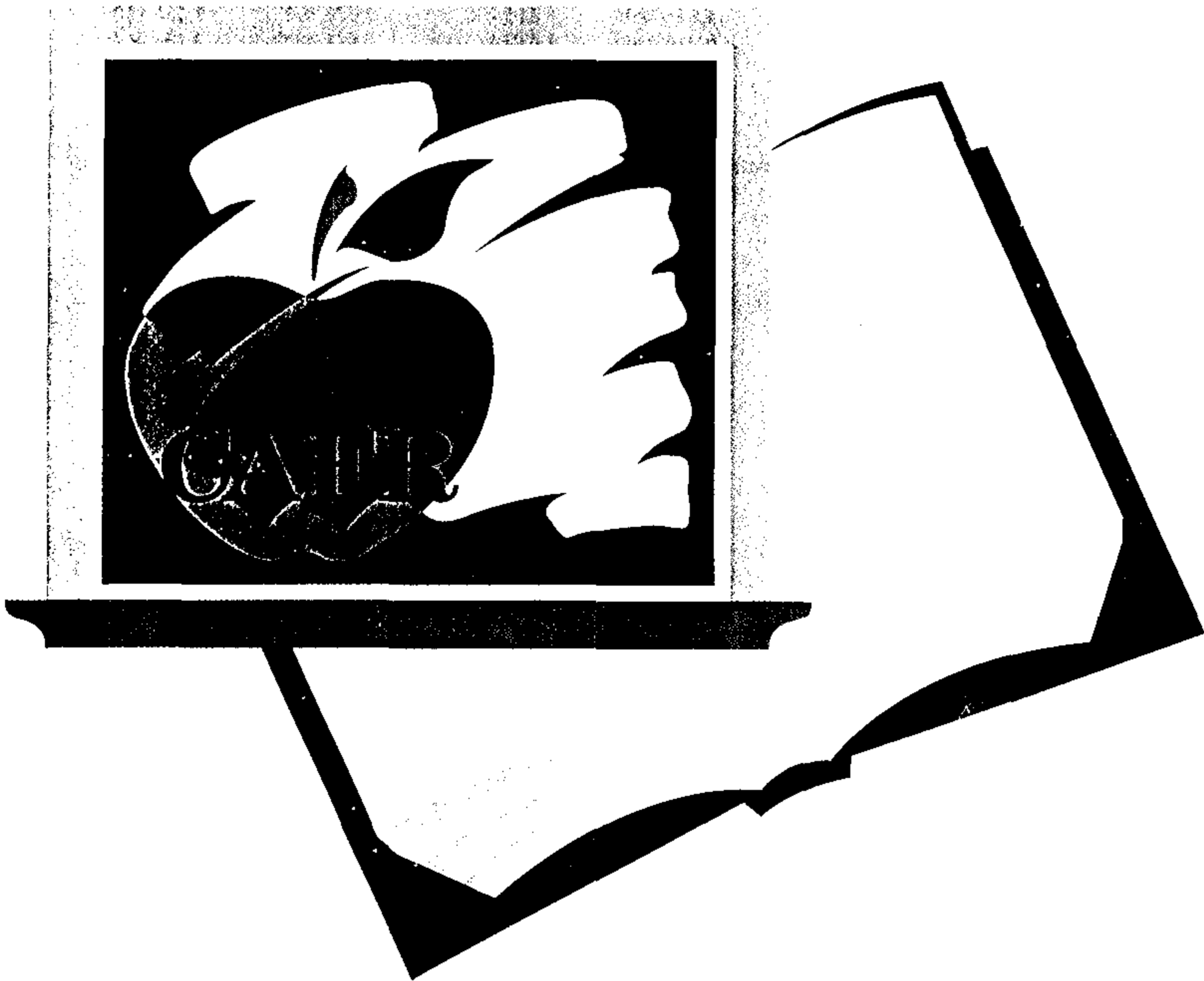
Function	Balance <u>July 1, 1997</u>	Additions	Deductions	Balance <u>June 30, 1998</u>
Support services:				
Pupil support	\$207,231,458	22,992,782	782,463	229,441,777
Instructional staff support	1,881,523	36,329	1,983	1,915,869
General administration	3,611,652	518,814	92,155	4,038,311
Business and central services	4,728,864	449,395	71,192	5,107,067
Operation and maintenance of plant	4,224,003	494,961	42,028	4,676,936
Pupil transportation	<u>295,204</u>	<u>12,407</u>	<u>9,600</u>	<u>298,011</u>
Total support services	221,972,704	24,504,688	999,421	245,477,971
Construction in progress	<u>17,325,627</u>	<u>7,458,250</u>	<u>19,066,543</u>	<u>5,717,334</u>
Total general fixed assets	<u>\$239,298,331</u>	<u>31,962,938</u>	<u>20,065,964</u>	<u>251,195,305</u>

See accompanying independent auditors' report.



**STATISTICAL
SECTION**





ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

General Fund Expenditures by Function
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	-----Instruction-----			-----Support Services-----				
	Regular Ed Programs	Special Ed Programs	Other Programs	Pupil Support Services	Instructional Staff Support	General Administration	School Administration	Business Administration
1989	\$36,926,187	\$9,503,905	\$122,193	\$2,643,952	\$1,446,032	\$1,354,570	\$4,971,483	\$535,820
1990	42,900,676	12,035,252	132,445	3,058,066	1,758,051	1,535,347	5,986,219	696,643
1991	47,068,409	13,433,528	179,180	3,705,155	2,117,557	1,660,284	6,383,830	726,010
1992	51,890,115	15,928,025	195,202	4,236,496	2,132,928	1,658,027	6,945,273	767,379
1993	46,931,281 (1)	17,156,796	4,802,657 (1)	4,359,334	3,851,302 (1)	1,679,544	6,807,562	809,538
1994	49,476,931	19,221,373	5,204,179	4,621,729	4,315,790	2,076,696	7,255,193	876,286
1995	54,674,839	21,853,260	6,125,842	5,216,295	4,825,474	2,021,695	8,192,367	1,059,538
1996	57,176,090	24,119,662	6,693,220	5,474,147	4,938,319	2,566,886	8,740,377	1,096,043
1997	62,538,271	27,452,174	7,357,686	6,050,112	5,519,268	2,308,558	10,009,169	1,149,804
1998	68,662,667	30,353,316	8,303,694	6,650,424	5,966,842	2,318,068	10,401,807	1,252,376

(1) Beginning in 1993, the Louisiana State Department of Education reclassified the reporting of certain expenditures to comply with the U. S. Department of Education requirements.

Operation and Maintenance of Plant	Pupil Transportation	Central Activities	Food Service	Community Service Programs	Facilities Acquisition and Construction	Debt Service	Total
\$7,680,994	\$5,905,296	\$615,992	\$318,375	\$13,682	\$468,511	\$113,961	\$72,620,953
8,179,066	6,230,518	967,061	386,562	19,605	1,120,298	256,986	85,262,795
8,996,274	6,969,586	909,479	479,769	17,893	1,004,621	103,632	93,755,207
9,564,734	7,628,144	1,069,425	534,686	15,807	171,347	146,942	102,884,530
9,817,983	7,949,159	914,315	224,944	17,826	119,329	124,766	105,566,333
10,408,114	8,279,239	1,393,556	643,288	28,911	103,234	41,283	113,945,802
11,595,233	8,924,263	1,118,305	690,666	27,064	154,225	67,724	126,546,790
12,408,116	9,678,857	1,253,259	752,614	36,788	145,711		135,080,089
13,285,388	10,628,069	1,394,746	872,370	37,885	556,912		149,160,412
14,022,575	11,190,562	1,535,856	881,017	33,879	201,684		161,774,767

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

General Fund Revenues by Source
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	-----Local Sources-----				Equalization	Contributions to Teachers' Retirement
	Ad Valorem Taxes	Tuition	Earnings on Investments	Other		
1989	\$13,049,399	\$214,240	\$835,053	\$150,765	\$43,403,417	\$156,689
1990	14,073,893	194,671	1,242,729	370,155	49,897,679	1,247,866
1991	14,807,912	153,709	725,980	374,635	54,505,644	199,525
1992	14,774,495	131,280	416,033	273,598	60,286,621	253,829
1993	15,927,847	127,440	305,332	440,930	63,351,967	223,120
1994	17,190,593	125,251	431,975	364,158	69,921,213	202,627
1995	19,032,717	149,401	805,002	427,091	76,660,386	190,291
1996	20,124,363	147,340	1,102,542	429,438	81,569,868	178,803
1997	24,177,250	154,412	1,375,408	446,336	92,312,015	169,212
1998	25,990,794	169,963	1,604,305	377,795	99,195,469	160,037

Table 2

---- State Sources-----				
Revenue Sharing	Professional Improvement Program	Other	Federal Sources	Total
\$1,518,214	\$1,536,547	\$507,476	\$389,793	\$61,761,593
1,458,168	1,509,299	589,026	378,668	70,962,154
1,496,535	1,445,831	792,855	423,513	74,926,139
1,510,416	1,411,729	690,476	414,764	80,163,241
1,514,148	1,393,496	785,952	265,412	84,335,644
1,541,151	1,332,784	1,205,323	265,425	92,580,500
1,569,300	1,292,745	2,176,624	347,557	103,651,114
1,650,879	1,256,489	642,343	252,740	107,354,805
1,631,845	1,200,771	1,069,436	267,077	122,803,762
1,721,553	1,153,762	2,405,952	334,481	133,114,111

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy	Current Year Tax Levy Collections (1)	Total Tax Collections (1)	Percentage of Total Current Year Collections to Tax Levy	Current Year Outstanding Taxes	Percentage of Current Year Outstanding Taxes to Tax Levy
1989	\$18,656,854	\$17,516,386	\$18,592,359	93.9%	\$1,140,468	6.1%
1990	20,319,888	18,793,780	20,039,064	92.5%	1,526,108	7.5%
1991	21,009,132	19,786,930	21,084,552	94.2%	1,222,202	5.8%
1992	21,724,940	20,067,618	21,030,223	92.4%	1,657,322	7.6%
1993	22,249,929	21,238,827	22,499,923	95.1%	1,011,102	4.5%
1994	24,221,576	23,031,420	24,272,958	95.1%	1,190,156	4.9%
1995	26,111,200	25,686,081	26,881,093	98.4%	425,119	1.6%
1996	28,304,369	27,432,575	28,419,028	96.9%	871,794	3.1%
1997	33,989,981	32,981,367	34,136,248	97.0%	1,008,614	3.0%
1998	37,323,704	35,451,881	36,698,311	95.0%	1,871,823	5.0%

(1) Source: St. Tammany Tax Collector's Office

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Estate Assessed Value	Commercial and Other Property Assessed Value	Total Assessed Value	Homestead Exemption Value	Total Assessed Value Taxed	Total Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Actual Value
1989	\$335,088,035	\$75,324,290	\$410,412,325	\$191,973,567	\$218,438,758	\$3,853,042,283	10.7%
1990	355,038,746	81,964,860	437,003,606	199,066,524	237,937,082	4,096,819,860	10.7%
1991	358,244,887	89,487,870	447,732,757	201,720,288	246,012,469	4,045,101,470	11.1%
1992	367,269,774	93,337,772	460,607,546	206,198,073	254,409,473	4,158,034,513	11.1%
1993	374,560,203	95,970,349	470,530,552	215,077,907	255,452,645	4,246,180,037	11.1%
1994	398,500,909	104,160,566	502,661,475	224,572,278	278,089,197	4,534,965,530	11.1%
1995	420,818,901	115,744,760	536,563,661	236,779,583	299,784,078	4,829,278,397	11.1%
1996	453,039,166	124,016,650	577,055,816	252,091,848	324,963,968	5,201,903,433	11.1%
1997	532,174,889	134,343,983	666,518,872	276,278,015	390,240,857	6,058,688,723	11.0%
1998	573,279,924	147,820,260	721,100,184	292,584,805	428,515,379	6,552,878,573	11.0%

Source: St. Tammany Parish Assessor's Office

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Property Tax Rates (per \$1,000 of Assessed Valuation)
All Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

-----Other Governments (Parishwide)-----					
Fiscal Year	School Board Millage	Police Jury Millage	Law Enforcement Millage	Assessor Millage	City of Abita Springs Millage
1989	85.41	17.83	12.58	3.12	18.17
1990	85.41	17.83	12.58	3.12	18.17
1991	85.41	17.83	12.58	3.12	18.17
1992	85.41	17.83	12.58	3.12	18.17
1993	87.10	18.35	12.94	3.21	19.18
1994	87.10	18.35	12.94	3.21	19.18
1995	87.10	18.35	12.94	3.21	19.18
1996	87.10	18.35	12.94	3.21	19.18
1997	87.10	20.82	12.94	3.21	19.70
1998	87.10	17.76	12.94	3.05	15.72

Source: Respective Taxing Jurisdiction

Table 5

-----Other Governments (Special Districts)-----					
City of Covington Millage	City of Madisonville Millage	City of Mandeville Millage	City of Pearl River Millage	City of Slidell Millage	Other
20.60	16.34	18.95	5.83	37.62	299.43
20.60	15.46	18.95	5.83	36.91	322.98
20.60	13.32	18.95	5.83	36.38	351.84
20.60	12.30	18.95	5.83	36.51	354.95
19.60	12.80	18.25	5.83	36.44	393.83
18.60	13.80	18.25	5.83	35.11	395.64
18.25	11.30	19.18	5.83	33.93	398.52
26.80	11.30	17.95	5.83	33.93	428.28
24.55	11.52	17.60	5.83	37.54	433.18
24.55	11.52	17.30	5.83	37.04	437.70

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Principal Taxpayers
June 30, 1998
(Unaudited)

Taxpayer	Type of Business	Fiscal Year 1998 Assessed Valuation	Percentage of Total Assessed Valuation
Central La. Elec. Co.	Utility	\$24,611,030	3.41%
BellSouth Communications	Telephone	19,628,760	2.72%
First National Bank of Commerce	Bank	7,472,640	1.04%
Hibernia National Bank	Bank	5,096,000	.71%
EPIC Development	Real Estate	4,172,710	.58%
Wash.-St. Tammany Elect.	Utility	3,461,670	.48%
La. Gas Services Co.	Utility	3,352,780	.46%
Southern Natural Gas	Pipeline	2,720,990	.38%
Wal-Mart Stores, Inc.	Retail Sales	2,708,030	.37%
Sizeler North Shore Limited	Real Estate	2,580,650	.36%
		<u>\$75,805,260</u>	<u>10.51%</u>

Source: St. Tammany Parish Assessor's Office

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Computation of Legal Debt Margin
June 30, 1998
(Unaudited)

Assessed Valuations:		
Taxable assessed value		\$428,515,379
Add back: exempt property		<u>292,584,805</u>
Total assessed value		<u>\$721,100,184</u>
Legal debt margin:		
Debt limitation-35 percent of total assessed value		\$252,385,064
Debt applicable to limitation:		
Total general obligation bonded debt	\$70,655,000	
Less: Amount available for repayment of general obligation bonds	<u>8,450,210</u>	
Total general obligation debt applicable to limitation		<u>62,204,790</u>
Legal debt margin		<u>\$190,180,274</u>

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

State Support and Local Support
Per Student
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Number of Students	State Support(1)	State Support per Student	Total Student Expenditures(1)	Total Cost per Student	Local Support(1)	Local Support per Student
1989	26,779	\$47,640,131	\$1,779	\$76,109,428	\$2,842	\$33,273,251	\$1,242
1990	26,656	55,236,164	2,072	95,393,407	3,579	37,580,748	1,410
1991	27,523	58,774,488	2,135	103,879,133	3,774	39,116,809	1,421
1992	28,522	64,480,323	2,261	113,913,754	3,994	40,901,507	1,434
1993	29,282	67,606,305	2,343	117,639,147	4,017	44,448,991	1,518
1994	30,504	74,732,474	2,450	128,290,620	4,206	49,726,002	1,630
1995	31,412	83,704,980	2,665	141,910,870	4,518	54,184,671	1,725
1996	31,852	87,141,280	2,736	150,924,250	4,738	61,056,129	1,917
1997	32,677	98,043,602	3,000	165,721,221	5,071	66,670,666	2,040
1998	32,559	107,633,632	3,306	187,031,180	5,560	72,555,734	2,228

(1) Consists of General Fund and Special Revenue Funds.
Effective fiscal year 1991, the School Food
Service Special Revenue Fund is included.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Ratio of Net General Obligation Debt
To Assessed Value and Net
Bonded Debt per Capita and Per Student
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population(1)	Number of Students	Assessed Value(2)	Gross Bonded Debt(3)	Less Debt Service Fund(4)	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Net Bonded Debt per Student
1989	147,274	26,779	\$410,412,325	\$43,395,000	\$6,904,860	\$36,490,140	8.9	\$248	\$1,363
1990	149,340	26,656	437,903,606	38,145,000	7,868,607	30,276,393	6.9	203	1,136
1991	144,508	27,523	447,732,757	56,040,000	7,269,603	48,770,397	10.9	337	1,772
1992	148,137	28,522	460,607,546	49,255,000	2,822,642	45,432,358	9.9	307	1,593
1993	153,351	29,282	470,530,552	50,320,000	2,804,369	47,515,631	10.1	310	1,623
1994	155,990	30,504	502,661,475	60,260,000	2,743,386	57,516,614	11.4	369	1,886
1995	164,394	31,412	536,563,651	57,165,000	3,536,974	53,628,026	10.0	326	1,707
1996	170,321	31,852	577,055,816	53,695,000	4,762,929	48,932,071	8.5	287	1,536
1997	174,856	32,677	666,518,872	75,130,000	6,617,872	68,512,128	10.3	392	2,097
1998	180,692	32,559	721,100,184	70,655,000	8,450,210	62,204,790	8.6	344	1,911

(1) Source: Louisiana Technical University

(2) From Table 4

(3) General obligation bonds

(4) Amount available for repayment of general obligation bonds

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Percentage of Annual Debt Service Expenditures
For General Bonded Debt to
Total General Fund Expenditures
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Percentage of Debt Service to General Fund Expenditures
1989	\$4,915,000	\$3,785,435	\$8,700,435	\$72,620,953	11.98%
1990	5,250,000	3,466,280	8,716,280	85,262,795	10.23%
1991	5,610,000	3,724,922	9,334,922	93,755,207	9.96%
1992	6,785,000	3,433,641	10,218,641	102,884,530	9.93%
1993	4,065,000	4,020,050	8,085,050	105,566,426	7.66%
1994	3,710,000	4,451,363	8,161,363	113,945,802	7.16%
1995	4,115,000	4,664,815	8,779,815	126,546,790	6.94%
1996	4,975,000	4,927,773	9,902,773	135,080,089	7.33%
1997	5,630,000	5,532,069	11,162,069	149,160,412	7.48%
1998	6,215,000	5,544,845	11,759,845	161,774,767	7.27%

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Computation of Direct and Overlapping General Bonded Debt
June 30, 1998
(Unaudited)

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
St. Tammany Parish School Board	\$70,655,000	100%	\$70,655,000
Overlapping:			
City of Abita Springs	394,000	100%	394,000
City of Covington	2,360,000	100%	2,360,000
City of Mandeville	1,340,000	100%	1,340,000
City of Slidell	14,115,000	100%	14,115,000
Police Jury	<u>3,405,000</u>	100%	<u>3,405,000</u>
	<u>\$92,269,000</u>		<u>\$92,269,000</u>

Source: Respective government entities

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population(1)	Total Number of Students	-----Public Schools-----		-----Private Schools-----	
			Number of Students	Percentage of Number of Students to Total Students	Number of Students	Percentage of Number of Students to Total Students
1989	147,274	30,623	26,779	87.4	3,844	12.6
1990	149,340	30,425	26,656	87.6	3,769	12.4
1991	144,508	31,286	27,523	88.0	3,763	12.0
1992	148,137	32,476	28,522	87.8	3,954	12.2
1993	153,351	32,840	29,282	89.2	3,558	10.8
1994	155,990	34,640	30,504	88.1	4,136	11.9
1995	164,394	35,768	31,412	87.8	4,356	12.2
1996	170,321	36,772	31,852	86.6	4,920	13.4
1997	174,856	37,801	32,677	86.4	5,124	13.6
1998	180,692	37,903	32,559	85.9	5,344	14.1

(1) Source: Louisiana Technical University

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

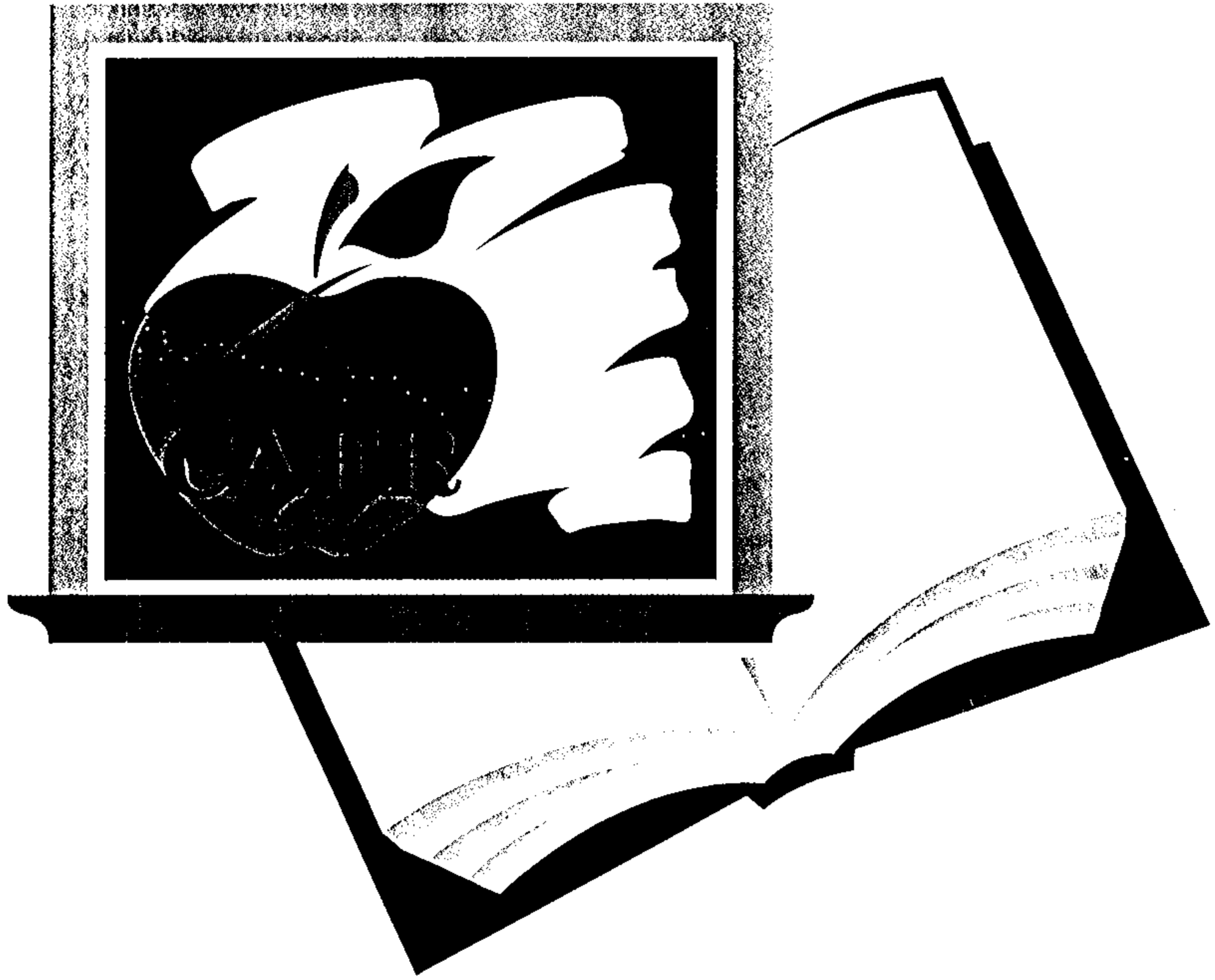
Property Value and Bank Deposits
Last Ten Calendar Years
(Unaudited)

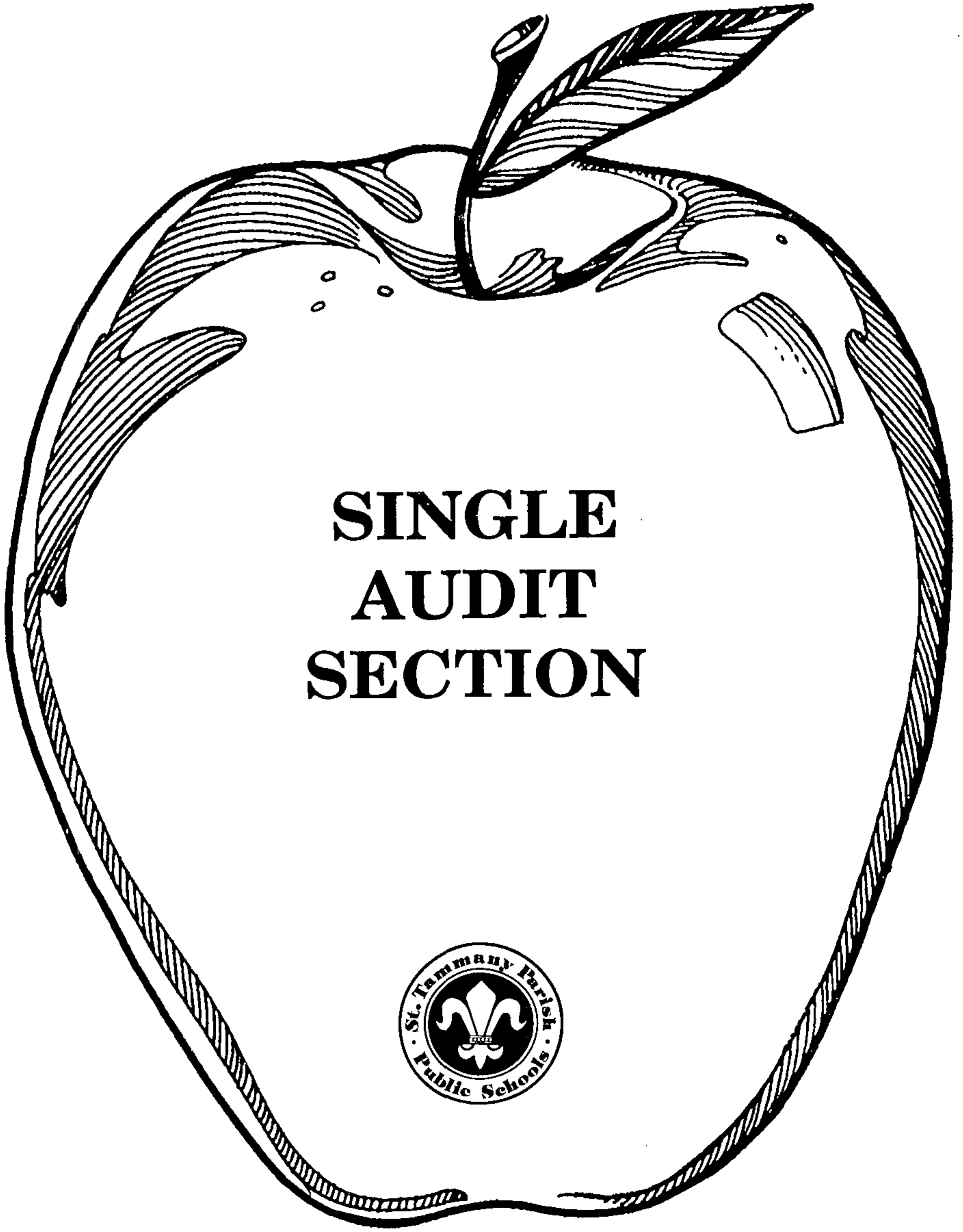
<u>Calendar Year</u>	<u>Estimated Actual Property Value</u>	<u>Bank Deposits(1)</u>
1988	\$3,853,042,283	\$510,098,652
1989	4,096,819,860	249,031,875
1990	4,045,101,470	260,475,000
1991	4,158,034,513	296,087,000
1992	4,246,180,037	302,235,000
1993	4,534,965,530	294,135,000
1994	4,829,278,397	288,612,000
1995	5,201,903,433	33,948,000
1996	6,058,688,723	37,082,000
1997	6,552,878,573	41,562,000

- (1) Consists of deposit liabilities of major banks and savings and loan institutions domiciled in St. Tammany Parish.

Source: Annual Report of the Office Of Financial Institutions, State of Louisiana.

Note-Does not include construction because neither the parish nor the numerous municipal governing authorities maintain this information.





**SINGLE
AUDIT
SECTION**



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

The Members of the
St. Tammany Parish School Board
Covington, Louisiana:

We have audited the financial statements of St. Tammany Parish School Board (the School Board), as of and for the year ended June 30, 1998, and have issued our report thereon dated October 30, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the School Board in a separate letter dated October 30, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the School Board in a separate letter dated October 30, 1998.



This report is intended for the information of the School Board, the School Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 30, 1998

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

The Members of the
St. Tammany Parish School Board
Covington, Louisiana:

Compliance

We have audited the compliance of St. Tammany Parish School Board (the School Board), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. The 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 School Board's management. Our responsibility is to express an opinion on School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 School Board's compliance with those requirements.

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

Internal Control Over Compliance

The management of 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 School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. 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.

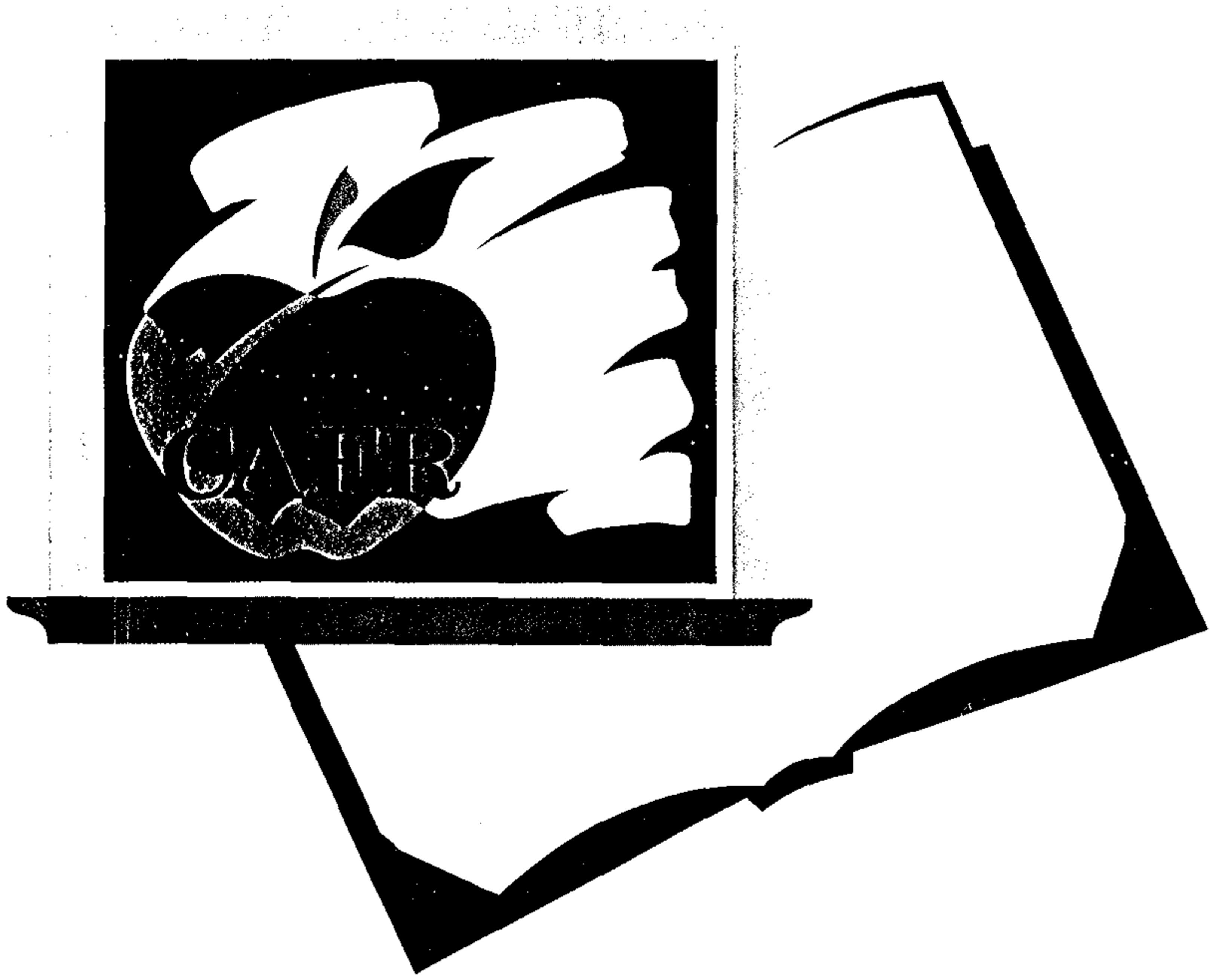
Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of School Board as of and for the year ended June 30, 1998, and have issued our report thereon dated October 30, 1998. 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 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 for the information of the School Board, the School Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

KPMG Paul Marwick LLP

October 30, 1998



ST. TAMMANY PARISH SCHOOL BOARD
COVINGTON, LOUISIANA

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

Federal Grantor/ Pass-Through Grantor/ Program Name	CEEA Number	Pass Through Grantor Award Number	Expenditures
<u>United States Department of Agriculture</u>			
Passed Through Louisiana Department of Agriculture: Food Distribution Program	10.550	NONE	\$601,302
<u>Passed Through Louisiana Department of Education:</u>			
School Breakfast Program	10.553	NONE	876,118
National School Lunch Program	10.555	NONE	<u>3,004,360</u>
Total United States Department Of Agriculture			4,481,780
<u>United States Department of Education</u>			
Direct Program-School Assistance in Federally Affected Areas- Maintenance & Operation (PL81-874)	84.041	28-LA-95	4,013
<u>Passed Through Louisiana Department of Education:</u>			
Adult Education-State Administered Program	84.002	NONE	116,080
<u>Improving America's School Act (IASA):</u>			
Title I: Helping Disadvantaged Children Meet High Standards	84.010	98-IASA-52	3,701,753
	84.010	98-IASA-52	41,171
	84.010	97-IASA-52C/O	193,700
	84.010	96-063-52C/O	1,027
	84.216	98 Capital	53,944
	84.216	97 Capital	2,077
	84.010	School Support	7,388
			<u>4,001,060</u>
Title II: Dwight D. Eisenhower Professional Development Program	84.281	98-IASA-52-2	119,130
	84.281	97-IASA-52-2	631
	84.281	97-IASA-52-2C/O	20,736
	84.281	28-96-5052-IIC/O	608
			<u>141,105</u>
Title IV: Safe and Drug Free School and Communities	84.186A	98-IASA-52-4	183,257
	84.186A	97-IASA-52-4	2,284
	84.186A	97-IASA-7052DC/O	69,117
	84.186A	28-96-7052DC/O	1,643
			<u>256,301</u>
Title VI: Innovative Education Program Strategies	84.298	98-IASA-52-6	149,751
	84.298	97-IASA-52-6	594
	84.298	97-IASA-52C/O	15,928
	84.298	28-96-0052-6C/O	425
			<u>166,698</u>
Total IASA			4,565,164
<u>Individuals with Disabilities Education Act (IDEA):</u>			
Part B-Regular Education	84.027	98-FT-52	1,645,076
	84.027	97-FT-52	2,569
	84.027	96-FTC-52	6,466
			<u>1,654,111</u>

Schedule 41

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>CFDA Number</u>	<u>Pass Through Grantor Award Number</u>	<u>Expenditures</u>
Preschool Education	84.173	98-PF-52	\$210,770
	84.173	97-PF-52	14,925
			<u>225,695</u>
Part H-Infant/Toddler	84.181	97-CIT3-52	5,306
	84.181	96-CIT3-52	7,917
			<u>13,223</u>
Total IDEA			<u>1,893,029</u>
Vocational Education: Basic Grants to States	84.048	28-98-52-2B/BG	244,213
Goals 2000-Educate America Act (EAA): Education Systemic Improvement	84.276	9276A0018	216,065
Literacy Challenge	84.318X	1115	199,423
Total United States Department of Education			<u>7,237,987</u>
<u>United States Department of Labor</u> Passed Through Louisiana Department of Education, Passed Through Delgado Community College: School to Work	17.249	NONE	7,510
Passed Through Louisiana Technical College - Sullivan Campus: School to Work	17.249	NONE	67,522
Total United States Department of Labor			<u>75,032</u>
<u>Corporation for National and Community Service</u> Passed Through Louisiana's Office of the Lieutenant Governor: Learn and Serve America	94.004	7H98	5,427
<u>National Science Foundation</u> Direct Program - Presidential Award for Excellence in Science and Mathematics Teaching	47.066	ESI-9708786	4,865
<u>United States Department of Health and Human Development</u> Passed Through the Louisiana Department of Education: Starting Points Program	93.037	NONE	94,817
<u>United States Department of Defense</u> Air Force - JROTC	NONE	NONE	42,187
Army - JROTC	NONE	NONE	67,767
Marines - JROTC	NONE	NONE	42,053
Navy - JROTC	NONE	NONE	107,194
Total United States Department of Defense			<u>259,201</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$12,159,109</u>

See accompanying Notes to Schedule of Federal Awards

**St. Tammany Parish School Board
Covington, Louisiana**

*Notes to Schedule of Expenditures of Federal Awards
June 30, 1998*

1. General

The accompanying Schedule of Federal Awards presents the activity of all federal awards programs of the St. Tammany Parish School Board (the School Board). The School Board reporting entity is defined in note 1 to the general purpose financial statements for the year ended June 30, 1998. All federal awards received directly from federal agencies is included on the schedule as well as federal awards passed through other government agencies. The following programs are considered major federal programs of the School Board: IASA Title I, IDEA Part B, USDA Commodities-Food Distribution, and National School Lunch and School Breakfast.

2. Basis of Accounting

Schedule 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 for the year ended June 30, 1998. Commodities received, which are non-cash revenue are valued at prices provided by the U.S. Department of Agriculture. Any received but unused commodities are recorded as deferred revenue until used.

3. Relationship to General Purpose Financial Statements

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

<u>From Federal Sources</u>	
General Fund	\$334,481
Special Revenue Funds	<u>11,824,628</u>
Total	<u>\$12,159,109</u>

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule of Federal Awards agree with the amounts reported in the related federal financial reports, except for the amounts in reports submitted as of a date subsequent to June 30, 1998, which will differ from the schedule by the amount of encumbrances as of June 30, 1998, liquidated to the dates of the reports.

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

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

(1) **Summary of Auditors' Results**

- (a) The type of report issued on the general-purpose financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the Financial Statements: no Material weaknesses: no
- (c) Noncompliance which is material to the general-purpose financial statements: no
- (d) Reportable conditions in internal control over major programs: no Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to reported under Section. 510(a) of OMB Circular A-133: no
- (g) Major programs:
 - United States Department of Agriculture:
 - National School Breakfast Program (CFDA Number 10.553)
 - National School Lunch Program (CFDA Number 10.555)
- (h) Dollar threshold used to distinguish between Type A and Type B programs:
\$364,773
- (i) Auditee qualified as a low-risk auditee under Section. 530 of OMB Circular A-133:
yes

(2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None

(3) **Findings and Questioned Costs relating to Federal Awards:**

None

ST. TAMMANY PARISH SCHOOL BOARD
Covington, Louisiana

Schedule of Prior Audit Findings
Year Ended June 30, 1998

<u>Reference</u>	<u>Finding</u>	<u>Status</u>	<u>Contact Person</u>
97-1	Noncompliance with periodic payroll certificates	Corrected	Ron Caruso
97-2	Insurance contributions	Corrected	Ron Caruso



Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

CONFIDENTIAL

October 30, 1998

Members of the St. Tammany Parish School Board
St. Tammany Parish School Board
212 West 17th Avenue
Covington, Louisiana 70439-0940

Dear Members of the Board:

We have audited the financial statements of the St. Tammany Parish School Board (the School Board) for the year ended June 30, 1998, and have issued our report thereon dated October 30, 1998. In planning and performing our audit of the financial statements of the School Board, we considered the School Board's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted a matter involving compliance that is presented for your consideration. This comment and recommendation, which has been discussed with the appropriate members of management, is intended to improve internal controls or result in other operating efficiencies and is summarized as follows:

Comment:

The Louisiana Attorney General, in an opinion 98-42 dated April 9, 1998, has opined that Louisiana school boards are required to allocate to each secondary school in the parish school system not less than fifty dollars per student enrolled at the school in a vocational agriculture, agribusiness, or agriscience program. Because of the timing of the opinion and adoption by the Board of the 1998 budget, the School Board did not allocate the required amount for each enrolled student. We recommend that the School Board implement this policy in the 1998-99 fiscal year.

School Board's Response:

In 1998-99, the School Board budgeted \$50 per student enrolled in school in a vocational agriculture, agribusiness or agriscience program.

* * * * *



Member Firm of KPMG International

Members of the St. Tammany Parish School Board
St. Tammany Parish School Board
October 30, 1998
Page 2

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the School Board's organization gained during our work to make comments and suggestions that we hope will be useful to you. The attached appendix reports the status of the prior year's recommendations.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended for the information of the Board, the School Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

KFMG Peat Marwick LLP

STATUS OF PRIOR YEAR COMMENTS

Review of School Activity Accounts

The Internal Auditor for the School Board performs the reviews of the school activity funds and also performs special projects, as necessary. With the increasing growth and revenue needs of the school system, the expansion of the Internal Auditor's role into performance auditing should be considered. Operational and efficiency reviews could assist management in developing performance budgets and monitoring expenditures.

School Board's Status: The budget for the 1998-99 fiscal year includes clerical support for the Internal Auditor. Relieving the Internal Auditor of routine repetitive clerical task allows more time for expanding the Internal Auditor's level of service to accomplish the goals and objectives of this school system and to perform operational and efficiency reviews that could assist management in developing performance budgets and monitoring expenditures.

Internal Audit

In the prior year we recommended expanding the function of Internal Audit. In further review of this recommendation, consideration should be given to the size of the Internal Audit Department. Depending upon the level of service to be delivered by the Internal Auditor, a staff auditor may be needed to accomplish the goals and objectives.

School Board's Status: See above response to "Review of School Activity Accounts."

Risk Management - Risk Manager

The School Board has various insurance policies and is self-insured in several areas. To better assist Finance in estimating reserves and monitoring outstanding claims and cases for workers' compensation, automobile and general liability, the School Board should consider the hiring of a Risk Manager. Such a person should review insurance related claims and reports and monitor reserve amounts, as well as work closely with the School Board's attorneys.

School Board's Status: In fiscal year 1998-99, the School Board plans to hire a Risk Manager before the end of the fiscal year.

Risk Management - Accounting

The School Board is self-insured in several areas. The expenses and liabilities incurred in this area are significant to the School Board. To more accurately reflect self-insurance reserves and provisions, an assessment of claims and lawsuits should be made and recorded in the general ledger at least quarterly. By changing the present annual process to a quarterly process, both the Finance personnel and the Board will be better informed as to the funding needed to support the claims outstanding. In addition, the funding of self-insurance reserves by federal sources and the accumulation of any excess in funding over actual claims needs to be monitored to determine if funding mechanisms are appropriate or should be modified. The entries should be determined by management with supporting information from the actuaries, third-party administrators and attorneys.

School Board's Status: This is completed.

Various Comments

In addition to the comments above, we also noted the following areas which should be monitored by the Board and management:

- Out of a sample of 100 disbursements, one disbursement for \$285 for a travel reimbursement related to the IDEA program was not approved by the Superintendent.
- The School Board should have a formal, written travel policy, describing permissible reimbursable expenses and the documentation and approvals necessary for an employee to be reimbursed.

School Board's Status: This is completed.

Fixed Assets Procedures

In recent years, the School Board has updated its fixed asset records and implemented a tagging process. To ensure compliance and perform internal review of compliance, the Board and management should consider the appropriateness of having the Internal Auditor review and test compliance with the School Board's requirements.

School Board's Status: Testing of fixed assets has always been part of the Internal Auditor's audit program. A brief interruption in testing occurred in 1997 to allow implementation of revised procedures. Testing for compliance was resumed at the start of the 1998 fiscal year audit cycle. The addition of clerical support for Property Control and Internal Audit is allowing more "internal auditing" for compliance.

OMB Circular A-133

OMB's new Circular A-133 and OMB Circular A-133 Compliance Supplement are effective in 1997 for governmental entities receiving federal funds. In addition, OMB Circular A-87, which established allowable costs and the procedures related to those costs for governmental entities, also became effective in fiscal year 1997.

The new publications focus on compliance requirements as well as the expected controls for governmental entities receiving federal funds. A-87 established new requirements for allowable costs.

The School Board received \$11 million in federal funds in 1997. Violations of OMB procedures and requirements could result in questioned costs and pay back of amounts expended. To better ensure compliance with key procedures and significant requirements, the Board and the Superintendent should consider requiring Internal Audit to perform compliance and control testwork to identify and correct potential problems.

finance and control

School Board's Status: Under Circular A-133, external auditors are responsible for testing internal controls over compliance requirements that have a direct and material effect on major programs. The Internal Auditor is doing compliance and control testwork using programs approved and submitted by the external auditors. This is resulting in an efficient use of auditor services by not having a duplication of effort.

Automated Payroll System Accounting Control Comments

With the implementation of the new payroll system in 1997, certain edits and internal control procedures which occurred in the old payroll system were not replaced or substituted. The following summarizes several areas which should be addressed immediately and is not intended to be all inclusive:

- No edit is generated detailing the information entered by Personnel Department clerks and no review of changes made on-line is performed.

Recommendation: Personnel should receive the necessary types of edit reports to verify changes and document its review and approval of those changes.

- Formal review of the pay table for all employees should be performed and documented and exception reports should be generated to the Payroll Department for any changes made to this data.

Recommendation: Documentation of the review and approval as well as review of exception reports.

- The Payroll Department does not receive edits of changes made, such as pay rate or time-related data, for employees to verify the accuracy of check amounts.

Recommendation: Payroll should receive the necessary types of edit reports to verify changes made prior to receipt of final check-run pre-edit list.

- The Payroll Department receives a pre-edit list of checks to be issued; however, during the fiscal year under audit, changes to personnel and pay data could be made subsequent to the edit run but prior to the processing payroll checks, thereby increasing the amount of overtime and review efforts of the Payroll Department.

Recommendation: Procedures since June 30 appear to have been established to reduce the need for additional administrative costs. Management, with the assistance of Internal Audit, should perform tests of the new process to ensure that the controls are operating as designed.

- The Payroll Department is maintaining manual records of absentee data in conjunction with the automated payroll system. Discrepancies on the automated payroll system, however, have been identified by the Payroll Department.

Recommendation: The discrepancies in the absentee data being maintained electronically should be reviewed by MIS and the Payroll Departments to ensure the accuracy of the data.

The users, such as Personnel, Accounting, Payroll, Federal Program directors, should decide the format and details of the reports and procedures. Internal Audit should follow-up and review these areas to provide feed back to management.

Automated Payroll System and Other MIS Comments

Information Systems Policies, Standards and Procedures Should Be Formalized

Information Systems policies, standards, and procedures have not been formalized and approved by School Board management. Formalized guidelines convey the intentions of management and application owners as well as provide guidance and promote uniformity related to internal controls. In addition, formalized guidelines will help to ensure the continuity of the computer environment during the transition of Information Systems personnel and software modifications.

School Board Information Systems management should consider formalizing policies, standards, and procedures for the payroll system that address the following;

- A policy statement that makes conformity to the standards mandatory,
- A policy statement outlining management's position on information security,
- Program modification procedures which provide reasonable assurance that changes to the production computer environment are performed in a controlled manner and approved by management,
- Procedures for testing program modifications,
- Standards for creating payroll application technical documentation,
- Procedures for migrating new and modified programs from development to production status, and
- Procedures for making emergency program modifications.

Policies and Procedures Governing Payroll Security Administration Should Be Documented

Various policies, standards, and procedures, such as the daily backup of the payroll application, are not documented. Formalized guidelines convey the intentions of management and application owners as well as provide guidance and promote uniformity related to internal controls. In addition, formalized guidelines will help to ensure the continuity of the computer environment during the transition of department personnel.

Management should consider documenting policies, standards, and procedures that address the following:

- Daily file backups and off-site storage rotation,
- Requirements to request and support system program updates and data modifications procedures which provide reasonable assurance that changes made to the production environment are performed in a controlled manner and approved by management, and
- Procedures for computer operations.

In addition, policies governing the payroll security administration have not been documented and formally approved by School Board management. At a minimum, formalized security administration duties and procedures should be documented to address the following:

- Responsibilities and duties of the payroll system users,
- Procedures for assigning user-ID's and passwords,
- Procedures for the periodic change of user passwords,
- Procedures for assigning transaction execution capabilities,
- Procedures for eliminating terminated or transferred employee computer access,
- Procedures for conducting investigations into suspected security violations, and
- Procedures for limiting and recording access to payroll and blank check stock.

Physical Security

Physical access is one type of control that protects the computer room from such risks as:

- Destruction of physical assets or information
- Interruption of computing services
- The removal of physical assets or information

At the present time, access to the computer room is not physically restricted during business hours. Access to the computer room is normally limited to computer operations personnel.

School Board Information Systems management should consider locking the computer room door at all times. Locking the computer room door during the day to limit access will help to ensure an efficient processing flow, and will also assist in protecting the equipment room from damage or loss of information.

Business Continuity Plan / Disaster Recovery Plan

User Recovery Planning

The School Board is dependent upon the Information System department's ability to deliver uninterrupted computing services. However, a complete contingency plan that would help ensure a timely recovery from either a temporary or catastrophic interruption has not been formally developed or tested.

The School Board user management should consider developing a formal Business Continuity Plan (BCP) and once completed, test the plan on a recurring basis. The plan should include a course of action for either partial or complete disruption of data processing services. The following areas should be addressed:

- Identifies and evaluates business risk.
- Identifies Critical Business Functions (those which, if inoperable for specific periods of time, would have a detrimental impact on the company's ability to function).
- Identifies specific support requirements which must be available to maintain such Critical Business Functions.
- Identifies and evaluates the alternatives available to address the recovery requirements of each of the Critical Business Functions.
- Documents the detailed plan (critical functions and organization-wide), associated responsibilities and procedures to be followed in the event of an outage which impacts any or all of the Critical Business Functions.

- Establishes responsibilities and procedures for the implementation, maintenance, and periodic testing of the established plan(s).
- Establishes responsibilities and procedures for the periodic review of the BCP to ensure the testing and maintenance expectations are being followed and that the overall plan continues to address the Company's Business Continuity needs.

User departments which perform functions that have been determined to be critical to the ongoing operation of the School Board payroll operations should develop and test a BCP. Each of these user departments, along with a Information Systems Disaster Recovery Plan, should be integrated into a School Board-wide BCP. The School Board user management should establish responsibilities, procedures and time frames for the implementation, maintenance and periodic testing of the plan to assure that the overall plan continues to address the Business Continuity needs. The plan should be available to key management personnel.

Information Systems Recovery Planning

The School Board application user departments are dependent upon the ability to access computing services for the payroll system. However, a contingency plan that would help ensure a timely recovery from a computer processing interruption has not been developed and tested. While the School Board Information Systems management has developed a Disaster Recovery Plan (DRP), the plan should be available to key management and key elements of the plan should be communicated to upper management and Finance personnel to ensure that they are better prepared should a disaster occur.

School Board's Status for Automated Payroll System Accounting Control Comments and Automated Payroll System and Other MIS Comments: All items concerning Data Processing are being addressed. A committee consisting of the Personnel Director, Director of Business Affairs, Director of Accounting Services, Internal Auditor, Director of Data Processing and the Assistant Director of Data Processing meet every other week to discuss these items. Some have been corrected. Actions on the other items are still in progress and are scheduled for future corrections.