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**Caldwell Parish School Board
Columbia, Louisiana**

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

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

DEC 22 1999

Release Date _____

**Caldwell Parish School Board
Columbia, Louisiana**

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

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**Caldwell Parish School Board
Columbia, Louisiana**

**Annual Financial Report
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INDEPENDENT AUDITORS' REPORT

Board Members
Caldwell Parish School Board
Columbia, Louisiana

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

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

The School Board has not maintained adequate records of property and equipment costs. We were not able to satisfy ourselves by other auditing procedures as to the fairness of the general fixed asset account group stated at \$8,085,847 as of June 30, 1999.

As discussed in Note 15 to the financial statements, a lawsuit has been filed which could result in a claim of \$275,111 assessed against the School Board. The Board is contesting the claim but the ultimate outcome cannot presently be determined and no provision for any liability that may result has been made in the general-purpose financial statements.

In our opinion, except for the effects, if any, as might have been determined to be necessary had we had adequate records regarding property and equipment, or had we known the outcome of the lawsuit against the School Board, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the School Board as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 1999, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Board Members
Caldwell Parish School Board
Columbia, Louisiana

The year 2000 information on page 32 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 99-1, Disclosures About Year 2000 Issues - an amendment of Technical Bulletin 98-1. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the School Board is or will become year 2000 compliant, that the School Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the School Board does business are or will become year 2000 compliant.

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

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

Allen Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 23, 1999

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1999

*****GOVERNMENTAL FUNDS*****				
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND
ASSETS AND OTHER DEBITS				
Assets				
Cash and cash equivalents	\$ 1,223,695	\$ 345,438	\$ 66,995	\$ 21,252
Investments	150,010	153,549	358,418	0
Receivables	123,798	365,499	4,899	0
Interfund receivable	277,088	3,105	0	0
Inventory	0	10,154	0	0
Prepaid items	7,875	0	0	0
Land, buildings and equipment	0	0	0	0
Other debits:				
Amount available in debt service funds	0	0	0	0
Amount to be provided for payment of debt	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 1,782,466	\$ 877,745	\$ 430,312	\$ 21,252
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts, salaries and other payables	\$ 1,236,311	\$ 239,856	\$ 0	\$ 0
Deposits due others	0	0	0	0
Interfund payable	3,105	277,088	0	0
Deferred revenues	0	7,532	0	0
Capital lease payable	0	0	0	0
Workers' compensation claims	0	0	0	0
Compensated absences payable	0	0	0	0
Bonds and notes payable	0	0	0	0
Total Liabilities	\$ 1,239,416	\$ 524,476	\$ 0	\$ 0
Equity and Other Credits				
Investment in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Reserved for:				
Prepaid items	7,875	0	0	0
Inventory	0	5,494	0	0
Debt service	0	0	430,312	0
Unreserved and undesignated	535,175	347,775		21,252
Total Equity and Other Credits	\$ 543,050	\$ 353,269	\$ 430,312	\$ 21,252
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,782,466	\$ 877,745	\$ 430,312	\$ 21,252

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

Statement A

FIDUCIARY FUNDS- AGENCY FUNDS	*****ACCOUNT GROUPS*****			TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
\$ 98,923	\$ 0	\$ 0	\$ 0	1,756,303
0	0	0	0	661,977
0	0	0	0	494,196
0	0	0	0	280,193
0	0	0	0	10,154
0	0	0	0	7,875
0	8,085,847	0	0	8,085,847
0	0	430,312	0	430,312
0	0	1,145,750	0	1,145,750
<u>\$ 98,923</u>	<u>\$ 8,085,847</u>	<u>\$ 1,576,062</u>	<u>\$ 0</u>	<u>12,872,607</u>
\$ 0	\$ 0	\$ 0	\$ 0	1,476,167
98,923	0	0	0	98,923
0	0	0	0	280,193
0	0	0	0	7,532
0	0	35,799	0	35,799
0	0	19,971	0	19,971
0	0	438,398	0	438,398
0	0	1,081,894	0	1,081,894
<u>\$ 98,923</u>	<u>\$ 0</u>	<u>\$ 1,576,062</u>	<u>\$ 0</u>	<u>3,438,877</u>
\$ 0	\$ 8,085,847	\$ 0	\$ 0	8,085,847
0	0	0	0	7,875
0	0	0	0	5,494
0	0	0	0	430,312
0	0	0	0	904,202
<u>\$ 0</u>	<u>\$ 8,085,847</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>9,433,730</u>
<u>\$ 98,923</u>	<u>\$ 8,085,847</u>	<u>\$ 1,576,062</u>	<u>\$ 0</u>	<u>12,872,607</u>

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1999

Statement B

	<u>GENERAL</u>	<u>SPECIAL</u>	<u>DEBT</u>	<u>CAPITAL</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>SERVICE</u>	<u>PROJECTS</u>	<u>(MEMORANDUM</u>
	<u>FUND</u>	<u>FUNDS</u>	<u>FUND</u>	<u>FUND</u>	<u>ONLY)</u>
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ 542,479	\$ 296,010	\$ 269,517	\$ 0	\$ 1,108,006
Sales and use	0	1,211,629	0	0	1,211,629
Interest earnings	20,525	3,701	20,769	0	44,995
Food services	0	161,790	0	0	161,790
Other	43,045	2,470	0	0	45,515
State sources	7,101,167	396,953	0	0	7,498,120
Federal sources	0	1,476,256	0	0	1,476,256
TOTAL REVENUES	\$ 7,707,216	\$ 3,548,809	\$ 290,286	\$ 0	\$ 11,546,311
EXPENDITURES					
Current:					
Instruction:					
Regular programs	\$ 3,539,474	\$ 691,412	\$ 0	\$ 0	\$ 4,230,886
Special programs	907,897	309,410	0	0	1,217,307
Other instructional programs	471,794	579,112	0	0	1,050,906
Support services:					
Student services	220,120	59,689	0	0	279,809
Instructional staff support	284,792	298,354	0	0	583,146
General administration	343,700	60,731	9,158	0	413,589
School administration	439,784	70,029	0	0	509,813
Business services	173,215	24,987	0	0	198,202
Plant services	489,733	283,693	0	0	773,426
Student transportation services	616,994	77,347	0	0	694,341
Central services	1,375	0	0	0	1,375
Food services	2,528	1,090,410	0	0	1,092,938
Facilities acquisition and construction	20,600	2,060	0	28,748	51,408
Debt service:					
Principal retirement	33,262	0	215,000	0	248,262
Interest and bank charges	5,267	0	32,440	0	37,707
TOTAL EXPENDITURES	\$ 7,550,535	\$ 3,547,234	\$ 256,598	\$ 28,748	\$ 11,383,115
EXCESS (Deficiency) OF REVENUES					
OVER EXPENDITURES	\$ 156,681	\$ 1,575	\$ 33,688	\$ (28,748)	\$ 163,196

(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1999

Statement B

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$ 0	\$ 0	\$ 0	50,000	\$ 50,000
Operating transfers out	0	(50,000)	0	0	(50,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (50,000)</u>	<u>\$ 0</u>	<u>50,000</u>	<u>\$ 0</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 156,681	\$ (48,425)	\$ 33,688	\$ 21,252	\$ 163,196
FUND BALANCES AT BEGINNING OF YEAR	<u>386,369</u>	<u>401,694</u>	<u>396,624</u>	<u>0</u>	<u>1,184,687</u>
FUND BALANCES AT END OF YEAR	<u>\$ 543,050</u>	<u>\$ 353,269</u>	<u>\$ 430,312</u>	<u>\$ 21,252</u>	<u>\$ 1,347,883</u>

(CONCLUDED)

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

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 1999

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Ad valorem taxes	\$ 606,214	\$ 542,479	\$ (63,735)
interest earnings	20,525	20,525	0
Other	23,261	23,261	0
State sources	7,035,540	7,030,014	(5,526)
Federal sources	64,460	84,244	19,784
Total Revenues	<u>\$ 7,750,000</u>	<u>\$ 7,700,523</u>	<u>\$ (49,477)</u>
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 3,700,000	\$ 3,539,474	\$ 160,526
Special programs	920,000	906,929	13,071
Other instructional programs	414,000	466,387	(52,387)
Support services:			
Student services	230,000	220,120	9,880
Instructional staff support	285,000	284,792	208
General administration	260,000	236,615	23,385
School administration	450,000	439,784	10,216
Business services	180,000	173,215	6,785
Plant services	495,000	489,415	5,585
Student transportation services	680,000	655,523	24,477
Central services	0	1,375	(1,375)
Food services	5,000	2,528	2,472
Facilities acquisition and construction	22,000	20,600	1,400
Total Expenditures	<u>\$ 7,641,000</u>	<u>\$ 7,436,757</u>	<u>\$ 204,243</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 109,000</u>	<u>\$ 263,766</u>	<u>\$ 154,766</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>386,369</u>	<u>386,369</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 495,369</u>	<u>\$ 650,135</u>	<u>\$ 154,766</u>

(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 1999

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 296,000	\$ 296,010	\$ 10
Sales and use	1,250,000	1,211,629	(38,371)
Interest earnings	1,200	3,701	2,501
Food services	162,000	161,790	(210)
Other	1,600	2,470	870
State sources	907,617	920,863	13,246
Federal sources	969,141	952,346	(16,795)
Total Revenues	<u>\$ 3,587,558</u>	<u>\$ 3,548,809</u>	<u>\$ (38,749)</u>
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 691,487	\$ 691,412	\$ 75
Special programs	358,082	309,410	48,672
Other instructional programs	748,920	579,112	169,808
Support services:			
Student services	42,720	59,689	(16,969)
Instructional staff support	145,058	298,354	(153,296)
General administration	31,204	60,731	(29,527)
School administration	70,029	70,029	0
Business services	24,987	24,987	0
Plant services	262,434	283,693	(21,259)
Student transportation services	77,347	77,347	0
Food services	1,010,290	1,090,410	(80,120)
Facilities acquisition and construction	0	2,060	(2,060)
Total Expenditures	<u>\$ 3,462,558</u>	<u>\$ 3,547,234</u>	<u>\$ (84,676)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 125,000</u>	<u>\$ 1,575</u>	<u>\$ (123,425)</u>

(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 1999

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES)			
Operating transfers out	\$ (50,000)	\$ (50,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (50,000)	\$ (50,000)	\$ 0
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ 75,000	\$ (48,425)	\$ (123,425)
FUND BALANCES AT BEGINNING OF YEAR	19,750	401,694	381,944
FUND BALANCES AT END OF YEAR	\$ 94,750	\$ 353,269	\$ 258,519

(CONCLUDED)

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

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**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The School Board operates six schools within the parish with a total enrollment of approximately 1,929 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the School Board has a separately elected governing body and is legally separate and fiscally independent, the School Board is a separate governmental reporting entity. The School Board includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the School Board.

Certain units of local government over which the School Board exercises no oversight responsibility, such as the parish police jury and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the School Board.

B. FUNDS AND ACCOUNT GROUPS

The School Board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

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

Governmental Funds

Governmental funds account for all or most of the School Board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

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

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

Debt service fund --- accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

Capital projects fund --- accounts for transactions relating to the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds

Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School Board. Fiduciary funds include:

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

4-H scholarship fund --- this scholarship agency fund is funded by voluntary employee contributions. The proceeds are used to provide an annual scholarship for an outstanding graduate.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental and Fiduciary Funds

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

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

Revenues

Federal and state entitlements which include state equalization and state revenue sharing are recorded as unrestricted grants-in-aid when available and measurable. Federal and state restricted grants are recorded when the reimbursable expenditures have been incurred.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Sales taxes are recorded in the year they are measurable and available.

Penalties and miscellaneous revenues are recorded when received because they are generally unmeasurable until actually received.

Interest income on time deposits and investments is recorded when the interest becomes measurable and available to finance expenditures of the fiscal period.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Salaries are recorded as paid. Salaries for nine-month employees who elect to be paid over twelve months are accrued at June 30.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Expenditures (Continued)

***Principal and interest** on general long-term debt is recognized when due.*

***Inventory** items are expensed as purchased except for inventory of the school lunch fund which is expensed as consumed.*

***Compensated absences** are recognized as expenditures when leave is actually taken or upon termination of employment due to retirement or death. The cost of compensated absences not requiring current resources is recorded in the general long-term obligations account group.*

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or other types, such as sale of fixed assets, debt extinguishments, and long-term debt proceeds) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

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

D. BUDGETS

General Budget Policies

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

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

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

Appropriations (unexpended budget balances) lapse at year end.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS (Continued)

General Budget Policies (Continued)

Formal budget integration (within the accounting records) is not employed as a management control device. All budgets are controlled at the division, departmental or project level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Board. All budget revisions are approved by the Board.

Encumbrances

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

Budget Basis of Accounting

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

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the School Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less they are classified as cash equivalents and are stated at cost.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVESTMENTS

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

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The School Board reported at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

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

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

H. INVENTORY AND PREPAID ITEMS

Inventory items are expensed as purchased except for inventory of the school food service fund.

Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are valued at the lower of cost (first-in, first-out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

Certain payments to vendors reflect cost applicable to future accounting periods and are reported as prepaid items.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost. Approximately 64 percent of fixed assets are valued at actual historical cost, while the remaining 36 percent are valued at estimated historical cost.

J. COMPENSATED ABSENCES

All 12-month employees earn ten days of vacation leave each year. Vacation leave cannot be accumulated. Upon separation of employment, all unused vacation leave is forfeited.

All School Board employees earn from ten to eighteen days of sick leave each year, depending upon the length of service. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

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

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

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

GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES (Continued)

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

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

L. FUND EQUITY

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use and not appropriable for expenditures.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

M. INTERFUND TRANSACTIONS

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

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

N. SALES TAX

On April 7, 1979, the voters of Caldwell Parish approved a one percent sales and use tax to be levied by the Caldwell Parish School Board. The sales and use tax is collected by the Concordia Parish School Board and deposited in the sales tax special revenue fund.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. SALES TAX (Continued)

On January 18, 1997, the voters of Caldwell Parish approved a one percent sales and use tax to be levied by the Caldwell Parish School Board. The sales and use tax is collected by the Concordia Parish School Board and deposited in the sales tax special revenue fund.

The proceeds of said taxes (after paying reasonable and necessary costs and expenses of collecting and administering the tax) are to be dedicated and used to supplement other revenues available for the payment of salaries and retirement benefits for certified and noncertified employees of the School Board.

O. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the general-purpose financial statements are captioned as "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position and results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

P. USE OF ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Individual Funds

The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 1999:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special revenue funds			
Sales tax fund	\$1,250,000	\$1,339,856	\$89,856
Special maintenance fund	270,000	277,671	7,671
School food service	989,000	990,170	1,170
Extended summer program	10,109	10,723	614
Medicaid	800	2,595	1,795

Actual expenditures exceeded appropriations as a result of unanticipated expenditures occurring in the month of June after the last budget revision.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 3 - BUDGET/GAAP RECONCILIATION

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget to Actual, to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances:

	<u>General Fund</u>	<u>Special Revenue</u>
Fund balances (budget)	\$ 650,135	\$ 353,269
Revenues		
Local sources:		
Other	19,784	-
State sources	71,153	(523,910)
Federal sources	(84,244)	523,910
Expenditures		
Instruction:		
Regular programs	-	-
Special programs	(968)	-
Other instructional programs	(5,407)	-
Support services:		
General administration	(107,085)	-
Plant services	(318)	-
Student transportation services	38,529	-
Debt services:		
Principal retirement	(33,262)	-
Interest - bank charges	<u>(5,267)</u>	<u>-</u>
Fund balances (GAAP)	<u>\$ 543,050</u>	<u>\$ 353,269</u>

For the general fund and special revenue funds, budget/GAAP reporting differences are a result of reclassification. All capital outlays and debt service expenditures were reported separately for GAAP reporting purposes, but were reported in the appropriate functional category for budget purposes.

Other budget/GAAP reporting differences in the general fund resulted from the accrual of an expenditure assessed the School Board after the year end. Teacher's Retirement System of Louisiana performed a compliance audit on the School Board's retirement related transactions during the period from July 1, 1995 to June 30, 1998. Additionally, the records of the former Superintendent were examined from July 1, 1988 through June 30, 1997.

NOTE 4 - LEVIED TAXES

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

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 4 - LEVIED TAXES (Continued)

Property Tax Calendar

Milage rates adopted	September 1, 1998
Levy date	September 1, 1998
Tax bills mailed	On or about November 15, 1998
Due date	December 31, 1998
Lien date	January 1, 1999

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1996. Total assessed value was \$32,507,030 in calendar year 1998. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$9,558,177 of the assessed value in calendar year 1998.

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

All property taxes are recorded in the general, maintenance funds and sinking funds on the basis explained in note 1. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year-end.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the 1999 property taxes occurs in December, and January and February of the next year. As a result, no property taxes receivable for 1999 taxes is included on the accompanying balance sheet because none is available within 60 days of the School Board's year end.

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 4 - LEVIED TAXES (Continued)

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish wide taxes:			
Constitutional	5.04	5.04	Statutory
Operations	7.08	7.08	2003
Operations, maintenance and construction	5.23	5.06	2006
Operations and maintenance	8.00	8.09	2005
Operations	10.97	10.62	2006
Bond and interest	17.00	12.00	2000

NOTE 5 - DEPOSITS AND INVESTMENTS

At June 30, 1999, the School Board has cash and cash equivalents (book balances) totaling \$1,756,303 as follows:

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

At year-end, the School Board's carrying amount of deposits was \$2,418,280 and the bank balance was \$2,879,842. Of the bank balance, \$418,571 is covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GASB Category 1). \$1,982,506 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 3). The remaining balance of \$478,765 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand.

Investments are categorized into three categories of credit risk:

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

<u>Type of investment</u>	<u>Category</u>			<u>Carrying Amount</u>			<u>Total Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Cost</u>	
Certificate of deposit	\$ -	\$661,977	\$ -	\$ -	\$ -	\$661,977	\$661,977
Total	\$ -	\$661,977	\$ -				
Total investments				\$ -	\$ -	\$661,977	\$661,977

NOTE 6 - RECEIVABLES

The receivables of \$494,196 at June 30, 1999, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total</u>
Intergovernmental - grants:				
Federal	\$ -	\$206,860	\$ -	\$206,860
State	114,102	18,357	-	132,459
Local sources				
Sales tax	-	134,788	-	134,788
Ad valorem tax	9,283	5,368	4,899	19,550
Other	413	126	-	539
Total	\$123,798	\$365,499	\$4,899	\$494,196

NOTE 7 - FIXED ASSETS

The changes in general fixed assets follow:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land	\$ 87,538	\$ -	\$ -	\$ 87,538
Buildings	4,805,037	-	-	4,805,037
Furniture and equipment	3,095,081	103,223	5,032	3,193,272
Total	\$7,987,656	\$103,223	\$5,032	\$8,085,847

See Note 15 regarding reconstruction of Kelly Elementary.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 8 - RETIREMENT SYSTEMS

Plan description

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

Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the system.

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

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

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

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

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

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

Funding Policy

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 8 - RETIREMENT SYSTEMS (Continued)

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

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

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

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan A, and LSERS for the year ended June 30, 1999, amounted to \$5,643,238, \$105,719, and \$600,222, respectively. Active plan participants for TRS - Regular Plan, TRS - Plan A, and LSERS for the year ended June 30, 1999 were 218, 9, and 44 respectively. Employer contributions for the year ended June 30, 1999, and each of the two preceding years are as follows:

<u>Fiscal Year Ended</u>TRS.....	LSERS.....	
	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution Paid	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution Paid
June 30, 1997	\$ 829,840	92.33%	\$34,708	100.36%
June 30, 1998	960,106	88.89%	38,524	96.32%
June 30, 1999	1,060,695	89.25%	37,390	97.43%

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

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the Systems' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERs and employers. The Systems do not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligations at June 30, 1998, for the Systems as a whole, net assets available for benefits on that date (valued at market), and the resulting unfunded (overfunded) pension benefit obligations were as follows:

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 8 - RETIREMENT SYSTEMS (Continued)

	<u>TRS</u>	<u>LSERS</u>
Pension Benefit Obligation	\$13,185,190,000	\$ 1,142,253,000
Net Assets Available for Benefits	<u>9,071,749,000</u>	<u>1,344,551,000</u>
 Unfunded (Overfunded) Pension Benefit Obligation	 <u>\$ 4,113,441,000</u>	 <u>\$(202,298,000)</u>

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

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. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Insurance Program. The cost of retiree benefits for 1999 totaled \$248,854 for 104 retirees.

The cost of benefits for current employees are paid jointly by the employee and the School Board. The School Board's portion of the cost is recognized as an expenditure when the monthly premiums are due.

NOTE 10 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$1,476,167 at June 30, 1999, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Salaries	\$1,101,802	\$224,214	\$1,326,016
Accounts	<u>134,509</u>	<u>15,642</u>	<u>150,151</u>
 Total	 <u>\$1,236,311</u>	 <u>\$239,856</u>	 <u>\$1,476,167</u>

NOTE 11 - COMPENSATED ABSENCES

At June 30, 1999, employees of the School Board have accumulated and vested \$438,398 of employee leave benefits, which were computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term obligations account group.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 12 - LEASES

Operating Leases

The School Board leases equipment under noncancelable operating leases. Total costs for such leases were \$2,665 for the year ended June 30, 1999. The future minimum lease payments for these leases are as follows:

Fiscal year:	
2000	\$ 6,411
2001	6,411
2002	4,800
2003	1,582
2004	<u>923</u>
Total minimum lease payments	<u>\$20,127</u>

Capital Leases

The School Board records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of equipment under capital leases:

<u>Type</u>	<u>Recorded Amount</u>
School buses	<u>\$162,964</u>

Listed below is a schedule of all future minimum lease payments under capital leases, together with their present value as of June 30, 1999:

	<u>Equipment</u>
1999-2000	<u>\$38,529</u>
Total minimum lease payments	38,529
Less - amounts representing executory costs	<u> -</u>
Net minimum lease payments	38,529
Less - amounts representing interest	<u>2,730</u>
Present value of net minimum lease payments	<u>\$35,799</u>

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 13 - AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended June 30, 1999, follows:

	<u>Balance, July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 1999</u>
Agency funds:				
School activity accounts	\$121,947	\$491,266	\$514,831	\$98,382
4-H scholarship fund	<u>600</u>	<u>541</u>	<u>600</u>	<u>541</u>
Total	<u>\$122,547</u>	<u>\$491,807</u>	<u>\$515,431</u>	<u>\$98,923</u>

NOTE 14 - GENERAL LONG-TERM OBLIGATIONS

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

	<u>Workers' Compensation Claims</u>	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Capital Lease</u>	<u>Notes Payable</u>	<u>Total</u>
Balance, July 1, 1998	\$ 7,352	\$660,000	\$392,275	\$69,061	\$136,894	\$1,265,582
Additions	40,529	500,000	227,214	-	-	767,743
Deductions	<u>27,910</u>	<u>215,000</u>	<u>181,091</u>	<u>33,262</u>	<u>-</u>	<u>457,263</u>
Balance, June 30, 1999	<u>\$19,971</u>	<u>\$945,000</u>	<u>\$438,398</u>	<u>\$35,799</u>	<u>\$136,894</u>	<u>\$1,576,062</u>

The School Board Series 1993 refunding bond issue outstanding at June 30, 1999, in the amount of \$445,000, is a general obligation bond with maturities to 2001 and interest rates from 4.5 to 4.9 percent. The Series 1999, Certificate of Indebtedness outstanding at June 30, 1999, in the amount of \$500,000, will mature in annual installments from 2000 to 2006 and has an interest rate of 5%. The note payable outstanding at June 30, 1999, in the amount of \$136,894, has a maturity in 2002 and an interest rate of 6.54%. The original note was \$166,253.

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. At June 30, 1999, the School Board has accumulated \$430,312 in the debt service funds for future debt requirements. The notes and bonds are due as follows:

Year Ending June 30,	<u>Notes</u>		<u>Bonds</u>		<u>Total</u>
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	
2000	\$ 31,089	\$ 8,965	\$277,000	\$ 49,674	\$ 366,728
2001	33,103	6,950	290,000	31,550	361,603
2002	35,287	4,766	68,000	17,200	125,253
2003	37,415	2,459	72,000	13,700	125,574
Thereafter	<u>-</u>	<u>-</u>	<u>238,000</u>	<u>18,200</u>	<u>256,200</u>
Total	<u>\$136,894</u>	<u>\$23,140</u>	<u>\$945,000</u>	<u>\$130,324</u>	<u>\$1,235,358</u>

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 14 - GENERAL LONG-TERM OBLIGATIONS (Continued)

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property. At June 30, 1999, the statutory limit was \$11,377,461 and outstanding bonded debt totaled \$945,000.

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Interfund Receivable/Payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special maintenance	\$125,000
	Special education	56,369
	Title I	70,741
	Title VI	337
	Title II	364
	Other miscellaneous funds	16,371
	Adult education	<u>7,906</u>
Subtotal		<u>277,088</u>
School food service	General	2,228
JTPA	General	585
Extended summer program	General	<u>292</u>
Subtotal		<u>3,105</u>
Total		<u>\$280,193</u>

NOTE 16 - LITIGATION AND CONTINGENCIES

Litigation

At June 30, 1999, the School Board was involved in various litigations. It is the opinion of the legal advisor for the School Board that only one claim could materially affect the financial statements. However, the School Board's legal advisor could not determine the likelihood of recovery or estimate of damages at this time.

During the year ended June 30, 1993, a fire destroyed Kelly Elementary School. The loss was insured with United Communities Insurance Company (UCIC) under a policy which provided the lost building would be replaced with a functional school building as the company's contractual obligation to the Board. UCIC entered into a contract with Henning Steel Buildings, Inc., to reconstruct Kelly Elementary School. However, prior to making final payments to the construction contractor, the insurance company filed bankruptcy. Subsequently, the contractor filed suit against the School Board for the remaining payment of \$275,111. The Board's attorney has indicated management intends to vigorously contest the case, but the ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements. Pending settlement of the claim, the construction cost of the building is not reflected in the general fixed asset account group.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 16 - LITIGATION AND CONTINGENCIES (Continued)

Grant Disallowances

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

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). Management believes there is no tax arbitrage rebate liability at year end.

Year 2000 Compliant

The turn of the century will be an exciting time for many, but could turn into a disaster unless plans have been made concerning year 2000 compliance for the School Board's computer systems. The basic problem lies in the way most computer software, both operating systems and application programs, calculate dates. Most programs use two digits to represent the last two years of the 19XX dates. Therefore, the programs are conditioned to expect dates between the year 1900 and 1999. If dates for the year 2000 are entered into these noncompliant programs, the programs will assume the year 2000 to be the year 1900. Many arithmetic calculations, such as due dates and interest calculations, will be incorrect. This problem, if not corrected, could cause all of the computer systems to malfunction. This would cause tremendous problems in important areas such as accounts payable and payroll, just to name a few.

The School Board's management doesn't expect this matter to have any significant disruption or material financial impact to the School Board.

NOTE 17 - RISK MANAGEMENT

The School Board initiated a risk management program for workers' compensation in 1991. It joined a pool of school boards in Northeast Louisiana in order to share workers' compensation cost. The School Board's share of risk is determined by calculating its percentage of the total manual premium of the group. The risk allocated to the School Board for the year ended June 30, 1999, was 22%. Premiums and claims are paid by the general fund.

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 17 - RISK MANAGEMENT (Continued)

Changes in the claims 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>Ending of Fiscal Year Liability</u>
1997 - 1998	\$10,361	\$34,606	\$37,615	\$ 7,352
1998 - 1999	7,352	40,529	27,910	19,971

During fiscal year 1999, a total of \$27,910 was paid in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$160,000. Maximum retention exposure for aggregate claims amounts to \$1,000,000. Claims payable of \$19,971 as of June 30, 1999, have been accrued as a liability in the general long-term obligations account group.

NOTE 18 - INTERFUND TRANSFERS

Operating transfers for the year ended June 30, 1999, were as follows:

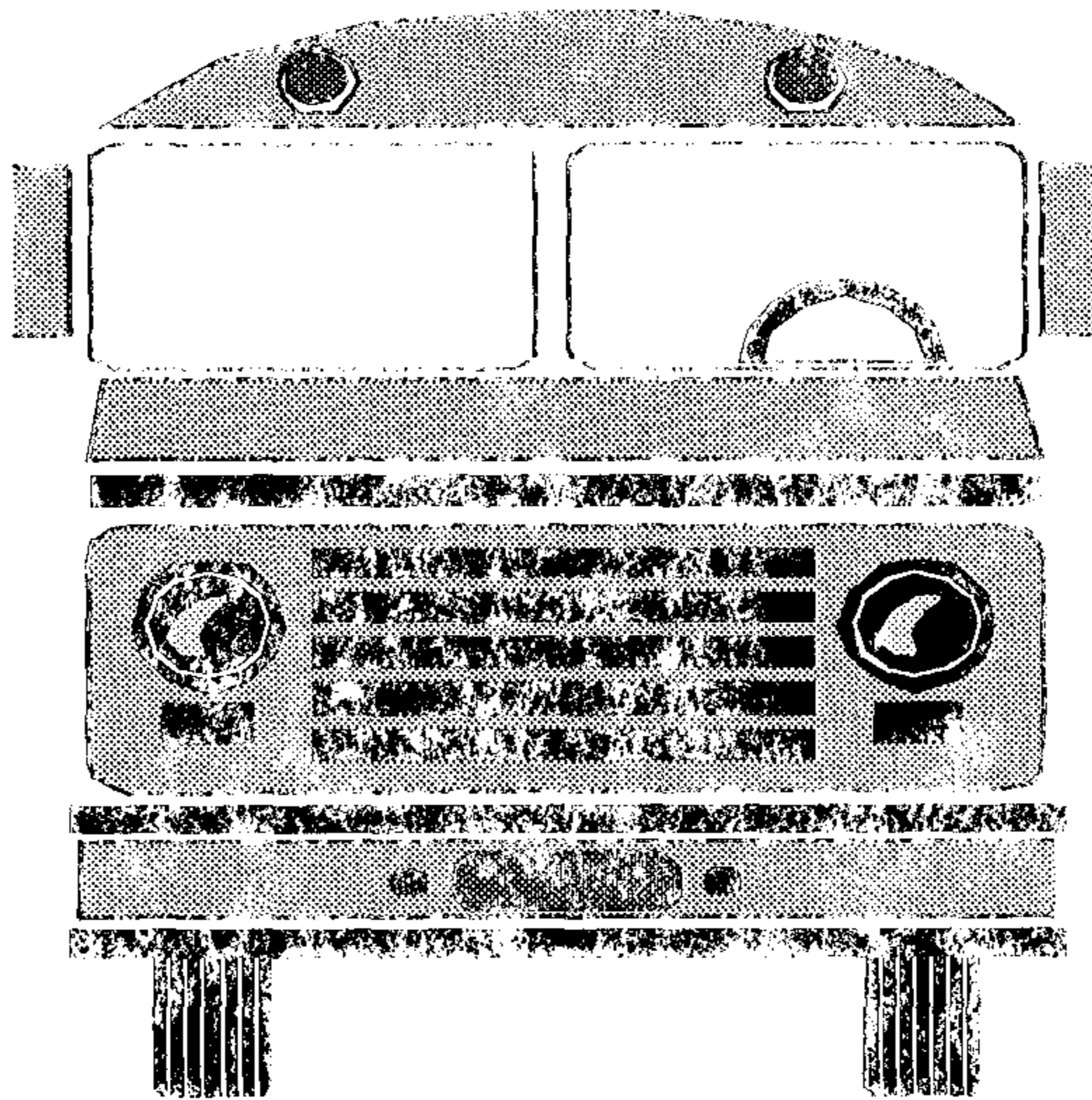
<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special revenue funds:		
Special maintenance fund		\$50,000
Capital project fund	\$50,000	-----
 Total	 <u>\$50,000</u>	 <u>\$50,000</u>

NOTE 19 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

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

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$30,594. This amount was recognized as state revenue with a corresponding expenditure in the applicable fund from which the salary was paid.

Caldwell Parish School Board
Columbia, Louisiana



**Calowell Parish School Board
Columbia, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION

**Caldwell Parish School Board
Columbia, Louisiana**

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

Year 2000 Information

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

As of April 28, 1999, the School Board replaced the computer system and software in the business office. These systems are the financial reporting and payroll processing systems. The systems have been assessed by the vendor to be year 2000 compliant to the best of their knowledge.

The state of Louisiana distributes a substantial sum of money to the Board in the form of "foundation" and federal and state grant payments. The foundation payments are based on student and financial data that is collected from the School Board and its schools. As of June 1, 1999, the school activity accounting systems and educational statistical computers and software were replaced at each school. The systems have been assessed by the vendor to be Year 2000 compliant to the best of their knowledge. The state is responsible for remediating their systems to be Year 2000 compliant.

As of July 1, 1999, the business office replaced the state IBM PC computer with a new computer with Internet capabilities. We are now online with the State Department of Education.

All of our computer vendors have assured us that they have taken every measure to see that our systems are Year 2000 compliant. We have also been assured of assistance if any emergency should arise.

The Concordia Parish School Board collects sales taxes for distribution to the School Board. The Concordia Parish School Board is responsible for remediating the sales tax collection system to be Year 2000 compliant.

The Caldwell Parish sheriff's office collects property taxes for distribution to the School Board. The sheriff's office is responsible for remediating the property tax collection system to be Year 2000 compliant.

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

**Caldwell Parish School Board
Columbia, Louisiana**

SUPPLEMENTAL INFORMATION

**Caldwell Parish School Board
Columbia, Louisiana**

SPECIAL REVENUE FUNDS

SALES TAX FUND

The sales tax fund accounts for the collection and distribution of the sales and use taxes in accordance with the propositions approved by the voters of Caldwell Parish.

SPECIAL MAINTENANCE FUND

The maintenance fund accounts for the proceeds of ad valorem taxes levied to maintain and improve school facilities in the parish.

SCHOOL FOOD SERVICE

Through cash grants and food donations, the school food service fund assists in providing a nutritious breakfast and lunch service for school students and encourages the domestic consumption of nutritious agricultural commodities.

EXTENDED SUMMER PROGRAM

This program provides financial assistance to assist school boards in offering summer school classes.

SPECIAL EDUCATION

SPECIAL EDUCATION - PRESCHOOL GRANTS

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

SPECIAL EDUCATION - STATE GRANTS

These grants to states assist them in providing a free appropriate public education to all children with disabilities.

AWARD OF STATE FUNDS FOR CONTRACT SERVICES

These funds provide financial assistance for contract services for speech, physical and occupational therapy.

MEDICAID

Medicaid provides financial assistance to states for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, the aged who meet income and resource requirements, and other categorically-eligible groups.

(Continued)

**Caldwell Parish School Board
Columbia, Louisiana**

SPECIAL REVENUE FUNDS

TITLE I

Title I improves the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. It is designed primarily to provide instructional activities to educationally deprived children that reside in low-income areas who have been selected on the basis of a needs assessment. These services supplement, not supplant, those normally provided by state and local educational agencies.

TITLE VI - INNOVATIVE EDUCATION

Title VI assists state and local educational agencies in improving elementary and secondary education.

Grants are awarded for: students at risk of failure in school; instructional materials; school-wide improvements and effective school programs; training and professional development; early identification of children with reading disabilities, personal excellence of students and student achievements; and, innovative enhancements projects to the educational program and climate of the school.

TITLE II

This program is designed to improve the skills of teachers and the quality of instruction in mathematics and science, and, to increase the accessibility of such instruction to all students.

LEARN

The learn program provides grants to state education agencies (SEAs) on a formula basis to support the development and implementation of comprehensive reform plans at the state, local, and school levels to improve the teaching and learning of all children. It supports top down and bottom up reform through subgrants by SEAs of 90 percent of these grant funds to local education agencies (LEAs) and through LEAs to individual schools. It supports the establishment by states and localities of high standards in their core content areas. All aspects of the educational process are aligned, including, but not limited to assessments, curriculum, professional development, and pre-service training.

JOB TRAINING PARTNERSHIP ACT (JTPA)

The JTPA provides job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers. The ultimate goal of JTPA is to move trainees into permanent, self-sustaining employment.

(Continued)

Caldwell Parish School Board
Columbia, Louisiana

SPECIAL REVENUE FUNDS

ADULT EDUCATION

Adult Education improves educational opportunities for adults and encourages the establishment of programs that will enable all adults to acquire basic educational skills necessary to function in a literate society, enable adults who so desire to complete secondary school, and enable adults to benefit from job training and retraining programs and obtain productive employment to more fully enjoy the benefits and responsibilities of citizenship.

Special emphasis is given to programs of instruction in computational skills and in speaking, reading, or writing English for those adults who are educationally disadvantaged.

OTHER MISCELLANEOUS FUNDS

STARTING POINT

This program makes grants available to assist low-income families with child care services. The purpose of the program is to increase the availability, affordability, and quality of child care and to increase the availability of early childhood development and before- and after-school programs.

BASIC GRANTS TO STATES

The purpose of these grants is to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.

K-3 READING INITIATIVE

The goal of this program is to improve the reading and math skills of Louisiana public school students in kindergarten through third grade.

MISCELLANEOUS STATE/FEDERAL GRANTS

These include various small federal and state grants.

(Concluded)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1998

	SALES TAX FUND	SPECIAL MAINTENANCE FUND	SCHOOL FOOD SERVICE	EXTENDED SUMMER PROGRAM
ASSETS				
Cash and cash equivalents	\$ 169,444	\$ 80,601	\$ 71,143	\$ 0
Investments	1,084	100,003	52,462	0
Receivables	134,788	5,368	126	5,920
Interfund receivables	0	0	2,228	292
Inventory	0	0	10,154	0
TOTAL ASSETS	\$ 305,316	\$ 185,972	\$ 136,113	\$ 6,212
LIABILITIES AND EQUITY				
Liabilities				
Accounts, salaries and other payables	\$ 106,815	\$ 13,493	\$ 48,577	\$ 6,212
Interfund payable	0	125,000	0	0
Deferred revenues	0	0	4,660	0
Total Liabilities	\$ 106,815	\$ 138,493	\$ 53,237	\$ 6,212
Equity				
Fund Balances:				
Reserved for inventory	\$ 0	\$ 0	\$ 5,494	\$ 0
Unreserved - undesignated	198,501	47,479	77,382	0
TOTAL EQUITY	\$ 198,501	\$ 47,479	\$ 82,876	\$ 0
TOTAL LIABILITIES AND FUND EQUITY	\$ 305,316	\$ 185,972	\$ 136,113	\$ 6,212

Exhibit 1

SPECIAL EDUCATION	MEDICAID	TITLE I	TITLE VI INNOVATIVE EDUCATION	TITLE II	LEARN
\$ 0	\$ 18,038	\$ 0	\$ 337	\$ 364	0
0	0	0	0	0	
59,076	0	130,157	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 59,076</u>	<u>\$ 18,038</u>	<u>\$ 130,157</u>	<u>\$ 337</u>	<u>\$ 364</u>	<u>0</u>
\$ 657	\$ 0	\$ 52,219	\$ 0	\$ 0	0
56,369	0	70,741	337	364	0
1,082	0	1,790	0	0	0
<u>\$ 58,108</u>	<u>\$ 0</u>	<u>\$ 124,750</u>	<u>\$ 337</u>	<u>\$ 364</u>	<u>0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
968	18,038	5,407	0	0	0
<u>\$ 968</u>	<u>\$ 18,038</u>	<u>\$ 5,407</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 59,076</u>	<u>\$ 18,038</u>	<u>\$ 130,157</u>	<u>\$ 337</u>	<u>\$ 364</u>	<u>0</u>

(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

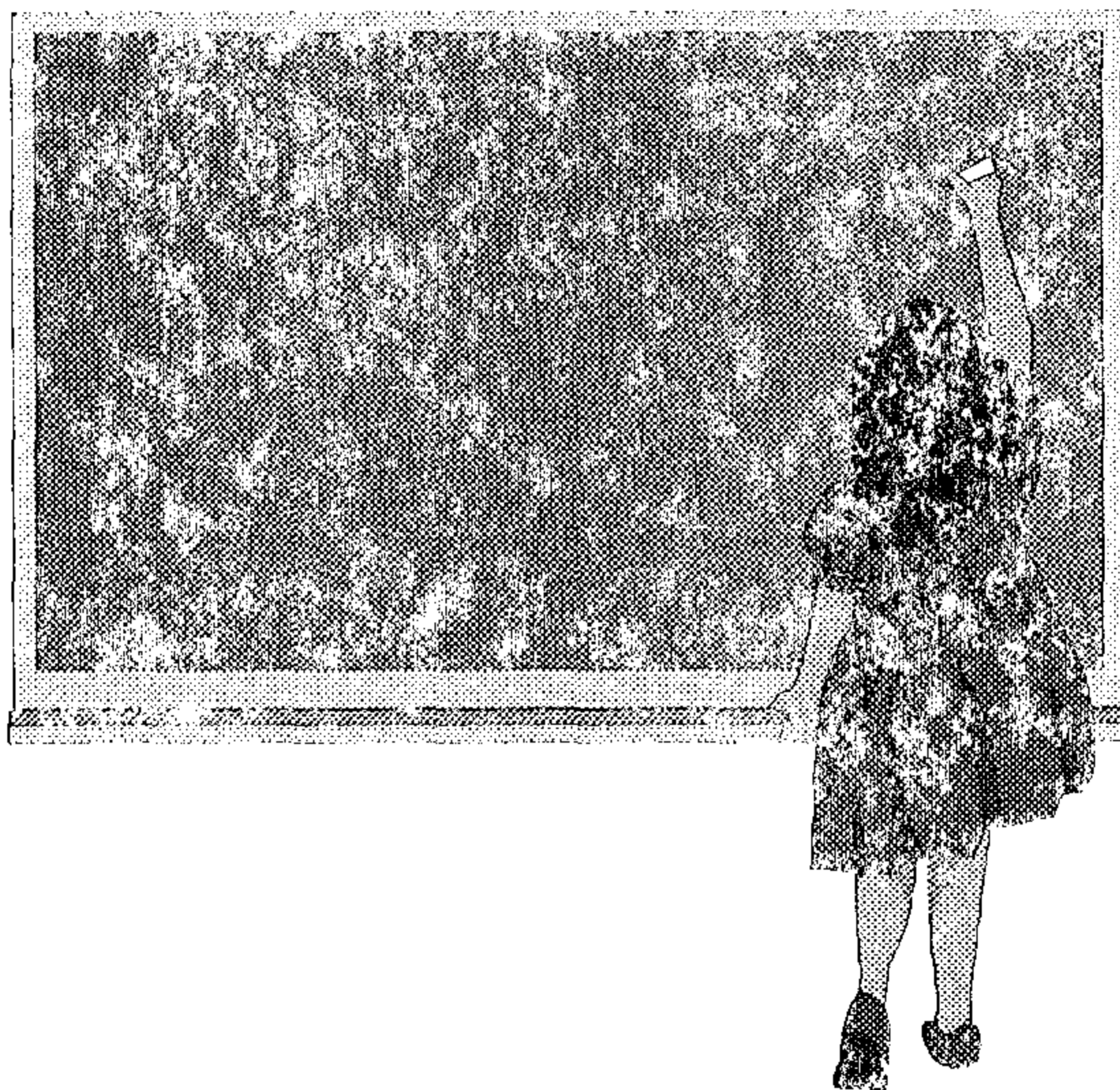
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1999

Exhibit 1

	JTPA	ADULT EDUCATION	OTHER MISCELLANEOUS FUNDS	TOTAL
ASSETS				
Cash and cash equivalents	\$ 5,511	\$ 0	\$ 0	\$ 345,438
Investments	0	0	0	153,549
Receivables	0	7,906	22,158	365,499
Interfund receivables	585	0	0	3,105
Inventory	0	0	0	10,154
TOTAL ASSETS	\$ 6,096	\$ 7,906	\$ 22,158	\$ 877,745
LIABILITIES AND EQUITY				
Liabilities				
Accounts, salaries and other payables	\$ 6,096	\$ 0	\$ 5,787	\$ 239,856
Interfund payable	0	7,906	16,371	277,088
Deferred revenues	0	0	0	7,532
Total Liabilities	\$ 6,096	\$ 7,906	\$ 22,158	\$ 524,476
Equity				
Fund Balances:				
Reserved for inventory	\$ 0	\$ 0	\$ 0	\$ 5,494
Unreserved - undesignated	0	0	0	347,775
TOTAL EQUITY	\$ 0	\$ 0	\$ 0	\$ 353,269
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,096	\$ 7,906	\$ 22,158	\$ 877,745

(CONCLUDED)

Caldwell Parish School Board
Columbia, Louisiana



CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended June 30, 1989

	SALES TAX FUND	SPECIAL MAINTENANCE FUNDS	SCHOOL FOOD SERVICE	EXTENDED SUMMER PROGRAM
REVENUES				
Local sources:				
Fees:				
Ad valorem	\$ 0	\$ 296,010	\$ 0	\$ 0
Sales and use	1,211,629	0	0	0
Interest earnings	2,543	0	1,158	0
Food services	0	0	161,790	0
Gifts	0	0	1,587	0
State sources	0	40,860	266,370	10,723
Federal sources	0	0	572,662	0
TOTAL REVENUES	\$ 1,214,172	\$ 336,870	\$ 1,003,567	\$ 10,723
EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 627,594	\$ 0	\$ 0	\$ 0
Special programs	209,055	0	0	0
Other instructional programs	68,025	0	0	10,629
Support services:				
Student services	41,920	0	0	0
Instructional staff support	37,319	0	0	0
General administration	31,000	10,036	0	0
School administration	70,029	0	0	0
Business services	24,987	0	0	0
Plant services	52,434	217,635	0	0
Student transportation services	77,347	0	0	0
Food services	100,146	0	990,170	94
Community service programs	0	0	0	0
Facilities acquisition and construction	0	0	0	0
TOTAL EXPENDITURES	\$ 1,339,856	\$ 227,671	\$ 990,170	\$ 10,723
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (125,684)	\$ 109,199	\$ 13,397	\$ 0

Exhibit 2

SPECIAL EDUCATION	MEDICAID	TITLE I	TITLE VI INNOVATIVE EDUCATION	TITLE II	LEARN
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	883	0	0	0	0
0	0	0	0	0	0
142,992	0	543,051	17,448	12,689	63,818
\$ 142,992	\$ 883	\$ 543,051	\$ 17,448	\$ 12,689	\$ 63,818

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,818
100,355	0	0	0	0	0
0	0	379,285	0	0	0
15,174	2,595	0	0	0	0
23,612	0	126,648	17,448	12,300	0
2,883	0	16,027	0	389	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	13,624	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	2,060	0	0	0
\$ 142,024	\$ 2,595	\$ 537,644	\$ 17,448	\$ 12,689	\$ 63,818

\$ 968	\$ (1,712)	\$ 5,407	\$ 0	\$ 0	\$ 0
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(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

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

	SALES TAX FUND	SPECIAL MAINTENANCE FUNDS	SCHOOL FOOD SERVICE	EXTENDED SUMMER PROGRAM
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 0	\$ 0	\$ 0	0
Operating transfers out	0	(50,000)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ (50,000)	\$ 0	0
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (125,684)	\$ 59,199	\$ 13,397	0
FUND BALANCES AT BEGINNING OF YEAR	324,185	(11,720)	69,479	0
FUND BALANCES AT END OF YEAR	\$ 198,501	\$ 47,479	\$ 82,876	0

Exhibit 2

SPECIAL EDUCATION	MEDICAID	TITLE I	TITLE VI INNOVATIVE EDUCATION	TITLE II	LEARN
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 968	\$ (1,712)	\$ 5,407	\$ 0	\$ 0	\$ 0
0	19,750	0	0	0	0
\$ 968	\$ 18,038	\$ 5,407	\$ 0	\$ 0	\$ 0

(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

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

Exhibit 2

	JTPA	ADULT EDUCATION	OTHER MISCELLANEOUS FUNDS	TOTAL
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 0	\$ 0	\$ 0	\$ 296,010
Sales and use	0	0	0	1,211,629
Interest earnings	0	0	0	3,701
Food services	0	0	0	161,790
Other	0	0	0	2,470
State sources	0	0	79,000	396,953
Federal sources	43,668	14,464	65,464	1,476,256
TOTAL REVENUES	\$ 43,668	\$ 14,464	\$ 144,464	\$ 3,548,809
EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 0	\$ 0	\$ 0	\$ 691,412
Special programs	0	0	0	309,410
Other instructional programs	43,668	12,568	64,937	579,112
Support services:				
Student services	0	0	0	59,689
Instructional staff support	0	1,500	79,527	298,354
General administration	0	396	0	60,731
School administration	0	0	0	70,029
Business services	0	0	0	24,987
Plant services	0	0	0	283,693
Student transportation services	0	0	0	77,347
Food services	0	0	0	1,090,410
Community service programs	0	0	0	0
Facilities acquisition and construction	0	0	0	2,060
TOTAL EXPENDITURES	\$ 43,668	\$ 14,464	\$ 144,464	\$ 3,547,234
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 1,575

(CONTINUED)

CALDWELL PARISH SCHOOL BOARD
Columbia, Louisiana

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

Exhibit 2

	JTPA	ADULT EDUCATION	OTHER MISCELLANEOUS FUNDS	TOTAL
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 0	\$ 0	\$ 0	0
Operating transfers out	0	0	0	(50,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	(50,000)
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0	(48,425)
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	401,694
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	353,269

(CONCLUDED)

**Caldwell Parish School Board
Columbia, Louisiana**

AGENCY FUNDS

SCHOOL ACTIVITY FUND

The activities of the various individual school accounts are accounted for in the school activity agency 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.

4 - H SCHOLARSHIP FUND

This scholarship agency fund is funded by voluntary employee contributions. The proceeds are used to provide an annual scholarship for an outstanding graduate.

Caldwell Parish School Board
Columbia, Louisiana

AGENCY FUNDS

Exhibit 4

Combining Statement of Assets and Liabilities
June 30, 1999

	School Activity Fund	4-H Scholarship Fund	Total
Assets			
Cash and cash equivalents	<u>\$98,382</u>	<u>\$541</u>	<u>\$98,923</u>
Liabilities			
Deposits due student groups	<u>\$98,382</u>	<u>\$541</u>	<u>\$98,923</u>

Caldwell Parish School Board
Columbia, Louisiana

AGENCY FUNDS

Exhibit 5

**Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 1999**

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
SCHOOL ACTIVITY FUND				
Assets				
Cash and cash equivalents	<u>\$121,947</u>	<u>\$491,266</u>	<u>\$514,831</u>	<u>\$98,382</u>
Liabilities				
Deposits due student groups	<u>\$121,947</u>	<u>\$491,266</u>	<u>\$514,831</u>	<u>\$98,382</u>
4-H SCHOLARSHIP FUND				
Assets				
Cash and cash equivalents	<u>\$ 600</u>	<u>\$ 541</u>	<u>\$ 600</u>	<u>\$ 541</u>
Liabilities				
Deposits due student groups	<u>\$ 600</u>	<u>\$ 541</u>	<u>\$ 600</u>	<u>\$ 541</u>
TOTAL				
Assets				
Cash and cash equivalents	<u>\$122,547</u>	<u>\$491,807</u>	<u>\$515,431</u>	<u>\$98,923</u>
Liabilities				
Deposits due student groups	<u>\$122,547</u>	<u>\$491,807</u>	<u>\$515,431</u>	<u>\$98,923</u>

**Caldwell Parish School Board
Columbia, Louisiana**

SCHOOL ACTIVITY AGENCY FUND

Exhibit 6

**Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 1999**

<u>School</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Caldwell Parish High	\$ 59,343	\$224,917	\$244,204	\$40,056
Caldwell Parish Junior High	5,103	83,041	70,971	17,173
Central Elementary	13,823	50,875	62,454	2,244
Columbia Elementary	28,982	40,466	54,312	15,136
Grayson Elementary	5,711	69,839	58,107	17,443
Kelly Elementary	<u>8,985</u>	<u>22,128</u>	<u>24,783</u>	<u>6,330</u>
Total	<u>\$121,947</u>	<u>\$491,266</u>	<u>\$514,831</u>	<u>\$98,382</u>

**Caldwell Parish School Board
Columbia, Louisiana**

GENERAL

Exhibit 7

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

The schedule of compensation paid School Board members is in compliance with Board Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$300 per month and the Executive Committee members receive \$340 per month.

<u>Board Member</u>	<u>Amount</u>
Mark May, President	\$4,080
Herman Byrd	1,800
Carolyn Cornwell	1,800
Bob Frazier	2,040
Baron Glass	3,600
Barbara Hall	1,800
Drew Keahey	2,040
C. R. Martin	1,800
Janie McClanahan-Earrest	2,040
John McIlwain	1,800
Scott Meredith	2,040
Suzanne Strickland	1,800
Patricia M. Tarver	1,800
Mary Taylor	4,080
Hershel Voletine	1,800
Marilyn Warren	<u>3,600</u>
TOTAL	<u>\$37,920</u>

**Caldwell Parish School Board
Columbia, Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

**OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-133**

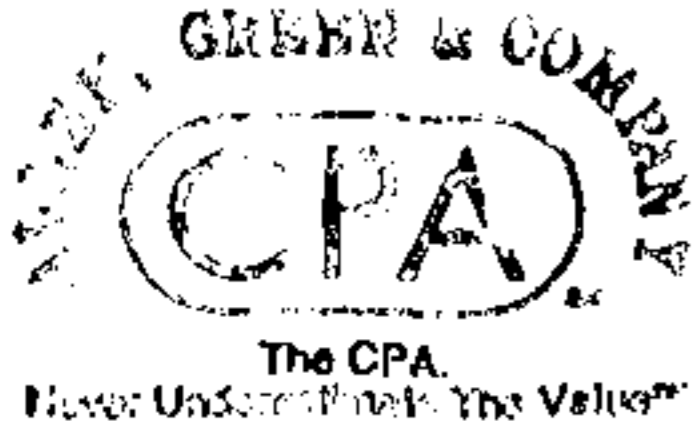
The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws,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

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

Tim Green, CPA

Margie Williamson, CPA

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

Board Members
Caldwell Parish School Board
Columbia, Louisiana

We have audited the financial statements of Caldwell Parish School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 23, 1999. In our report our opinion was qualified because the School Board has not maintained adequate records of property and equipment costs and the unknown outcome of a lawsuit against the School Board. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings and Questioned Costs as items 99-F1, 99-F2 and 99-F3.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition reference above to be a material weakness.

Board Members
Caldwell Parish School Board
Columbia, Louisiana

Management Letter Items

We noted other matters involving the internal control over financial reporting which we have reported to management of the School Board in a separate letter dated September 23, 1999, included later in this report.

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

Allen Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 23, 1999

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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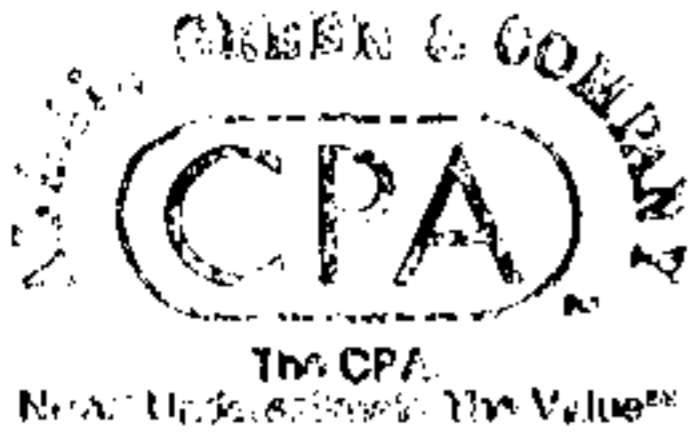
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(A Professional
Accounting Corp.)

Tim Green, CPA

Margie Williamson, CPA



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

Board Members
Caldwell Parish School Board
Columbia, Louisiana

Compliance

We have audited the compliance of Caldwell Parish School Board with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. In our report our opinion was qualified because the School Board has not maintained adequate records of property and equipment costs and the unknown outcome of a lawsuit against the School Board. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

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

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular No. A-133.

Board Members
Caldwell Parish School Board
Columbia, Louisiana

Internal Control Over Compliance

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

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the School Board as of and for the year ended June 30, 1999, and have issued our report thereon dated September 23, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 23, 1999

**Caldwell Parish School Board
Columbia, Louisiana**

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Expenditures
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed through Louisiana Department of Education:			
School Breakfast Program	10.553	N/A	\$ 151,557
National School Lunch Program	10.555	N/A	370,891
United States Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	99-AE-11-F	14,464
Title I Grants to Local Educational Agencies	84.010	99-AE-TT-11-F 98-IASA-11-c/o-I 99-IASA-11-I	543,051
Special Education:			
Grants to States (Part B)	84.027	99-1B-11S	126,839
Preschool Grants	84.173	99-1P-11S	16,153
Vocational Education:			
Basic Grants to States	84.048	99-VE-11-2B/BG	23,017
Innovative Education Program Strategies - Title VI	84.298	c/o98-IASA-11 99-IASA-11-VI	17,448
Title II (Eisenhower Professional Development - State Grants)	84.281	99-IASA-11-II	12,689
Goals 2000			
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants)	84.276	99-LI-11-L 99-LIAA-11-GF	63,818
School to Work	84.UKN	N/A	6,417
United States Department of Health and Human Services			
Passed Through the Louisiana Department of Education:			
Child Care and Development Block Grant (Starting Points Preschool)	93.575	CFMS 533830	36,030
United States Department of Labor			
Passed Through the Private Industry Council:			
Job Training Partnership Act (JTPA)	17.250	062497-1	43,668
TOTAL CASH FEDERAL AWARDS			<u>1,426,042</u>
NONCASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution (Commodities)	10.550	N/A	50,214
TOTAL FEDERAL AWARDS			<u>\$1,476,256</u>

**Caldwell Parish School Board
Columbia, Louisiana**

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

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

Special revenue funds:	
School food service	\$ 572,662
Special education	142,992
Title I	543,051
Title VI - innovative education	17,448
Title II	12,689
Learn	63,818
JTPA	43,668
Adult education	14,464
Other miscellaneous funds	<u>65,464</u>
Total	<u>\$1,476,256</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - MATCHING REVENUES

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

NOTE 6 - NONCASH PROGRAMS

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

PART I - Summary of the Auditors' Results

Financial Statement Audit

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

The reportable conditions were considered a material weakness as defined by the Government Auditing Standards.

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

Audit of Federal Awards

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

CFDA #84.010 Title I Grants to Local Educational Agencies

Nutrition Cluster

CFDA #10.553 School Breakfast Program

CFDA #10.555 National School Lunch Program

- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Caldwell Parish School Board
Columbia, Louisiana**

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

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

Reference # and title: 99-F1 Unsecured Deposits

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

Criteria of specific requirement: Louisiana Revised Statutes Title 39 - Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and 1225 require that fiscal agents of a depositing authority, such as the School Board, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

Conditions: At June 30, 1999, the School Board had \$1,883,056 on deposit with one depository. Of the bank balance, \$200,000 is covered by federal depository insurance. \$1,204,291 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name. The remaining balance of \$478,765 is not secured by the pledge of securities and is a violation of state law.

Proper perspective for judging the prevalence and consequences: The School Board had total deposits of \$2,879,842 at June 30, 1999. \$1,883,057 of this total was on deposit with one depository and was comprised mostly of the School Board's main accounts and investments. The remaining \$996,785 was on deposit at a total of three other area banks.

Possible asserted effect (cause and effect):

Cause: Fluctuation in the balances on deposit at the end of the month.

Effect: The School Board is in violation of the state statute concerning pledged collateral.

Recommendations to prevent future occurrences: Pledged collateral should be monitored by the School Board to ensure that all funds are collateralized in accordance with state statutes.

**Caldwell Parish School Board
Columbia, Louisiana**

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

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

Reference # and title: 99-F2 Fixed Assets

Entity-wide or program/department specific: General Fund.

Criteria or specific requirement: In accordance with LSA-R.S. 24:515(B), the head of every auditee subject to audit shall maintain records of all land, buildings, improvements other than buildings, equipment and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable.

The lack of an accurate fixed asset listing is a weak internal control situation.

Condition: The School Board is unable to provide an accurate listing of fixed asset additions and deletions for the year ended June 30, 1999.

The School Board has not, in recent years, conducted a complete physical inventory to update the listing of fixed assets.

The fixed asset listing provided by the School Board lacks information necessary for tracing items per the listing to the physical asset.

Proper perspective for judging the prevalence and consequences: The School Board has been unable to provide a listing of fixed assets in the past year. A list has been provided for the current year, however, its accuracy is questionable due to the conditions noted above.

Possible asserted effect (cause and effect):

Cause: Problems with the computer program in the past along with lack of a central person responsible for maintaining an accurate inventory.

Effect: The School Board is not in compliance with LSA-R.S. 24:515(B).

Recommendations to prevent future occurrences: The School Board should perform a complete physical inventory in order to establish a reliable base listing of fixed assets. The School Board should also review the capabilities of their current fixed asset system to resolve the reporting issues.

**Caldwell Parish School Board
Columbia, Louisiana**

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

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

Reference # and title: **99-103** **Louisiana Local Government Budget Act**

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

Criteria or specific requirement: LSA-R.S. 39:1310 require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Condition: The School Board had three funds to exceed their budgets by more than five percent at June 30, 1999.

Proper perspective for judging the prevalence and consequences: The three funds which exceeded their budgeted expenditures by more than five percent are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Sales tax fund	\$1,250,000	\$1,339,856	\$89,856
Extended summer program	10,109	10,723	614
Medicaid	800	2,595	1,795

The one fund which fell short of its budgeted revenues by more than five percent is as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Medicaid	\$2,000	\$ -	\$2,000

Possible asserted effect (cause and effect):

Cause: The difference in the sales tax fund budget to actual was due to revenues recorded as receivables in prior year but not used until the current year. The School Board failed to consider this when adopting the budget. The other differences are due to the budgets not being monitored during the year to ensure budget amendments are made if needed.

Effect: The School Board is not in compliance with LSA-R.S. 39:1310.

Recommendations to prevent future occurrences: The School Board should take steps to ensure all fund budgets are monitored more closely and that budget amendments are made when necessary.

**Caldwell Parish School Board
Columbia, Louisiana**

OTHER INFORMATION

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

**Caldwell Parish School Board
Columbia, Louisiana**

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

Reference # and title: 98-1 LA Bond Commission Approval Needed

Finding initially reported: Fiscal year ended June 30, 1998.

Condition: The School Board signed a promissory note for \$166,253 on July 1, 1997, with a local bank to be repaid in five annual payments until the note is repaid on July 1, 2002. No evidence of State Bond Commission approval was provided.

Corrective action taken: The School Board has since gotten approval from the Louisiana Bond Commission for borrowings.

Reference # and title: 98-2 Fixed Asset Listing

Finding initially reported: Fiscal year ended June 30, 1996.

Condition: The School Board was unable to provide an adequate listing of inventory of property and equipment at June 30, 1998.

Corrective action taken: See current year item 99-F2.

**Caldwell Parish School Board
Columbia, Louisiana**

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

Finding reference # and title: 99-F1 Unsecured Deposits

Condition: At June 30, 1999, the School Board had \$1,883,057 on deposit with one depository. Collateral pledged by the depository, as of June 30, 1999, totaled \$1,404,491. This left \$478,566 of the School Board's deposits with the depository uncollateralized.

Corrective action planned: The business manager will report to the bank supervisor anytime a large deposit is made. The business manager will check with the bank periodically to see that our funds are secured.

Person responsible for corrective action:

Ms. Martha T. Simons, Superintendent	Telephone: (318) 649-2689
Caldwell Parish School Board	Fax: (318) 649-0636
P. O. Box 1019	
Columbia, LA 71418-1019	

Anticipated completion date: December 31, 1999.

Finding reference # and title: 99-F2 Fixed Assets

Condition: The School Board is unable to provide an adequate listing of fixed assets at June 30, 1999. The list lacks certain required information necessary for tracing specific items. Also, a complete physical inventory has not been performed in recent years.

Corrective action planned: This past year we worked extensively to update our inventory list. We made available a list of additions and deletions to our inventory, but our present computer system was too outdated to process all of this information. We have purchased a new computer and are in the process of procuring software from our current accounting software vendor. We will approach the board for hiring an additional person to work with the fixed asset program.

Person responsible for corrective action:

Ms. Martha T. Simons, Superintendent	Telephone: (318) 649-2689
Caldwell Parish School Board	Fax: (318) 649-0636
P. O. Box 1019	
Columbia, LA 71418-1019	

Anticipated completion date: December 31, 2000.

**Caldwell Parish School Board
Columbia, Louisiana**

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

Finding reference # and title: **99-F3** **Louisiana Local Government Budget Act**

Condition: LSA-R.S. 39:1310 require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

The School Board had three funds to exceed their budgets by more than five percent at June 30, 1999.

Corrective action planned: We approve approximately twenty budgets annually and monitor these closely, however, they do vary during the year. We will continue to monitor all funds closely. Considering the number of budgets we adopt, we are pleased that we only have three budgets that vary by 5%.

Person responsible for corrective action:

Ms. Martha T. Simons, Superintendent	Telephone: (318) 649-2689
Caldwell Parish School Board	Fax: (318) 649-0636
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Columbia, LA 71418-1019	

Anticipated completion date: June 30, 2000.

**Caldwell Parish School Board
Columbia, Louisiana**

MANAGEMENT LETTER ITEMS

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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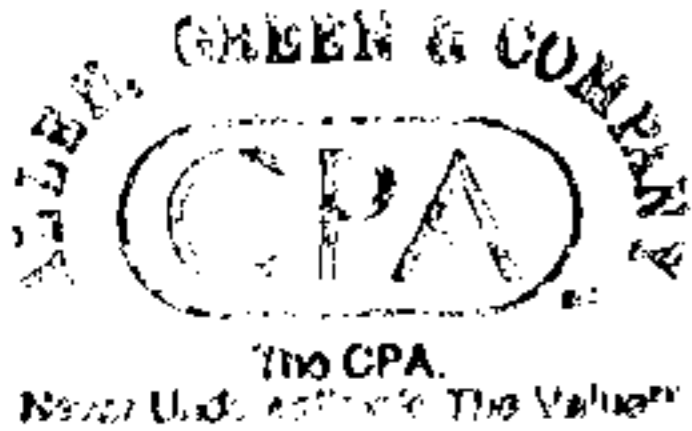
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Ernest L. Allen, CPA
(A Professional
Accounting Corp.)

Tim Green, CPA

Margie Williamson, CPA



Management Letter

Board Members
Caldwell Parish School Board
Columbia, Louisiana

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

However, during our audit, we noted a certain matter involving the internal control that is presented for your consideration. This letter does not affect our report dated September 23, 1999, on the financial statements of the School Board. We will review the status of this comment during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Management's response has also been included. We have performed no audit work to verify the content of the response.

99-M1 Student Activity Funds

Comment: Student activity fund receipt accountability must be initiated when funds are first received by a school employee. This includes teachers maintaining a collection log to record monies collected. The person receiving monies for deposit should write a receipt for the funds received. The collection log should be turned in to the office at year-end thus maintaining an audit trail from initial receipt to deposit.

Of the two schools visited, neither had a complete audit trail of receipts for the year ended June 30, 1999.

The analytical review of student activity fund cash balances at June 30, 1999 showed an abnormally low cash balance at one of the schools. The schools should be required to keep an acceptable amount of cash on deposit to be able to cover any emergencies or other shortages which may occur.

Recommendation: All schools should be required to maintain a complete record of receipts from initial receipt to deposit.

The School Board should review the disbursements made by schools on a regular basis to ensure the expenditures are allowable and reasonable.

Board Members
Caldwell Parish School Board
Columbia, Louisiana

Management's response: Monthly the school board office bookkeeper will randomly select a school to reconcile the bank statement and review the school's compliance with the student activity fund policy. During the year the executive committee of the Caldwell Parish School Board will randomly select a school to review the monthly financial statements from the school including receipts, deposits and all documentation.

99-M2 Bonded Employees

Comment: Bond coverages for employees currently cover the Superintendent and the Board President for \$15,000 each. All other employees are covered in a blanket bond for \$10,000 each.

This coverage is low considering the related risk involved. Other School Boards have found it beneficial to have coverage for key employees up to \$200,000.

Recommendation: The School Board should research the benefits of increasing their bond coverage of key employees.

Management's response: The company issuing bond coverage for employees will be contacted to increase coverage.

99-M3 Uniform Unclaimed Property Act of 1999

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

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

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

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

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

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

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

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

Board Members
Caldwell Parish School Board
Columbia, Louisiana

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

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

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

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

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

Management's response: The business manager will monitor all outstanding checks to see that they are cashed in a timely manner. Any checks not cashed during the fiscal year funds will be submitted to the Louisiana Department of Revenue as stated in Louisiana Revised Statute 9:154.

99-M4 Impact of GASB Statement No. 34

Comment: The Governmental Accounting Standards Board (GASB), which determines the standards of financial reporting for governmental entities, recently released Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB's new reporting model will be mandatory for Louisiana School Boards for either the fiscal years ending June 30, 2002 or 2003. The amount of the School Board's revenues and other financing sources for the year ended June 30, 1999 will be the criteria for determining the year of required implementation. School Boards with annual revenues and other financing sources exceeding \$100,000,000 will be required to implement for the year ending June 30, 2002. They will allow smaller school districts an additional year. They allow earlier implementation.

This new reporting model will dramatically change several aspects of the financial reporting for the School Board. Three major changes are a part of this new model. First, the new reporting model will include the current set of financial statements with modifications and will add a new set of financial statements. The new set will be on the economic resources measurement focus and the full accrual basis of accounting, the same as exist today in the commercial environment. Allen, Green & Company believes, at this early stage, that the prudent approach is for the School Board to continue its current budget or modified accrual methodology for its books. Side adjustments will be made at year-end to convert the financial statements to the full accrual accounting method.

Board Members
Caldwell Parish School Board
Columbia, Louisiana

The single change that will probably pose the most challenge to the School Board may be accounting for general capital assets. Under the new reporting model, general capital assets will be accounted for in virtually the same manner as commercial entities. Assets will be capitalized, depreciated, and shown consolidated on the new Statement of Net Assets with the funds, rather than displayed separately in the fixed assets account group. The changes required by GASB Statement No. 34 will obviously require the School Board to place a greater emphasis on accounting for fixed assets than is required by the current model.

Another addition to the annual financial report will be the Management's Discussion and Analysis (MD&A). This document, which will be several pages in length, will be a narrative explanation of the major financial events/changes during the fiscal year, what caused the events/changes, and project what the events/changes' effects will be on future years. It will also give the reader insight on management's decisions underlining the budget.

Recommendation: Several important issues need to be addressed before setting up the new reporting model.

Since the fixed assets will require depreciation, the listing will need to be current and comprehensive. We encourage the current listing be evaluated to decide if efforts are necessary to bring it up to date, both in content and accuracy. An evaluation of the fixed asset software will be necessary to decide if the system can provide a comprehensive listing in a usable format for depreciating assets. The software system should have fields for useful lives, salvage value, depreciation methods and fund assignments. The system should be capable of calculating depreciation and printing reports for assets' depreciation and accumulated depreciation by asset, by fund for each year. The system must also be able to roll-forward information each year.

The School Board should start now to implement the changes. A longer implementation period will allow more time for testing and remediation of the new depreciation system and the other elements of the new model. An early start will spread the cost over a longer period, thereby smoothing the impact to cash flow. Hopefully, the longer implementation period will partially reduce the anxiety.

The School Board should evaluate the need for possible changes to the current basis of accounting and should be cognizant that the new reporting model will provide the reader with more information than is currently being provided.

Management's response: We are preparing for the new GASB No. 34 as required. We have updated our payroll and financial software and are in the process of procuring a new fixed assets program. We are also going to approach the Board for hiring an additional person to work with the fixed assets program.

* * * * *

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

Board Members
Caldwell Parish School Board
Columbia, Louisiana

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

Allen, Green & Company, L.L.P.

ALLEN, GREEN & COMPANY, L.L.P.

Monroe, Louisiana
September 23, 1999

**Caldwell Parish School Board
Columbia, Louisiana**

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

98-M1 School Uses Two Bank Accounts

Initially occurred: Fiscal year ended June 30, 1998.

Condition: One school uses two bank accounts - one bank account for the general fund and one bank account for the school club accounts. According to R. S. 17.414.3, each school shall maintain one bank account which is the responsibility of the principal or an administrator acting on his/her behalf.

Corrective action taken: One of the two accounts has been closed.

98-M2 Payroll Disbursements

Initially occurred: Fiscal year ended June 30, 1998.

Condition: Of 28 payroll disbursements tested, the following conditions were found:

- A. Three employee files had no proof of existence of employee.
- B. One employee tested did not receive a \$350 raise from the state he was entitled to.

Corrective action taken: The School Board reviewed personnel files to update information that was missing or incorrect. The auditors' test of current-year disbursements did not find these types of exceptions.

98-M3 Failure to comply with certain provisions of the Louisiana Government Budget Act

Initially occurred: Fiscal year ended June 30, 1998.

Condition: No documentation could be provided that the budget availability was advertised or a public hearing was held prior to adoption of the budget for the 1997 - 1998 fiscal year. The School Board did not adopt a budget for the special vocational fund and the Medicaid fund. The special vocational fund had \$1,356 of expenditures and the Medicaid fund had \$832 of expenditures.

Corrective action taken: The School Board properly advertised budgets for public participation in the current year. See also 99-F3.

98-M4 Public Bid Law

Initially occurred: Fiscal year ended June 30, 1998.

Condition: The School Board declared an emergency at the July 15, 1997 Board meeting to repair the roof of several schools. The declaration was not published in the official journal within ten days of declaration.

Corrective action taken: All declarations of emergencies in the current year were published in the official journal within ten days of declaration.