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LEGISLATIVE AUDITOR

**JACKSON PARISH SCHOOL BOARD
JONESBORO, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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

Release Date ~~FEB 17 1999~~

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JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana

General Purpose Financial Statements
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

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JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana

General Purpose Financial Statements
As Of And For the Year Ended June 30, 1998
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INDEPENDENT AUDITORS' REPORT

To the Members of the
Jackson Parish School Board
Jonesboro, Louisiana

We have audited the general purpose financial statements of the Jackson Parish School Board, as of and for the year ended June 30, 1998. These general purpose financial statements are the responsibility of the Jackson Parish School Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to audit financial statements supporting the financial activities of the General Fixed Asset Account Group because the beginning balances of the General Fixed Asset Account Group have not been subjected to auditing procedures. These financial activities are included in the General Fixed Asset Account Group and represent 100 percent of the assets, respectively, of that fund type.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the financial statements of the General Fixed Asset Account Group, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Jackson Parish School Board, Jonesboro, Louisiana, as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 1998, on our consideration of the Jackson Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Jackson Parish School Board taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and 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.


Kenneth D. Folden & Co, CPAs
Jonesboro, Louisiana

December 18, 1998

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1998

	GOVERNMENTAL FUND TYPE			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 1,607,569	\$ 275,781	\$ 990,158	\$ 146,791
Accounts receivable	779,986	188,327		
Interfund receivable	267,000			
Inventories		23,181		
Prepaid expenses	50			
General fixed assets				
Other debits				
Amt. available in debt service				
Amt. to be provided for retirement of general long term debt				
Total assets	<u>\$ 2,654,605</u>	<u>\$ 487,289</u>	<u>\$ 990,158</u>	<u>\$ 146,791</u>
Liabilities and Fund Equity				
Liabilities				
Current liabilities				
Accounts payable	\$ 1,385,473	\$ 155,726		\$ 43,291
Interfund payable		267,000		
Deferred revenues		17,457		
Other liabilities				
Deposits due others				
Long-term liabilities				
Total liabilities	<u>1,385,473</u>	<u>440,183</u>	<u>NONE</u>	<u>43,291</u>
Fund equity				
Investment in general fixed assets				
Fund balance				
Reserved for scholarships				
Reserved for debt service	79,803		990,158	
Unreserved - undesignated	1,189,329	47,106		103,500
Total fund equity	<u>1,269,132</u>	<u>47,106</u>	<u>990,158</u>	<u>103,500</u>
Total liabilities and fund equity	<u>\$ 2,654,605</u>	<u>\$ 487,289</u>	<u>\$ 990,158</u>	<u>\$ 146,791</u>

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only)
	Trust & Agency Funds	General Fixed Assets	
\$ 395,396	\$	\$	\$ 3,415,695
			968,313
			267,000
			23,181
			50
	14,678,681		14,678,681
		990,158	990,158
		3,064,979	3,064,979
<u>\$ 395,396</u>	<u>\$ 14,678,681</u>	<u>\$ 4,055,137</u>	<u>\$ 23,408,057</u>
			\$ 1,584,490
			267,000
			17,457
240,069			240,069
		4,055,137	4,055,137
<u>240,069</u>	<u>NONE</u>	<u>4,055,137</u>	<u>6,164,153</u>
	14,678,681		14,678,681
155,327			155,327
			1,069,961
			1,339,935
<u>155,327</u>	<u>14,678,681</u>	<u>NONE</u>	<u>17,243,904</u>
<u>\$ 395,396</u>	<u>\$ 14,678,681</u>	<u>\$ 4,055,137</u>	<u>\$ 23,408,057</u>

The accompanying notes are an integral part of these statements.

JACKSON PARISH SCHOOL BOARD

Statement B

Jonesboro, Louisiana

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund
For the Year Ended June 30, 1998

	GOVERNMENTAL FUND TYPE				FIDUCIARY FUND TYPE	Total (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Fund	
Revenues						
Revenue from local sources						
Taxes - ad valorem	\$ 1,211,217		\$ 715,266			\$ 1,926,483
Taxes - sales tax	2,597,698					2,597,698
Tuition	64					64
Interest on investments	80,380			17,466	7,583	105,429
Food service income	14,140	216,709				230,849
Rent & royalties	6,693					6,693
Miscellaneous	23,045				8,500	31,545
Revenue from state sources						
Unrestricted grants-in-aid	9,099,487	203,600				9,303,087
Restricted grants-in-aid	520,419					520,419
Revenue from federal sources						
Restricted grants-in-aid	31,048	1,717,930				1,748,978
Total Revenues	13,584,191	2,138,239	715,266	17,466	16,083	16,471,245
Expenditures						
Instruction	8,413,828	978,016				9,391,844
Support services	4,459,492		90,560		4,750	4,554,802
Food service programs		1,206,509				1,206,509
Operation of non-instructional services	171,588					171,588
Facilities acquisition & construction	65,283			426,454		491,737
Debt service	162,313		1,084,915			1,247,228
Total Expenditures	13,272,504	2,184,525	1,175,475	426,454	4,750	17,063,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	311,687	(46,286)	(460,209)	(408,988)	11,333	(592,463)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds			535,000	500,000		1,035,000
Total other financing sources (uses)	NONE	NONE	535,000	500,000	NONE	1,035,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	311,687	(46,286)	74,791	91,012	11,333	442,537
FUND BALANCES AT BEGINNING OF YEAR						
	957,445	93,392	915,367	12,488	143,994	2,122,686
FUND BALANCES AT END OF YEAR	\$ 1,269,132	\$ 47,106	\$ 990,158	\$ 103,500	\$ 155,327	\$ 2,565,223

The accompanying notes to financial statements are an integral part of these statements.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Combined Statement of Revenues, Expenditures, And Changes in
Fund Balances - Budget (GAAP Basis) And Actual
General and Special Revenue Funds
For the Year Ended June 30, 1998

General Fund		
Budget	Actual	Variance Favorable (Unfavorable)

Revenues

Revenue from local sources	\$ 4,228,855	\$ 3,933,237	\$ (295,618)
Revenue from state sources	9,482,706	9,619,906	137,200
Revenue from federal sources	71,802	31,048	(40,754)
Total Revenues	13,783,363	13,584,191	199,172

Expenditures

Instruction	9,001,914	8,413,828	588,086
Support services	4,464,893	4,459,492	5,401
Food service programs	47,901		47,901
Operation of non-instructional services		171,588	(171,588)
Facilities acquisition & construction		65,283	(65,283)
Debt service	54,876	162,313	(107,437)
Total Expenditures	13,569,584	13,272,504	297,080

**EXCESS (DEFICIENCY) OF REVENUES OVER
(UNDER) EXPENDITURES**

213,779	311,687	97,908
---------	---------	--------

FUND BALANCE AT BEGINNING OF YEAR

588,268	957,445	369,177
---------	---------	---------

FUND BALANCE AT END OF YEAR

<u>\$ 802,047</u>	<u>\$ 1,269,132</u>	<u>\$ 467,085</u>
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The accompanying notes are an integral part of these statements.

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 205,100	\$ 216,709	\$ 11,609
309,417	203,600	(105,817)
<u>1,545,292</u>	<u>1,717,930</u>	<u>172,638</u>
<u>2,059,809</u>	<u>2,138,239</u>	<u>78,430</u>
984,790	978,016	6,774
1,098,532	1,206,509	(107,977)
<u>2,083,322</u>	<u>2,184,525</u>	<u>(101,203)</u>
(23,513)	(46,286)	(22,773)
<u>82,696</u>	<u>93,392</u>	<u>10,696</u>
<u>\$ 59,183</u>	<u>\$ 47,106</u>	<u>\$ (12,077)</u>

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements
June 30, 1998

INTRODUCTION

The Jackson Parish School Board was created by Louisiana Revised Statute (LRS) 17:51 for the purpose of providing public education for the children within Jackson Parish. The School Board is authorized by LRS 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of ten compensated members who are elected for terms of four years.

The School Board operates nine schools within the parish with a total enrollment of 2,844 pupils for the 1997-98 fiscal year. In conjunction with the regular educational programs, some of those schools offer special education and/or adult education programs. Additionally, the School Board provides transportation and school food services for the students.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, the Jackson Parish School Board includes all funds, account groups, et cetera, that are within the oversight responsibility of the parish school board. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Based on consideration of the foregoing criteria, the parish school board is deemed to be a separate reporting entity. Certain units of local government over which the parish school board exercises no oversight responsibility, such as the parish police jury, other independently-elected officials, 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 parish school board.

C. FUND ACCOUNTING

The Jackson Parish 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

C. FUND ACCOUNTING (continued)

Funds of the Jackson Parish School Board are classified into two categories: governmental and fiduciary. Each category, in turn, 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 Jackson Parish School Board's general activities, including the collection and distribution of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. **General Fund** - the general operating fund of the Jackson Parish School Board used to account for all financial resources, except those required to be accounted for in other funds.
2. **Special revenue funds** - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. **Debt service funds** - account 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 debt account group.
4. **Capital projects funds** - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental 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 Jackson Parish School Board. Fiduciary funds of the School Board include:

1. **Expendable trust fund** - accounted for in essentially the same manner as governmental funds. The resources, including both principal and earnings, may be expended.
2. **Agency funds** - account for assets held by the Jackson Parish School Board on behalf of others as its agents. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust fund, and agency funds. The governmental funds and the expendable trust fund use the following practices in recording revenues and expenditures:

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

D. BASIS OF ACCOUNTING (CONTINUED)

Revenues

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Ad valorem taxes and the related state revenue sharing 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 collected by the sales tax collection agency and remitted to the school board within 60 days are recognized as revenues.

Interest income on time deposits is recorded upon maturity, when the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) 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 before 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.

E. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

E. BUDGETS (CONTINUED)

The proposed budget for the fiscal year ended June 30, 1998 was made available for public inspection and comments from taxpayers at the School Board office. The proposed budget was then adopted by the School Board.

Formal budget integration is employed as a management control device during the year. The budget is monitored by the School Board members on a quarterly basis; however, no action is taken by the board to amend the budget at these times. The School Board adopts all amendments to the budget in an open meeting near the end of the fiscal year.

F. ENCUMBRANCES

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

G. CASH AND CASH EQUIVALENT AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. The Jackson Parish School Board treats amounts in demand deposits and certificates of deposit as "cash and cash equivalents". Under state law, the Jackson Parish 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 Jackson Parish 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. The Jackson Parish School Board has no investments as of June 30, 1998 as defined in this paragraph.

H. 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."

I. INVENTORIES

Inventory of the School Lunch 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. The commodities are recorded as revenues when received; however, all inventories are recorded as expenditures when consumed. All inventory items purchased are valued at cost, and commodities are assigned values based on information provided by the United States Department of Agriculture.

The costs of other governmental fund-type inventories are recorded as expenditures when purchased. The inventory of such materials and supplies at June 30, 1998, would not be material to the financial statements.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

J. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 1998, are recorded as prepaid items.

K. 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 cost if historical cost is not available.

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

L. COMPENSATED ABSENCES

The Jackson Parish School Board has the following policy relating to vacation and sick leave:

All 12-month employees earn from 12 to 18 days of vacation leave each year, depending on the number of years employed. Vacation leave can be accumulated without limitation. Employees are not paid for vacation leave upon retirement or separation of service. Vacation leave may be used in retirement benefit computations as earned service.

All 9-month employees earn a minimum of 10 days of sick leave each year, and all 12-month employees earn from 10 to 18 days of sick leave each year, depending upon the number of years employed. Sick leave for all employees can be accumulated without limitation. Upon retirement or death, unused sick leave of up to 25 days is paid to employees (or their heirs) at the employee's current rate of pay, and all unused sick leave is used in the retirement benefit computation as earned service.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

M. LONG-TERM OBLIGATIONS

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

N. FUND EQUITY

Reserves

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

Designated Fund Balances

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

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

O. 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.

P. SALES AND USE TAX

The School Board receives a two and four-tenths (2.4) percent sales and use tax. The tax is collected by the School Board and is recorded as revenue in the General Fund. One and four-tenths (1.4) percent of the sales tax is used to pay salaries of teachers, administrators, and supervisors in the public elementary and secondary schools of the parish, for salaries of lunch room employees, bus operators, janitors, maids, maintenance, office personnel, and for expenses of operating the schools. One percent is used for transportation and maintenance costs.

Sales and use tax revenues are recorded in the month collected by the Jackson Parish Sales Tax Collection Agency.

Q. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At June 30, 1998, the Jackson Parish School Board has cash and cash equivalents (book balances) totaling \$3,415,695. This amount includes \$240,069 in School Activity Funds. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the Jackson Parish School Board has \$ 4,379,964 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$5,706,098 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Jackson Parish School Board that the fiscal agent has failed to pay deposited funds upon demand.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

3. LEVIED TAXES

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

	Authorized Millage	1998 Levied Millage
Parishwide taxes:		
Constitutional	5.21	5.21
Additional support - maintenance and operation of school buildings	8.01	7.7
District taxes:		
Consolidated School district No.1		
Regular district taxes	7.05	6.07
Additional support	7.93	7.63
Quitman School District	21	18.57
Jonesboro-Hodge School District	11.88	11.6
Weston School District	28	24.39
Chatham School District	30.5	26.5

Ad valorem taxes (which are based on population and homesteads in the parish) 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.

4. FIXED ASSETS

The changes in general fixed assets follow:

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Land	\$ 186,450	\$	\$	\$ 186,450
Buildings	8,733,820			8,733,820
Improvements other than buildings	882,550	65,283		947,833
Construction in progress		410,564		410,564
Furniture and equipment	3,962,663	437,351		4,400,014
Total	\$ 13,765,483	\$ 913,198	NONE	\$ 14,678,681

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

5. RETIREMENT SYSTEMS

Substantially all employees of the school board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The school board is required to contribute at an actuarially determined rate. The current rate is 16.5 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school board's employer contribution 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.

The school board's contributions to the TRS for the years ending June 30, 1998, 1997 and 1996, were \$1,158,879, \$1,156,813 and \$1,124,943, respectively, equal to the required contributions for each year.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

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

The school board's contributions to the LSERS for the years ending June 30, 1998, 1997 and 1996, were \$56,454, \$52,892 and \$52,293, respectively, equal to the required contributions for each year.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$1,584,490 at June 30, 1998, are as follows:

	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Salaries & withholdings	\$ 1,331,853	\$ 128,510	\$	\$ 1,460,363
Accounts	53,620	27,216	43,291	124,127
Total	\$ 1,385,473	\$ 155,726	\$ 43,291	\$ 1,584,490

7. COMPENSATED ABSENCES

At June 30, 1998, employees of the Jackson Parish School Board have accumulated and vested \$247,137 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term debt account group. The accumulated and vested leave benefits at June 30, 1998, are based on the employee's current rates of pay and include the accumulated sick leave of all employees having 20 years or more of service, up to a maximum of 25 days.

8. GENERAL LONG-TERM DEBT

Long-term debt at June 30, 1998, includes the following bonds and certificates:

Description	Rate	Final Maturity Date	Range of Annual Principal Payments		Amount Issued	Amount Outstanding
			From	To		
General obligation bonds:						
Chatham School District September 1, 1992	5.0 - 5.50 %	4-1-2004	\$ 85,000	\$ 125,000	\$ 950,000	\$ 630,000
Jonesboro-Hodge School District August 1, 1979	6%	2-1-1999	240,000	240,000	2,800,000	240,000
Weston School District February 1, 1992	5.4 - 6.2 %	2-1-2012	35,000	90,000	1,000,000	835,000
Quitman School District September 1, 1990 - Series 1990	6.9 - 7.0 %	3-1-2000	30,000	30,000	700,000	60,000
August 1, 1997 - Series A	4.6 - 7.5 %	3-1-2010	5,000	65,000	535,000	535,000
August 1, 1997 - Series B	4.6 - 5.35 %	3-1-2017	15,000	40,000	500,000	485,000
						<u>2,785,000</u>
Certificates of Indebtedness:						
Jonesboro-Hodge School District January 1, 1997	5.24 %	1-1-2006	106,000	152,000	1,220,000	<u>1,023,000</u>
						<u>\$ 3,808,000</u>

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

8. LONG-TERM DEBT (CONTINUED)

All principal and interest requirements of the general obligation bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At June 30, 1998, the School Board has accumulated \$990,158 in the debt service funds for future debt requirements.

The debt service requirements to maturity, including \$1,358,300 of interest, are as follows:

Fiscal Year Ending June 30,	Amount
1999	\$ 725,780
2000	477,498
2001	477,287
2002	475,879
2003	488,404
Thereafter	<u>2,521,452</u>
Total	<u>\$ 5,166,300</u>

Changes in long-term debt

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

	General Obligation	Certificates of Indebtedness	Total
Balance at July 1, 1997	\$ 2,645,000	\$ 1,126,143	\$ 3,771,143
Additions	1,035,000		1,035,000
Payments	<u>895,000</u>	<u>103,143</u>	<u>998,143</u>
Balance at June 30, 1998	<u>\$ 2,785,000</u>	<u>\$ 1,023,000</u>	<u>\$ 3,808,000</u>

9. INTERFUND ASSETS/LIABILITIES

Receivable fund	Payable fund	Amount
General	Drug Free School	\$ 12,000
	Adult Education	30,000
	Title II	20,000
	Title I	155,000
	Special Education 94-142	37,000
	Special Education Extended Year	5,000
	Special Education Preschool	<u>8,000</u>
		<u>\$ 267,000</u>

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)
June 30, 1998

10. LITIGATION AND CLAIMS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Supplemental Information Schedules
For the Year Ended June 30, 1998

Special Revenue Funds

Federal Impact Aid Fund:

The Federal Impact Aid Fund accounts for specific federal revenues for school assistance in federally affected areas as prescribed by Public Law 81-874.

Adult Education Fund:

Adult Education is a program by which the federal government provides funds to provide the citizens of the parish assistance in obtaining a Graduate Equivalency Diploma.

Title I Fund:

Title I Fund is a federally funded program to expand and improve elementary and secondary school programs, and meet the special needs of educationally deprived public and private school children in low-income areas of the Jackson Parish School System.

Title VI Fund:

Title VI Fund is a federally funded program to improve elementary and secondary education by providing formula grants and supporting a broad range of local programs in basic skills development, educational improvement and support and special projects.

Drug Free School Fund:

The Drug Free Schools and Communities Act of 1986 is a federally financed program that provides a comprehensive education curriculum for drug and alcohol prevention education for grades K - 12.

Title II Fund:

Title II program provides grants for the use of state and local programs to improve the skills of teachers and the quality of instruction in the field of mathematics, science, computer learning, and foreign languages, as well as to increase the access of all students to such instruction.

Special Education Funds:

The Special Education Funds account for allotments from the Louisiana Department of Education for Public Law 94-142 Project Bold, and Extended Year funds for the education and enhancement of exceptional children.

School Lunch Fund:

The School Lunch Program provides nourishing meals for school children and is subsidized through federal and state grants. The School Lunch Fund accounts for both the revenue derived from meals sold and the grant subsidies received.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1998

	Federal Impact Aid	Adult Ed.	Title I	Title I Building Disposal	Title VI	Drug Free School
Assets						
Cash and cash equivalents	\$ 6,594	\$ 22,324	\$ 61,814	\$ 229		\$ 11,310
Accounts receivable		9,598	153,697			7,792
Inventory						
Total assets	\$ 6,594	\$ 31,922	\$ 215,511	\$ 229	NONE	\$ 19,102
Liabilities and fund balance						
Liabilities						
Accounts payable	\$	\$ 1,922	\$ 59,616	\$		\$ 7,102
Interfund payable		30,000	155,000			12,000
Deferred revenues	6,594		895	229		
Total liabilities	6,594	31,922	215,511	229	NONE	19,102
Fund balance						
Fund balance						
Unreserved - undesignated						
Total fund balance	NONE	NONE	NONE	NONE	NONE	NONE
Total liabilities and fund balance	\$ 6,594	\$ 31,922	\$ 215,511	\$ 229	NONE	\$ 19,102

Title II	Extended Year Special Ed	Special Ed 94-142	Special Ed Preschool	Lunch Fund	Total
\$ 20,000	\$ 3,027	\$ 27,071	\$ 8,000	\$ 115,412	\$ 275,781
	5,431	11,809			188,327
				23,181	23,181
<hr/>					
\$ 20,000	\$ 8,458	\$ 38,880	\$ 8,000	\$ 138,593	\$ 487,289
<hr/>					
\$ 20,000	\$ 3,458	\$ 1,880	\$ 8,000	\$ 81,748	\$ 155,726
	5,000	37,000			267,000
				9,739	17,457
<hr/>					
20,000	8,458	38,880	8,000	91,487	440,183
<hr/>					
				47,106	47,106
<hr/>					
NONE	NONE	NONE	NONE	47,106	47,106
<hr/>					
\$ 20,000	\$ 8,458	\$ 38,880	\$ 8,000	\$ 138,593	\$ 487,289
<hr/>					

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
SPECIAL REVENUE FUNDS
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 1998

	Federal Impact Aid	Adult Ed.	Title I	Title I Building Disposal	Title VI	Drug Free School
Revenues						
Revenue from local sources						
Food service program	\$	\$	\$	\$	\$	\$
Revenue from state sources						
Unrestricted grants-in-aid						
Revenue from federal sources						
Restricted grants-in-aid	4,826	83,077	676,815		12,335	18,366
Total revenues	4,826	83,077	676,815	NONE	12,335	18,366
Expenditures						
Instruction	4,826	83,077	676,815		12,335	18,366
Food service program						
Total expenditures	4,826	83,077	676,815	NONE	12,335	18,366
Excess (deficiency) of revenues over (under) expenditures	NONE	NONE	NONE	NONE	NONE	NONE
Fund Balances at beginning of year	NONE	NONE	NONE	NONE	NONE	NONE
Fund Balances at end of year	NONE	NONE	NONE	NONE	NONE	NONE

Title II	Extended Year Special Ed	Special Ed 94-142	Special Ed Preschool	Lunch Fund	Total
\$	\$	\$	\$	\$	\$
				216,709	216,709
				203,600	203,600
16,156	6,279	149,654	10,508	739,914	1,717,930
16,156	6,279	149,654	10,508	1,160,223	2,138,239
16,156	6,279	149,654	10,508		978,016
				1,206,509	1,206,509
16,156	6,279	149,654	10,508	1,206,509	2,184,525
NONE	NONE	NONE	NONE	(46,286)	(46,286)
NONE	NONE	NONE	NONE	93,392	93,392
NONE	NONE	NONE	NONE	47,106	47,106

**JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Supplemental Information Schedules
For the Year Ended June 30, 1998**

Debt Service Funds

Quitman, Chatham, Weston, and Jonesboro-Hodge School District Funds:

The debt service funds accumulate monies for payment of the respective bond issues. The bonds were issued by the respective school districts to acquire lands for building sites, to purchase, erect, and improve school buildings, and to acquire the necessary equipment and furnishings. The bond issues are financed by a specific property tax levy on property within the legal boundaries of the respective school districts.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
DEBT SERVICE FUNDS
Combining Balance Sheet
June 30, 1998

	Chatham Bond	Quitman Bond	Weston Bond	Jonesboro- Hodge Bond	Total Current Year
Assets					
Cash and cash equivalents	\$ 173,544	\$ 104,156	\$ 185,260	\$ 527,198	\$ 990,158
Total Assets	<u>\$ 173,544</u>	<u>\$ 104,156</u>	<u>\$ 185,260</u>	<u>\$ 527,198</u>	<u>\$ 990,158</u>
Liabilities and Fund Balances					
Fund Balance					
Reserved for debt service	\$ 173,544	\$ 104,156	\$ 185,260	\$ 527,198	\$ 990,158
Total Fund Balances	<u>173,544</u>	<u>104,156</u>	<u>185,260</u>	<u>527,198</u>	<u>990,158</u>
Total Liabilities and Fund Balances	<u>\$ 173,544</u>	<u>\$ 104,156</u>	<u>\$ 185,260</u>	<u>\$ 527,198</u>	<u>\$ 990,158</u>

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
DEBT SERVICE FUNDS
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 1998

	Chatham Bond	Quitman Bond	Weston Bond	Jonesboro- Hodge Bond	Total Current Year
Revenues					
Revenue from local sources					
Taxes - ad valorem	\$ 150,282	\$ 105,263	\$ 120,230	\$ 339,491	\$ 715,266
Total Revenues	150,282	105,263	120,230	339,491	715,266
Expenditures					
Support services					
General administration	11,756	7,926	9,374	26,504	55,560
Issuance expenses		35,000			35,000
Debt service					
Principal retirement	85,000	545,000	35,000	230,000	895,000
Interest and bank charges	38,419	69,603	52,869	29,024	189,915
Total Expenditures	135,175	657,529	97,243	285,528	1,175,475
Excess of revenues over expenditures	15,107	(552,266)	22,987	53,963	(460,209)
Other Financing Sources (Uses)					
Proceeds from issuance of bonds		535,000			535,000
Total Other Financing Sources (Uses)	NONE	535,000	NONE	NONE	535,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES					
	15,107	(17,266)	22,987	53,963	74,791
Fund Balances at beginning of year	158,437	121,422	162,273	473,235	915,367
Fund Balances at end of year	\$ 173,544	\$ 104,156	\$ 185,260	\$ 527,198	\$ 990,158

**JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Supplemental Information Schedules
For the Year Ended June 30, 1998**

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account of the acquisition or construction of major capital facilities.

Quitman Capital Projects Fund: this fund is used to account for construction and renovation of capital facilities in the Quitman School District.

Jonesboro-Hodge Capital Projects Fund: This fund is used to account for construction and renovation of capital facilities in the Jonesboro-Hodge School District.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 1998

	QUITMAN CONSTRUCTION	JONESBORO - HODGE CONSTRUCTION	TOTAL
Assets			
Cash and cash equivalents	\$ 133,761	\$ 13,030	\$ 146,791
Total Assets	<u>\$ 133,761</u>	<u>\$ 13,030</u>	<u>\$ 146,791</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 43,291	NONE	\$ 43,291
Fund Balances			
Unreserved - undesignated	90,470	13,030	103,500
Total Liabilities and Fund Balances	<u>\$ 133,761</u>	<u>\$ 13,030</u>	<u>\$ 146,791</u>

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 1998

	QUITMAN CONSTRUCTION	JONESBORO - HODGE CONSTRUCTION	TOTAL
Revenues			
Revenues from local sources			
Interest	\$ 16,924	\$ 542	\$ 17,466
Total Revenues	16,924	542	17,466
Expenditures			
Facilities acquisition and const			
Issuance expenses	15,890		15,890
Equipment	3,985		3,985
Architect	7,020		7,020
Construction	399,560		399,560
Total Expenditures	426,454	NONE	426,454
EXCESS OF REVENUES OVER EXPENDITURES	(409,530)	542	(408,988)
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of bonds	500,000		500,000
Total other financing sources (uses)	500,000	NONE	500,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	90,470	542	91,012
FUND BALANCES AT BEGINNING OF YEAR	NONE	12,488	12,488
FUND BALANCES AT END OF YEAR	\$ 90,470	\$ 13,030	\$ 103,500

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Supplemental Information Schedules
For the Year Ended June 30, 1998

AGENCY AND TRUST FUNDS

School Activity Agency Fund:

The School Activity Agency Fund accounts for those monies collected by pupils and school personnel for school or school-related purposes. The school activity accounts are classified as an agency fund, and the school board's responsibilities for these accounts are fiduciary in nature.

Each school accounts for its individual student body organizations. The revenues of these accounts consist primarily of fees, fund raising projects, and contributions. Expenditures are made for a wide variety of school activities. These accounts are under the supervision of the school principals.

Retirees' Health Insurance Agency Fund:

The Retirees' Health Insurance Agency Fund accounted for the collection and payment of retirees' health insurance premiums. The only participating member died in February, 1997, and this account had no activity until it was closed in March, 1998.

I. J. Allen Memorial Scholarship Expendable Trust Fund:

The I. J. Allen Memorial Scholarship Expendable Trust Fund was created on October 1, 1980, by contributions and memorials from the family and friends of the late I. J. Allen, a prominent Jackson Parish resident and long-time friend and supporter of the Jackson Parish school system. The resources of this fund are used to award a scholarship annually to worthy and needy parish students. The fund is administered by the school board, but it has no financial interest in the fund.

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
AGENCY AND TRUST FUNDS
Combining Balance Sheet
June 30, 1998

	School Activity Agency Fund	I.J. Allen Memorial Scholarship Expendable Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 240,069	\$ 155,327	\$ 395,396
Total Assets	\$ 240,069	\$ 155,327	\$ 395,396
Liabilities and Fund Balance			
Liabilities			
Deposits due others	\$ 240,069	\$	\$ 240,069
Total Liabilities	240,069	NONE	240,069
Fund Balance			
Reserved for scholarships		155,327	155,327
Total Fund Balance	NONE	155,327	155,327
Total Liabilities and Fund Balance	\$ 240,069	\$ 155,327	\$ 395,396

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
School Activity Agency Fund
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 1998

School:	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Chatham High School	\$ 19,198	\$ 55,312	\$ 51,344	\$ 23,166
Hawk Elementary	3,345	22,260	23,970	1,635
Hodge Elementary	2,442	9,194	9,697	1,939
Jasper Henderson Elementary	700	29,709	27,526	2,883
Jonesboro-Hodge Jr. High	11,941	58,465	54,110	16,296
Jonesboro-Hodge Sr. High	45,965	207,424	209,856	43,533
Quitman High	37,038	178,235	167,480	47,793
Southside Elementary	9,778	27,751	32,149	5,380
Weston High	86,157	193,695	182,408	97,444
Total	\$ 216,564	\$ 782,045	\$ 758,540	\$ 240,069

JACKSON PARISH SCHOOL BOARD
Jonesboro, Louisiana
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1998

	1998
Board Member:	
Robert Schmidt, President	\$ 6,000
Charles Cage	4,800
Randall Dark	4,800
Peggy Donaldson	4,800
Jimmy Golden	4,800
Robert Humble	4,800
Franklin Kelley	4,800
Wade McBride	4,800
Gerry Mims	4,800
Calvin Waggoner	<u>4,800</u>
Total	<u>\$ 49,200</u>

Kenneth D. Folden & Co.

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

To the Members of the
Jackson Parish School Board
Jonesboro, LA

We have audited the general purpose financial statements of the Jackson Parish School Board, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 18, 1998. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

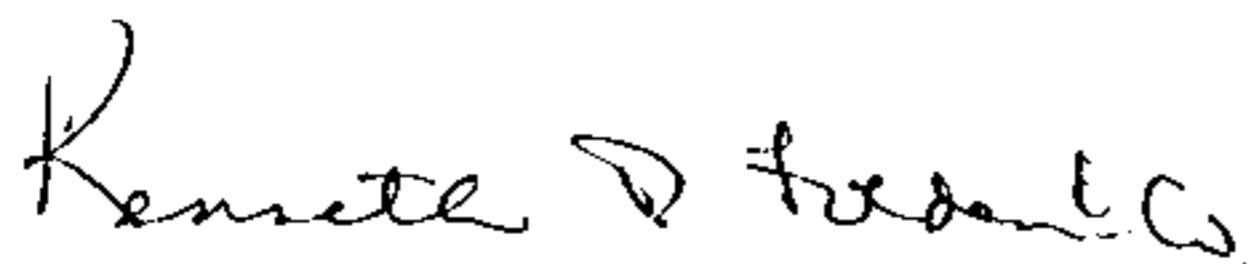
Compliance

As part of obtaining reasonable assurance about whether the Jackson Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Jackson Parish School Board in a separate letter dated December 18, 1998.

Internal Control Over Financial Reporting

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

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
December 18, 1998

Kenneth D. Folden & Co.

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

To the Members of the
Jackson Parish School Board
Jonesboro, Louisiana

Compliance

We have audited the compliance of the Jackson Parish School Board with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. The Jackson Parish School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Jackson Parish School Board's management. Our responsibility is to express an opinion on the Jackson Parish School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Jackson Parish School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Jackson Parish School Board's compliance with those requirements.

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

Internal Control Over Compliance

The management of the Jackson Parish School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Jackson Parish School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Kenneth D. Folden & Co.
KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
December 18, 1998

**JACKSON PARISH SCHOOL BOARD
JONESBORO, LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1998**

Schedule 10

Federal Grantor / Pass-Through Grantor / Program Name	CFDA Number	Expenditures June 30, 1998
United States Department of Agriculture Programs:		
Passed through Louisiana Department of Education:		
Summer Lunch Program	10.559 \$	95,328
*National School Lunch Program	10.555	440,248
School Breakfast Program	10.553	134,642
Passed through Louisiana Department of Agriculture and Forestry:		
Food Distribution	10.550	69,067
Total United States Department of Agriculture		<u>739,285</u>
United States Department of Education Direct Programs:		
Indian Education-Formula Grants to Local Educational Agencies and Tribal Schools:		
Title II	84.041	16,156
Drug Free School Act	84.164	18,366
Passed through Louisiana Department of Education:		
Improving School Programs - State Block Grant	84.151	12,335
Adult Education-State-Administered Program	84.002	83,077
*Educationally Deprived Children - Local Educational Agencies	84.010	676,815
Special Education:		
Handicapped - State Grants	84.027	155,933
Handicapped - Preschool Incentive Grants	84.173	10,508
Vocational Education (included in General Fund):		
Basic Grants to States	84.048	30,680
Total United States Department of Education		<u>1,003,870</u>
Total Program Expenditures		<u>\$ 1,743,155</u>

* Denotes major program

**JACKSON PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998**

A. SUMMARY OF AUDIT RESULTS

- 1. The auditors' report expresses a qualified opinion on the (general purpose) financial statements of the Jackson Parish School Board.**
- 2. No reportable conditions relating to the audit of the financial statement are reported in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**
- 3. No instances of noncompliance material to the financial statements of the Jackson Parish School Board was disclosed during the audit.**
- 4. No reportable conditions relating to the audit of the major federal award programs is reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.**
- 5. The auditors' report on compliance for the major federal award program for the Jackson Parish School Board expresses an unqualified opinion.**
- 6. No audit findings relative to the major federal award programs for the Jackson Parish School Board are reported in Part C. of this Schedule.**
- 7. The programs tested as major programs include the National School Lunch Program (CFDA #10.555) and the Educationally Deprived Children - Local Educational Agencies (CFDA #84.010).**
- 8. The threshold for distinguishing Type A and B programs was \$300,000.**
- 9. Jackson Parish School Board was determined to be a low-risk auditee.**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

**JACKSON PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1998**

FINDINGS 97-1: Budgets

Condition: The Jackson Parish School Board failed to adequately amend the budgeted expenditures of the Special Revenue Funds.

Recommendation: It was recommended that the Jackson Parish School Board make amendments whenever the actual expenditures exceeded the budgeted expenditures by five percent or more.

Current Status: For the year ended June 30, 1998, the agency did adequately amend the budgeted expenditures for the Special Revenues Fund Type. However, certain individual special revenues funds were not properly amended which we reported to management of the Jackson Parish School Board in a separate letter dated December 18, 1998.

Kenneth D. Folden & Co.
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December 18, 1998

To the Members of the
Jackson Parish School Board
Jonesboro, Louisiana

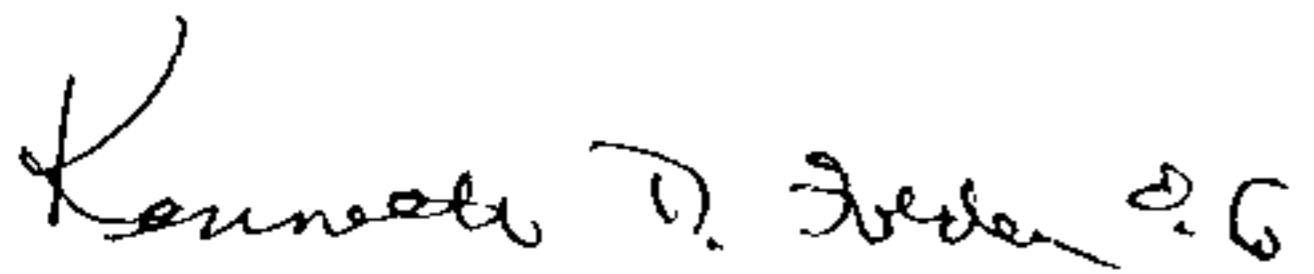
In planning and performing our audit of the general purpose financial statements of the Jackson Parish School Board, for the year ended June 30, 1998, and to obtain reasonable assurance about whether the financial statements are free of material misstatement, we considered the following:

- (1) The internal control structure 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 structure; and,
- (2) As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Jackson Parish School Board's compliance with certain provisions of laws, regulations and contracts. The objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we did not express an opinion.

During our audit, we became aware of certain matters involving immaterial noncompliance with laws and matters disclosed in the audit report, as of and for the year ended June 30, 1998, involving the internal control structure that are opportunities for strengthening internal controls and compliance requirements. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. (We previously reported on the Jackson Parish School Board's internal control structure in our report dated December 18, 1998.) This letter *does not affect our report dated December 18, 1998, on the financial statements of the Jackson Parish School Board.*

We have already discussed these comments and suggestions with various Jackson Parish School Board personnel and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Kenneth D. Folden & Co., CPAs
Jonesboro, Louisiana

Budgets

1. Public notice

The School Board did not publish a public notice stating the time, place, and date of the public hearing regarding the adoption of the budgets. Louisiana Revised Statute 39:1306 requires that a public notice be published prior to the public hearing.

We recommend that the School Board comply with Louisiana Revised Statute 39:1306.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board agreed with the finding. Management stated that corrective action has been taken as the public notice was published for the public hearing concerning the 1998-99 budget.

2. Budgetary Control

The Jackson Parish School Board failed to adequately amend the budgeted revenues of the following Special Revenue Funds: Title VI Fund and Special Ed Preschool. The Jackson Parish School Board failed to adequately amend the budgeted expenditures of the following Special Revenue Funds: Lunch Fund, Federal Impact Aid Fund, Special Ed 94-142 Fund, and Special Ed Preschool Fund. Louisiana Revised Statute 39:1310 requires that amendments shall be made whenever actual revenues are failing to meet budgeted revenues by five percent or more and when actual expenditures are exceeding budgeted expenditures by five percent or more.

We recommend that the Jackson Parish School Board comply with Louisiana Revised Statute 39:1310.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board agreed with the finding. Management stated that their personnel had monitored their budgets at the fund type level and not on the individual funds level. Management stated that the individual funds will be monitor for the fiscal year ending June 30, 1999.

3. Budget Preparation

The Jackson Parish School Board failed to adopt a budget for the Special Ed Extended Year Fund. This resulted in the Special Ed Extended Year Fund not being included in the comprehensive special revenue funds budget. Louisiana Revised Statute 39:1304 requires that a budget shall be prepared for each special revenue fund.

We recommend that the Jackson Parish School Board comply with Louisiana Revised Statute 39:1304.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board agreed with the finding. Management stated that procedures will be strengthen to ensure that all special revenues funds are budgeted in the future.

Invoices

Approximately 11% of the invoices selected in our test of disbursements did not have a notation indicating that either the items were received or that the services were performed. Good business practice requires that invoices should have such notation to ensure that items were received or that services were performed.

We recommend that the School Board personnel should make a notation indicating the receipt of goods or that services were performed.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board stated that procedures would be implemented immediately to ensure that all invoices have notations showing the receipt of the items or that the services were performed.

School Activity Funds

Our test of 3 schools revealed the following deficiency regarding the school activity funds of Quitman High School. The supporting documentation for the concession sales at selected ball games could not be provided. Signed over-the-counter receipts were available to show the monies reported but the actual concession reports could not be provided. School board policy requires such supporting documentation.

We recommend that the concession reports be filed with the over-the-counter receipts.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board stated that these concession reports were being maintained in a separate folder. In the summer of 1998, the Quitman High School's office was remodeled. Apparently, the folder was misplaced during the remodeling. Management stated that they will again instruct the schools' personnel to file all receipts and supporting documentation together.

Excess Taxes

At June 30, 1998, the Jonesboro-Hodge Bond Fund had cash of \$527,198 and its outstanding debt only totaled \$254,400. Therefore, the School Board has collected \$272,798 in excess ad valorem taxes over the amount needed for the bonded debt service. Louisiana Attorney General Opinion 79-328 states that only a reasonable amount should be collected over the amount needed for bonded debt service. Excess taxes should not be collected.

We recommend that the School Board comply with the following provisions of Louisiana Attorney General Opinion 79-328. When an excess occurs, the surplus should be returned pro rata to the taxpayers. If a pro rata return is impossible, then and only then may the monies be used for another project which should be similar in nature.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board stated that they felt that as though the excess monies could not be refunded to the taxpayers. It is management's intention that the excess monies will be used for another similar project. The School Board personnel will monitor its outstanding debt closer to ensure that excess taxes are not collected.

Bids

Our tests revealed two instances that the Title I program failed to obtain competitive bids or telephone quotes as required by Louisiana Revised Statute 3822:12. The Title I program purchased a six station computer add-on totaling \$20,561 without obtaining competitive bids. The add-on included such items as hardware (\$11,496), software (\$8,440), and maintenance (\$625). In the second instance, Title I purchased 3 notebook computers totaling \$8,100 without soliciting telephone quotes.

We recommend that the Jackson Parish School Board comply with Louisiana Revised Statute 39:3822:12.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board agreed with the finding. Management stated that they did not bid the additional computer hardware and software because it was being added to an existing 14 station laboratory at one of the schools. The existing laboratory was obtained from the only known source; therefore, the agency felt that no bids were required. Concerning the notebook computers, telephone quotes were accidentally overlooked. Management stated that procedures will be strengthened to ensure that future purchases comply with Louisiana Revised Statute 39:3822:12.

State Bond Commission Approval

The School Lunch program obtained a loan exceeding 90 days for the purchase of computer equipment without obtaining prior approval from the State Bond Commission. Article VII, Section 8 and Article VI, Section 33 of the 1974 Louisiana Constitution requires that any indebtedness in excess of 90 days must have approval of the State Bond Commission.

We recommend that the Jackson Parish School Board comply with the 1974 Louisiana Constitution for any future indebtedness exceeding 90 days.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board agreed with the finding. Management stated that the former superintendent must have inadvertently failed to obtain prior approval from the State Bond Commission. The cited loan has been paid off. Management stated that procedures will be implemented to ensure that future indebtedness will comply with the 1974 Louisiana Constitution.

Lack of supporting documentation

Our testing of Title I consisting of 96 checks, totaling \$203,620, resulted in the entire supporting documentation of one check not being located. Title I's check #278 was written for \$7,861 of which documentation for \$2,490 could not be located. The cited check was written to an office supply company. Louisiana Department of Education regulations require that all records and documentation must be maintained for three years.

We recommend that the Jackson Parish School Board comply with the Louisiana Department of Education regulations.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board agreed with the finding. Management stated that apparently the invoice was lost while filing the disbursements. Upon discovering this misfiled invoice, the agency contacted the nationwide office supply company for a duplicate invoice; however, it has not been received yet. Management stated that they felt this missing invoice was an isolated instance. However, instructions will be given to office personnel to only file checks after ensuring that all documentation is attached. This procedure will help ensure that all documentation is properly filed in the future.

Financial Statements

As stated in our auditors' report, the general fixed assets account group was not audited because the beginning balances have no supporting documentation. This is in violation of Louisiana Revised Statute 39:321-332.

We recommend that the School Board comply with Louisiana Revised Statute 39:321-332.

In a letter dated December 18, 1998, the management of the Jackson Parish School Board stated that they have contacted an outside consultant to help establish their balances. The projected date for completion of this compilation will be prior to June 30, 1999.

Prior Year Findings

The current status of the findings in the prior year audit report are as follows:

Management Letter

- 1. The School Board did not publish a public notice stating the time, place, and date of the public hearing regarding the adoption of the budgets. As shown above, a repeat comment has been made.**
- 2. The School Board audit was not completed and submitted to the Legislative Auditor within six months of the close of the entity's fiscal year. Corrective action has been taken; this finding is considered cleared.**

Financial Statements

- 1. General fixed assets account group could not be audited. As shown above, a repeat comment has been made.**