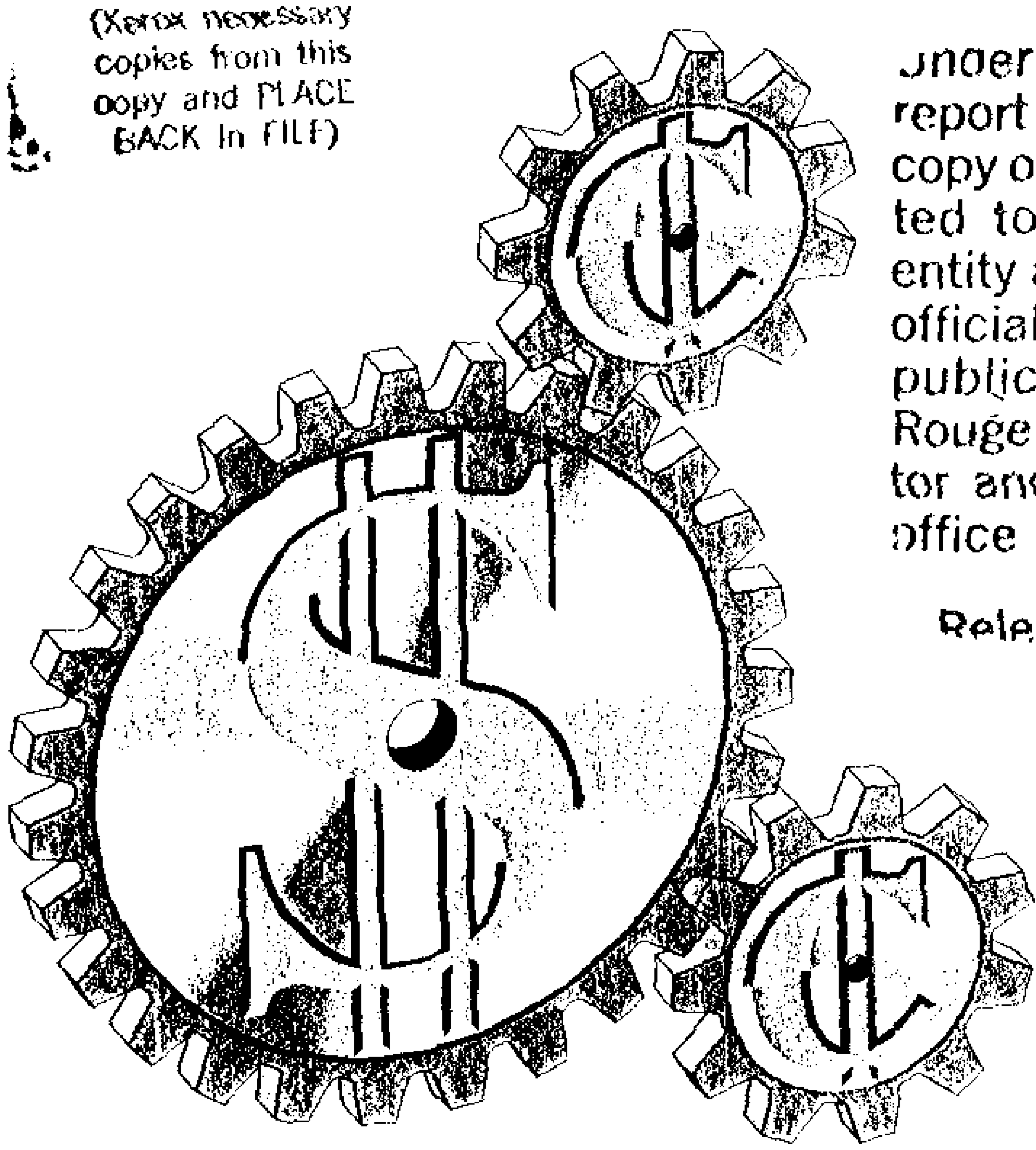
ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana



Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 1999

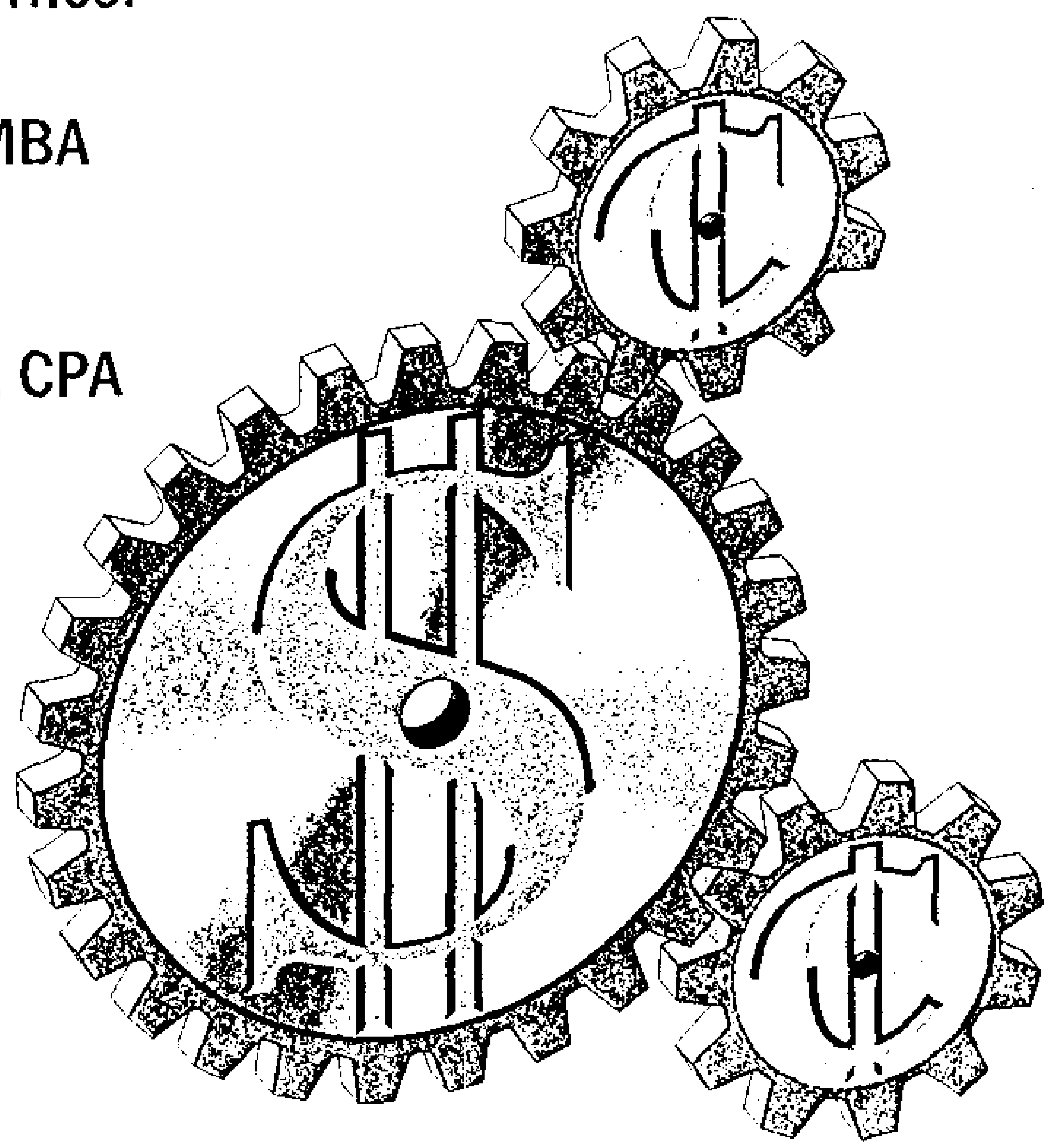
ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

Coordinated by the Division of Financial Services

Terence Sims, CPA, CFE, MS
Chief Financial Officer

Reginald Zeno, MBA
Budget Director

Anthony J. Stoltz, CPA
Comptroller



Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 1999

ORLEANS PARISH SCHOOL BOARD

Comprehensive Annual Financial Report

Year ended June 30, 1999

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ORLEANS PARISH SCHOOL BOARD

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Year ended June 30, 1999

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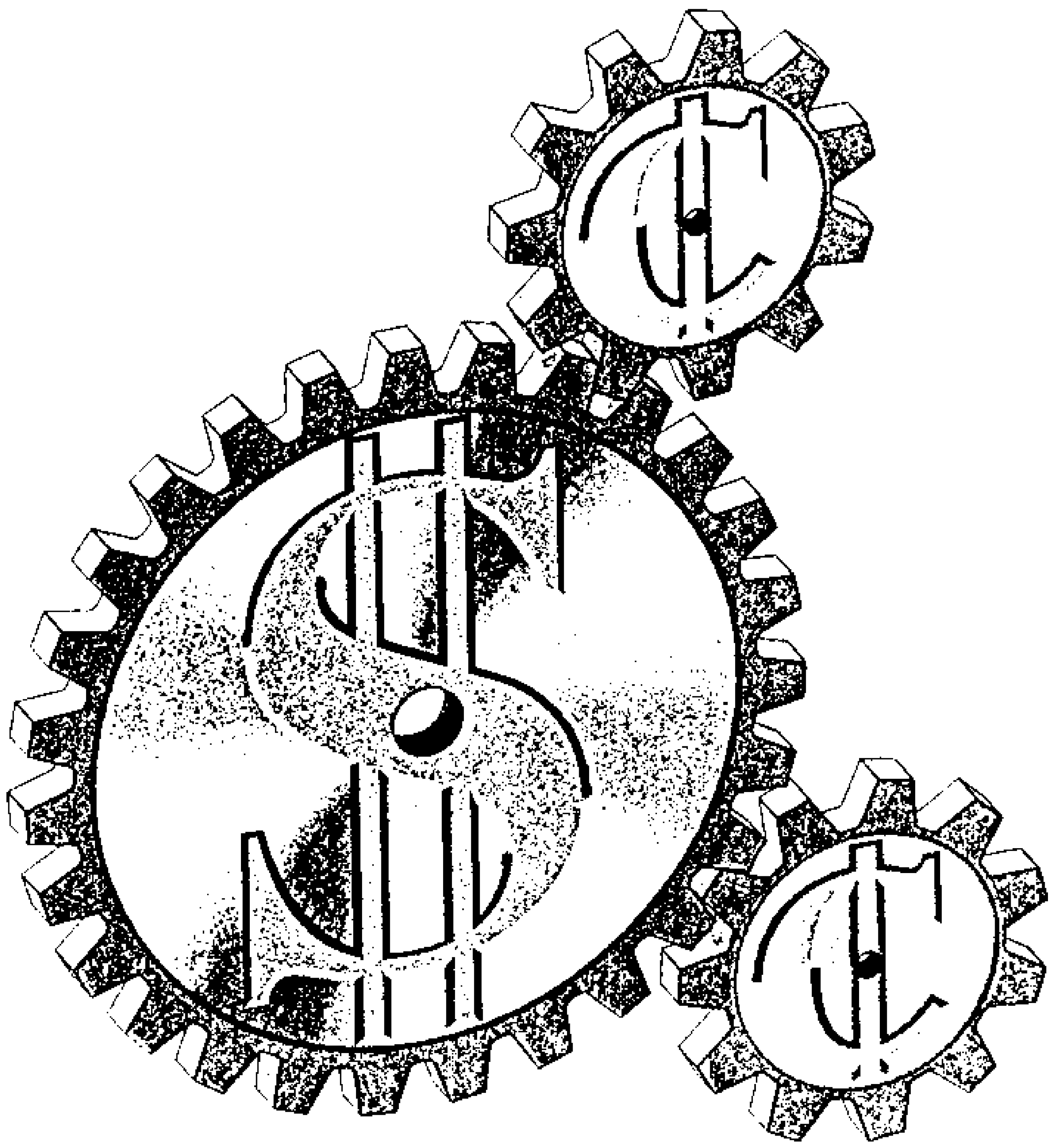


Introductory Section

ORLEANS PARISH SCHOOL BOARD
PRINCIPAL OFFICIALS

SCHOOL BOARD MEMBERS

Four-Year Terms Effective January 1, 1997

President	Gail Moore Glapion, M.Ed.	District 2
Vice President	Scott P. Shea, J.D.	District 3
	Cheryl E. Mills, Ph.D.	District 1 (effective December 19, 1997)
	J. Berengher Brechtel, Ed.D.	District 4
	Carolyn Green Ford	District 5
	Bill Bowers	District 6 (through August 31, 1999)
	Una Anderson	District 6 (effective September 3, 1999)
	Cheryl Q. W. Cramer	District 7 (through November 19, 1997)
	Tommie Vassel, C.P.A.	District 7 (through October 5, 1998)
	Elliot C. Willard, M.Ed.	District 7 (effective October 12, 1998)

Officers are elected for a term of one calendar year by Board Members. 1999 officers are shown above.

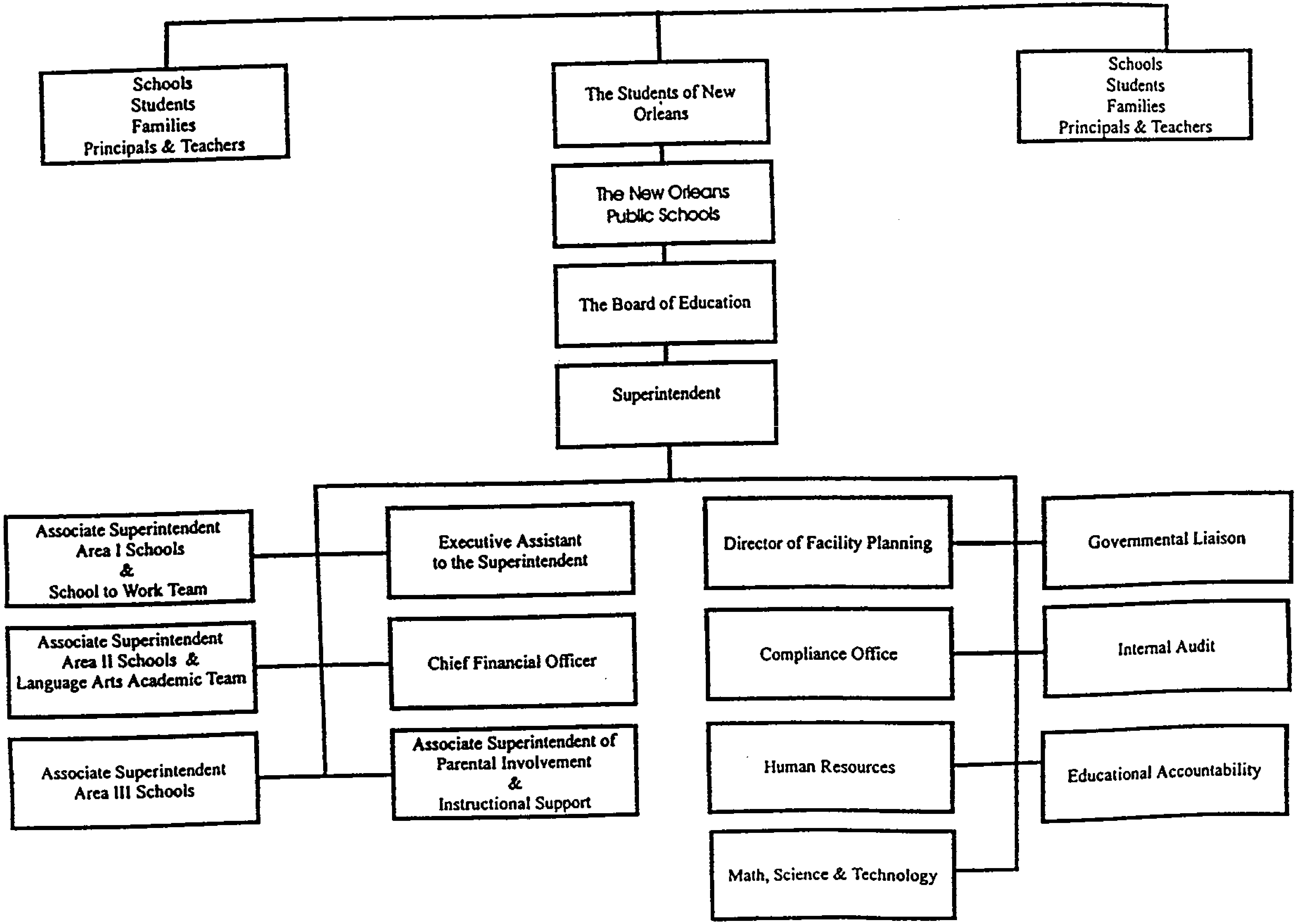
SECRETARY OF THE BOARD

Wyatt V. Dejoie

ADMINISTRATIVE OFFICIALS

Chief Executive Officer/Superintendent (effective July 12, 1999)	A.G. Davis (Colonel, USMC, Retired)
Interim Superintendent (March 18, 1999 through June 30,1999)	Calvin P. Casmier, M.A. +30
Interim Superintendent (February 1, 1999 through March 17, 1999)	Gregory M. St. L. O'Brien, Ph.D.
Interim Superintendent (July 1, 1998 through January 31, 1999)	Matthew Proctor, Jr., Ed.D.
Interim Deputy Superintendent (February 8 through March 17, 1999)	Calvin P. Casmier, M.A. +30
Executive Assistant to the Superintendent (through February 7, 1999)	Calvin P. Casmier, M.A. +30
Interim Chief Financial Officer (effective February 8, 1999)	Reginald E. Zeno, M.B.A.
Budget Director (through February 7, 1999)	Reginald E. Zeno, M.B.A.
Acting Associate Superintendent Area I Schools (effective July 1, 1999)	Judy Mulla, Ed.D.
Associate Superintendent, Area II Schools	Linda Fortenberry, Ph.D.
Associate Superintendent, Area III Schools (effective November 11, 1997)	Cynthia R. Williams, M.Ed.
Associate Superintendent, Parent/Community Participation, Instructional Support & Communications	Linda J. Stelly, Ph.D.
Director of Facility Planning	Kenneth Ducote, Ph.D.
Director of Human Resources (effective August 19, 1999)	Judith A. Gahr, M.A.+30

New Orleans Public Schools Organizational Structure



NEW ORLEANS PUBLIC SCHOOLS

3510 GENERAL DEGAULLE DRIVE • NEW ORLEANS, LOUISIANA 70114

December 20, 1999

President and Members
Orleans Parish School Board
3510 General de Gaulle Drive
New Orleans, Louisiana 70114-6753

Dear Board Members:

Attached herewith is the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board for the fiscal year ended June 30, 1999. This report joins the preceding sixteen (16) annual reports in which the financial records of the New Orleans Public Schools have been audited by independent, certified public accountants.

The main highlights for fiscal year 1999 include a General Fund Undesignated Fund Balance of \$17.2 million, an amount which approximates the minimum five (5) per cent of current operating budget level recommended by the Government Finance Officers Association. The importance of this fund balance can not be overstated. It equips the School District with working capital for daily operations, since many expenditures are incurred before funds are received. Also, this balance is needed to fund potential increased operational costs, such as new instructional program objectives, salary increases, enhancements to the Management Information System, which was recently installed, and emergencies that may arise.

Also, through an improved financial condition, the School District was able to:
(1) Fund the acquisition of a new \$19 million Management Information System – to assure year 2000 compliance;
(2) Provide \$1.8 million of funds for the Focus schools allocation;
(3) Fund \$1 million for additional bathroom renovation;
(4) Expand the districtwide Alternative Programs through funding of \$700 thousand dollars;
(5) Open middle school at G. W. Carver and M. L. King Schools; and
(6) At a cost of \$300 thousand dollars, assist with the implementation of the first charter school program in the School District at New Orleans Middle Charter School.

A summary of the financial results and educational initiatives are presented in the Letter of Transmittal immediately following this message.

Respectfully submitted,

A. G. Davis
Chief Executive Officer (Colonel, USMC, Retired)

AGD/ajs

NEW ORLEANS PUBLIC SCHOOLS

3510 GENERAL DEGAULLE DRIVE • NEW ORLEANS, LOUISIANA 70114

December 20, 1999

The President and Members
Orleans Parish School Board

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board (School Board) for the fiscal year ended June 30, 1999. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the School Board.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included. This report includes all funds and account groups of the School Board.

The CAFR is presented in three Sections: Introductory, Financial, and Statistical. The Introductory Section includes this Transmittal Letter, the School Board's Organizational Chart, and a list of principal officials. The Financial Section includes the general purpose financial statements and the combining and individual fund and account group statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The School Board is a political subdivision created under Louisiana State Statutes and has the power to sue and be sued, and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education. The School Board operates within Orleans Parish. It provides a full range of regular education and related services as contemplated by the Louisiana State Statutes. The School Board is authorized to establish public schools as it deems necessary to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed and to determine local supplement to their salaries. Accordingly, the School Board is not included in any other governmental reporting entity since the School Board Members are elected by the public for a term of four years and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

All funds and entities controlled by or dependent on the School Board are included in the CAFR. These financial statements present the School Board as the primary government. The School Board has one active component unit, the New Orleans Charter Middle School (NOCMS), operated by Middle School Advocates, Inc. NOCMS is presented as a discretely presented component unit and is included in the reporting entity because it is fiscally dependent on the School Board. The various funds and account groups included in this report are referenced in the Table of Contents.

The boundaries of the School Board and City of New Orleans are co-terminus and located near the mouth of the Mississippi River in Southeast Louisiana. The leading industries of the local economy are petroleum, port, tourism and construction.

ECONOMIC CONDITION AND OUTLOOK

The current U.S. economic expansion shows little sign of ending. Economists believe that strong consumer spending, rising business productivity and tame inflation will keep the U.S. economy going strong through the year 2000. The Federal Reserve (Fed) continues to closely monitor the economic conditions in order to prevent the inflation that occurred during the 1980s. The Fed has increased interest rates three times in the last three months and the market is anticipating additional rate increases if the economy expands too rapidly. The current U.S. Treasury Bond yields between 6.55% to 6.75%.

The New Orleans area is forecasted to continue its slow economic growth over the next two years. In its Metropolitan Report, the University of New Orleans' Division of Business and Economic Research forecasts employment growth of 0.4% next year. It also forecasts some 14,479 jobs to be added to the New Orleans area over the next two years. The strongest sector of the New Orleans economy will be the tourism industry. Phase III of the Convention Center, the downtown arena, Jazzland Theme Park, and Harrah's Casino will increase job opportunities in the New Orleans area.

MAJOR INITIATIVES

A major highlight of the 1998-99 fiscal year was the completion in June 1999 of the search for a new Superintendent/Chief Executive Officer. The selection of a school superintendent with a non-traditional background - career military officer - was hailed by most community leaders as a bold move. The selection required a waiver of traditional qualifications from the Louisiana Board of Elementary and Secondary Education (BESE), which was granted with the stipulation that a chief academic officer be hired within ninety days. The School Board has complied with this requirement.

While the superintendent search was conducted by the School Board, the School District continued its emphasis on the 1998-99 "Moving Forward" initiatives. Under the leadership of three veteran educators who served as Interim Superintendents, the School District increased the involvement of the community and implemented programs to improve the educational offerings for all students as well as administrative operations of the New Orleans Public Schools.

One of the key organizations in the increased community involvement was the Greater New Orleans Education Foundation, which provided much input for several fiscal 1999 issues.

Among the varied activities and accomplishments of the 1998-99 fiscal year, the following are notable:

A. Academic Accountability

- Distributed new state and local Standards Based Curriculum in Reading, English, Math and Science to all teachers in accord with the new State Accountability System.
- Continued support for K-3 reading programs, targeting second and third grades with reading facilities, reading coaches, materials, and extended day programs.
- Monthly training conducted for parents with children in grades K-3 on relevant instructional issues with resources made available through the Parent-Child Centers for at-home use with children.
- A $389,000 LEARN grant was received to align math/science/technology curriculum with new state standards and professional development activities. Exemplary programs have been purchased and disseminated for middle schools.
- Special training sessions were held for principals and school teams of Citywide Access Schools (CWAS) and FOCUS Schools. Staff development issues surrounded enrollment and recruitment practices, as well as curriculum alignment and student assessment.

- Actively participated in the Louisiana Department of Education's Test Security Task Force and implemented new state test security regulations.

- In preparation for the student academic accountability testing in April 2000, hundreds of New Orleans Public School's rising 4th and 8th grade students took advantage of the School District's free EX-L Summer Learning Program.

  Based upon a sample of students that completed the course, the test scores of these students have shown improvement. The School District has committed resources to maintain this program.

B. Teacher Recruitment/Training

- Eighty-seven (87%) percent of the school site staff is fully certified; 6.7 percent are temporarily certified, and 6.3 percent are noncertified teachers.

- All principals and teacher teams have conducted multiple staff development activities to increase compliance with the new state accountability and new state testing programs.

C. Project Respect:

- In its fourth year, Project Respect continues as a model for introducing and enforcing the zero-tolerance discipline initiative among students and their families. The thrust of the initiative is to urge students and their families to work together to grow in respect for themselves and others. Booklets listing guidelines were distributed to students, parents, community members, ministers, business leaders and elected officials. The discipline initiative was the topic of forums, workshops and instructional television programs on the School District's own cable television channel.

  An important strategy of Project Respect is conflict resolution. The goal is to teach students to solve problems before the problems erupt into violence. If children learn to recognize verbal and non-verbal pressure from peers, and if they are trained to work with their peers to defuse situations, then school violence can be decreased. As the children learn -- and practice -- conflict resolution in their schools, the violence also decreases in the community.

D. Citywide Access Schools

- Created the implementation plan for Citywide Access Schools policy under which 24 school teams submitted applications for CWAS designation.

- Facilitated process for student applications to CWAS schools.

E. Establishment of Initial Charter School Operation

- School District provided $300,000 of funding and worked closely with leaders of Middle School Advocates, Inc. in establishing the first charter school within Orleans Parish.

  Chartered by the School Board, it operates as the New Orleans Charter Middle School from the former James Lewis Extension School location. This school opened as an experiment to strengthen the classroom environment for approximately 300 public school students in sixth, seventh, and eighth grades.

F. Technology

- Initiated a project designed to put the entire New Orleans Public School System on the information superhighway at a cost of $11 million with the goal of putting 25,000 networked computers in all New Orleans classrooms for use by nearly 81,000 students, at a ratio of three children to every one personal computer.

- Installed computer equipment and prepared data files for the fiscal 2000 implementation of the Management Information System (MIS) Project. The new MIS System replaces antiquated and obsolete central office computer system with a networked, Internet based, year 2000 compliant system. New student data, human resource/payroll and financial management software and hardware allow central office and schools to access and update data on-line.

G. Fiscal Integrity

- Maintained the School District's five (5%) percent of budget emergency contingency fund, $17 million, in accordance with advice of auditors and consistent with professional government finance organizations.
- Implemented a bar coding system for all property and equipment - an effort that will result in greater accuracy and efficiency in conducting fixed asset inventories.
- Provided a FOCUS school allocation of $1.8 million to supplement the amount provided by the state to the twenty-four (24) lower performing schools.
- Expanded the districtwide alternative school program through $700 thousand of funding and opened middle schools at G.W. Carver School and M.L. King Elementary School.
- Reduced the number of employees on administrative leave by expediting the hearing process.

H. Safety and Security

- Strengthened the partnership with New Orleans Police Department, whereby efforts to bring in truants have increased throughout the city.

I. Facility Management and Maintenance

- Of the $175 million Capital Improvement Program III now underway throughout the School District, 310 projects have been initiated, of which 161 are in design, 28 in bidding, 33 under construction and 88 have been completed.
- Surplus funds in Debt Service Fund allows a $6 million supplement to CIP III budget, which will offset new city building code requirements and cost overruns.
- Additional $1 million allocated for bathroom repairs.

J. New Orleans Education Foundation - Partnerships with the Community

- Administration commits technical and personnel support to the Greater New Orleans Education Foundation which has raised private funds to develop and implement a five-year strategic plan for New Orleans Public Schools.

K. Public Information

- Increased public's knowledge of and access to School District information through ongoing news conferences, news releases and community updates and targeted programming on the School District's own cable television channel.

FINANCIAL INFORMATION

Internal Controls

School Board management is responsible for establishing and maintaining internal control designed to ensure that the assets of the School Board are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) cost and benefit valuation requires estimates and judgments by management.

Budgeting Controls

The School Board maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board's governing body.

Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. Capital Projects Funds are allocated by project and remain programmed and funded until completed or until the School Board decides to eliminate the project. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level within an individual fund.

Budgetary control is maintained at the school and/or department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of available budget balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at June 30 of each year.

Reporting of Millage Revenue

To improve clarity for readers of the School Board's financial statements and budget, revenues and expenditures for the Constitutional Tax of 27.65 mills and the 1988 Dedicated Millage - Purposes A, B and C are shown within the General Fund financial statements. Purpose D transactions are shown in the Capital Projects and Debt Service Funds section. The 1988 Dedicated Millage are used for the following purposes:

Purpose A	Textbooks and Supplies	2.13 mills
Purpose B	Early Childhood Development, Discipline and Dropout Prevention	2.13 mills
Purpose C	Salary and Employee Benefits	10.00 mills
Purpose D	Air Conditioning, Asbestos Removal and Major Facility Renovation and Debt Service	3.19 mills

Fiscal year 1999 revenues and expenditures for 1988 Dedicated Millage are reflected in Note 11(d) to the financial statements. As a result of reassessed millage in fiscal year 1996, the above millage were rolled forward. The increased revenue from the rolled forward Constitutional and Purpose D millage has been dedicated to fund debt service requirements for the Series 1995, 1996, 1997 and 1999 General Obligations Bonds.

Also, as authorized in the July 1995 bond referendum, 3.7 mills for debt service on the General Obligation Bonds were assessed in Fiscal 1999. The generated revenue is reported in the Debt Service Section. During fiscal 1999, the School Board approved the transfer of $4 million from the Debt Service Fund Retained Earnings and $2 million of fiscal 1999 roll forward revenue. This undedication was based upon the current Debt Service Fund Balance and a forecast of revenue based upon a 0% increase in property values. $3 million was transferred to both the General fund for restroom renovations and the Capital Projects Fund for CIP III.

As demonstrated by the statements and schedules included in the financial section of this report, the School Board continues to fully disclose the utilization of the financial resources under its management.

GENERAL GOVERNMENTAL FUNCTIONS

General Fund

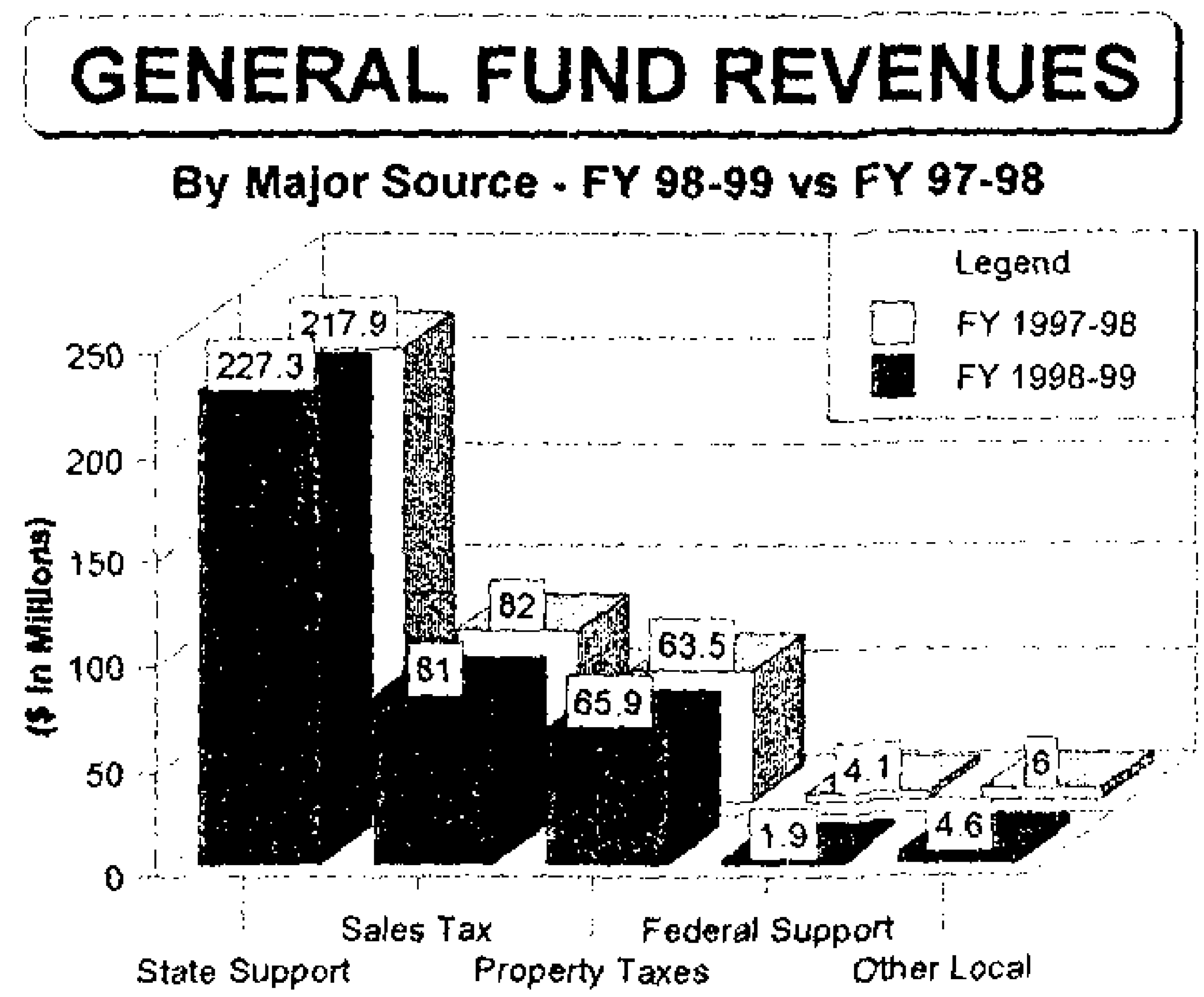
Revenues

For the year ended June 30, 1999, General Fund revenues totaled $380,697,599 compared to $373,527,836 in the prior year, an increase of $7,169,763, or 1.8%. These results include 1988 Dedicated Millage Revenues for Purposes A, B and C of $21,138,676 (1998-99) and $20,365,129 (1997-98), as per Note 11(c). The amount of revenues from various sources and the increase or decrease over last year are shown below.

SUMMARY SCHEDULE OF REVENUES
(in millions)

REVENUE SOURCE	1998 - 99	1997 - 98	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Local Sources:				
Ad Valorem (Property) Taxes	$ 65.9	$ 63.5	$ 2.4	3.8%
Sales Taxes	81.1	82.0	(1.0)	(1.2)
Investment Interest	2.1	2.6	(0.5)	(19.2)
Tuition and Other Fees	2.4	1.7	.7	41.2
Other	0.1	1.7	(1.6)	94.1
State Sources:				
Minimum Foundation Program	217.7	208.6	9.1	4.4
Revenue Sharing	3.5	3.5	-	-
Professional Improvement Program	2.9	3.5	(0.6)	(17.1)
Other	3.2	2.3	0.9	39.1
Federal Sources	1.9	4.1	(2.2)	53.7
TOTAL	**$380.7**	**$373.5**	**$ 7.2**	**1.9%**

The $2.4 million increase in property taxes resulted from increased property assessments and a millage rate increase to service General Obligation Bonds debt service. The sales tax decreased due to a lower volume of retail sales. Decreased investment earnings resulted from a combination of lower cash and investment balances and lower interest yield on investments. Increased revenue from state sources for the Minimum Foundation Program (MFP) resulted primarily from the allocation of funds for teacher pay raises. A summary of revenues is presented below.



Source: 6/30/99 CAFR - Exhibit 2, Page 6

Expenditures

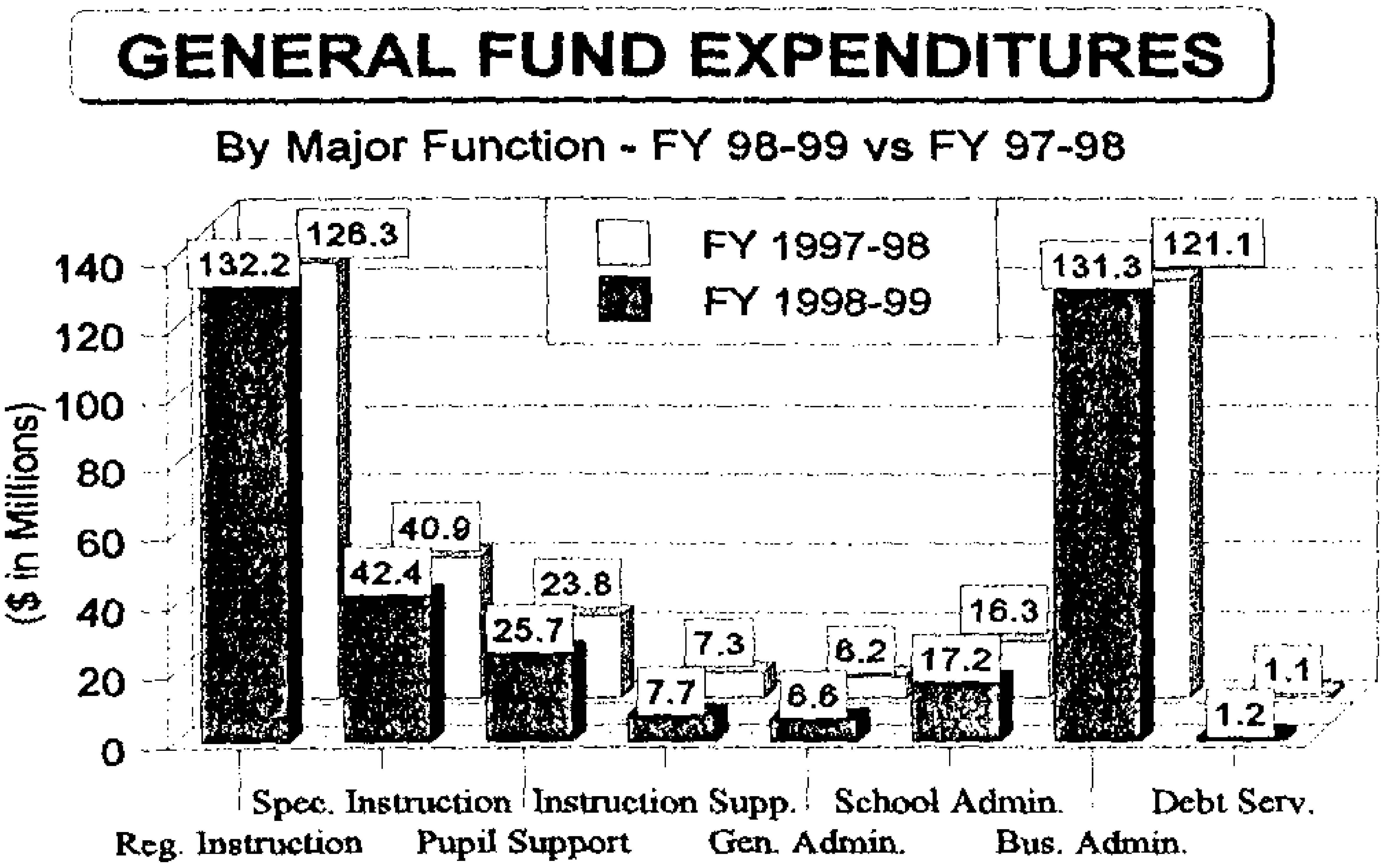
General Fund expenditures increased by 6.2% or $21,328,162 for the year ended June 30, 1999. Expenditures totaled $364,303,258 compared to $342,975,096 in the prior year. Expenditures of $21,162,996 (1998-99) and $19,523,051 (1997-98) for the 1988 Dedicated Millage Purposes A, B, and C are included. An itemized listing of expenditures classified by major function and the increase or decrease for each category is presented in the table that follows.

SUMMARY SCHEDULE OF EXPENDITURES
(in millions)

EXPENDITURE TYPE	1998-99	1997-98	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Current:				
Instructional:				
Regular	$ 132.2	$126.3	$ 5.9	4.7%
Special	42.4	40.9	1.5	3.7
Support Services:				
Pupils	25.7	23.8	1.9	8.0
Instructional Staff	7.7	7.3	0.4	5.5
General Administration	6.6	6.2	0.4	6.5
School Administration	17.2	16.3	0.9	5.5
Business Administration	131.3	121.1	10.2	8.4
Debt Service	1.2	1.1	0.1	9.1
TOTAL	$ 364.3	$ 343.0	$21.3	6.2%

Instructional expenditures increased by $7.4 million, an increase of 4.7% as compared to the previous year. The increase was the result of the 1999 teacher pay raises. Increases in the outlay for Support Services in the Pupils, and General Administration areas are also primarily attributable to the 1999 pay raises.

A graphic summary of General Fund expenditures by major category is shown below.

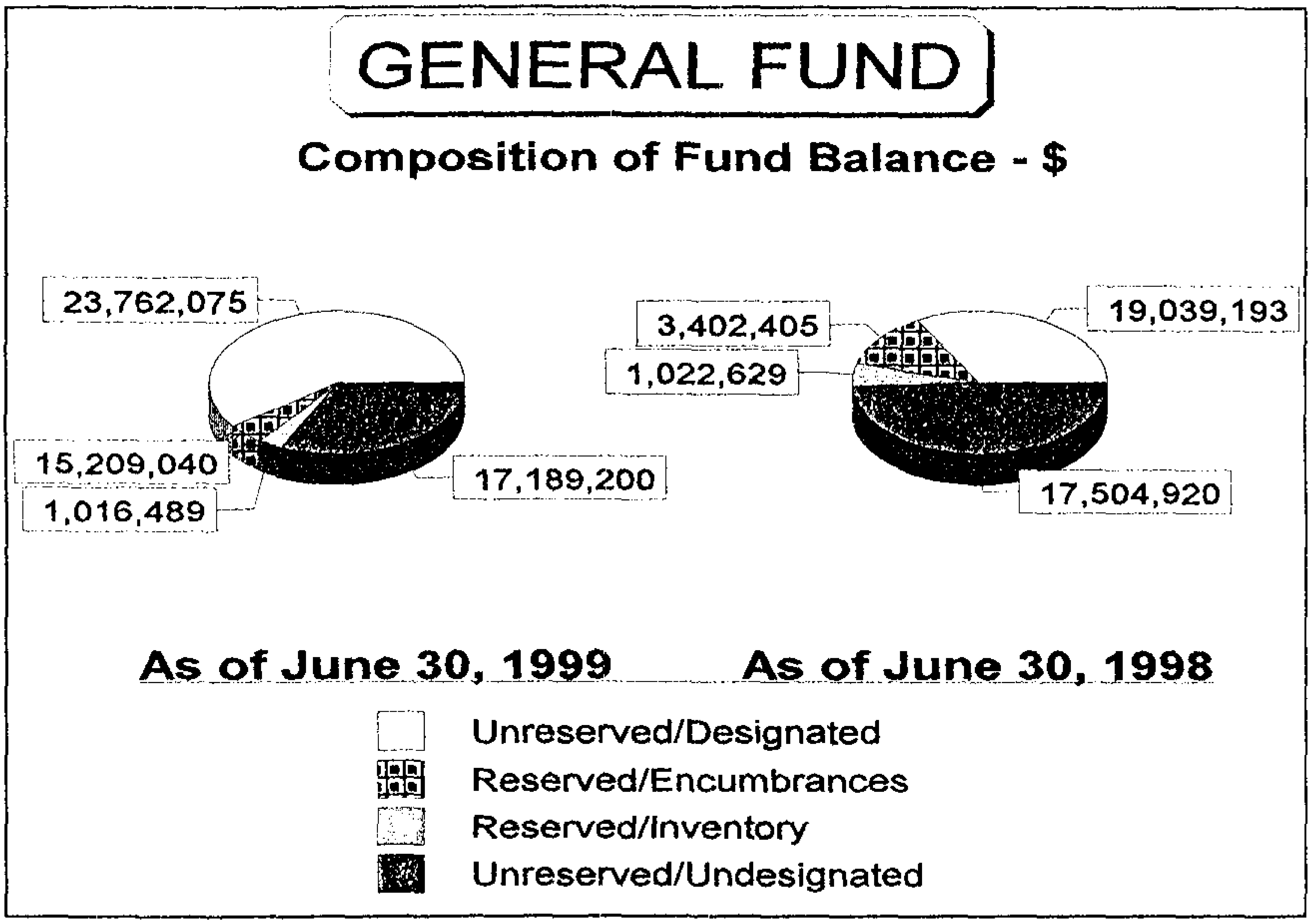


Source: 6/30/99 CAFR - Exhibit 2, Page 6

Business Administration expenditures increased by $10.2 million, primarily due to pay raises, litigated claim payments and attorney fees. Debt Service expenditures experienced an increase of 9.1% as a result of the declining interest expense on capital lease agreements as principal is paid. Debt Services expenditures are comprised of the principal and interest charges on the capital lease for school buses, and the interest on a short term loan.

Fund Balance

The composition of the General Fund accumulated surplus as of June 30, 1999 and 1998 is graphically reflected below.



Sources: 06/30/99 and 06/30/98 CAFRs, Exhibit 1, Page 4

The total Fund Balances as of June 30, 1999 and 1998 are $57,176,804 and $40,969,147, respectively. The unreserved and undesignated General Fund balance as of June 30, 1999 is $17,189,200. In addition, $15,209,040 is reserved for encumbrances, $1,016,489 is reserved for inventory and $23,762,075 has been designated for subsequent years' expenditures.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Total revenues received from all sources for the year ended June 30, 1999 amounted to $82,564,754, as compared to $78,399,699 for the prior year, an increase of $4,165,055. Total expenditures increased by $2,287,798 for fiscal year 1998-99.

Federally funded pupil support and instructional programs, which include the Improving America's School Act (IASA) Titles I, II, IV, and VI, the Individuals with Disabilities Education Act (IDEA), and other grants, had expenditures of $47,416,181 for fiscal 1999, as compared to $41,366,677 for the prior year, an increase of $6,049,504. State and locally funded programs generated revenues of $7,514,417, a decrease of $2,217,607.

The Child Nutrition Fund is used to account for all revenues and expenditures related to providing breakfasts and lunches to children of the School System. Total revenues from all sources for the year ended June 30, 1999 amounted to $27,634,156 as compared to $27,302,770 for the prior year, an increase of $331,386. Total expenditures for the year amounted to $27,203,304, an decrease of $1,467,001 from the prior year.

The Child Nutrition Program's resources were supplemented by a $725,250 transfer from the General Fund. As of June 30, 1999, the Child Nutrition Fund Balance of $1,387,276 includes a surplus of $1,334,041.

Capital Projects Funds

The Capital Projects Funds includes all major renovation, construction and repair projects of the School Board other than those accounted for in the General Fund and Special Revenue Funds. Total capital project construction expenditures for the year ended June 30, 1999 amounted to $23,116,211 compared to $13,656,066 for the year ended June 30, 1998, an increase of $9,460,145.

The Capital Projects Funds consists of three major programs -- Capital Improvement Programs I, II, and III.

Capital Improvement Program I includes all projects which were funded from a variety of sources prior to June, 1989, including funds for the Harney Replacement School, for which construction preparation is in progress. The major activity during fiscal 1999 was the renovation work at Pan American Stadium.

Capital Improvement Program II represents projects funded by Purpose D Dedicated Millage (ad valorem tax) proceeds, after use of tax proceeds to fund debt service requirements. Capital Improvement Program II includes the funds from bonds sold on June 29, 1989 as well as Purpose D cash in excess of debt service. During the fiscal year ended June 30, 1999, Purpose D millage was spent on several major projects.

Looking ahead to fiscal year 1999-00, funds from Capital Improvement Program II will be spent on completing many electrical, fire and life safety improvements and renovations to Capdau and Lafayette Schools.

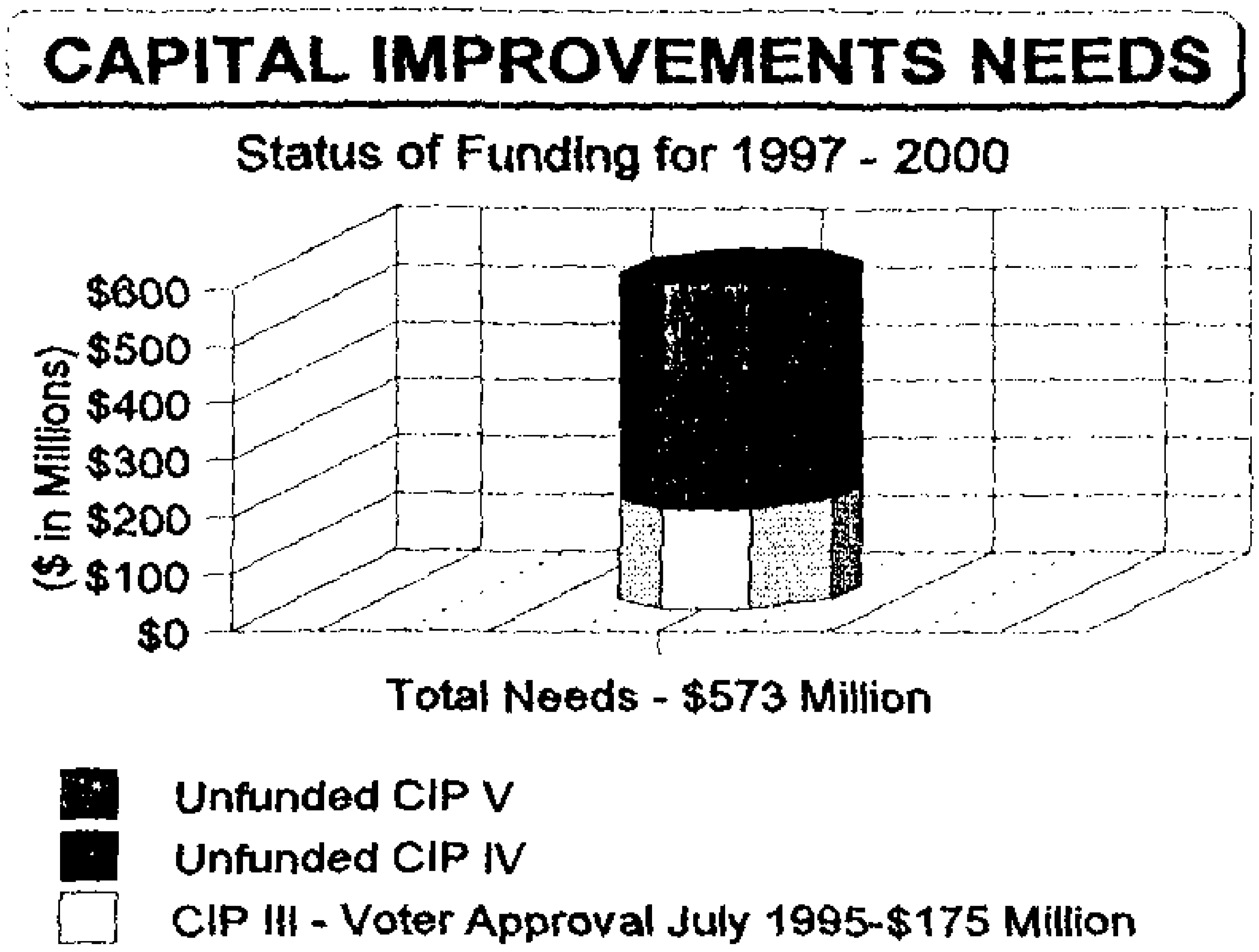
Capital Improvement Program III was authorized by the voters in a bond referendum on July 15, 1995. Since December, 1995, a total of $175 million in bonds have been issued for this program to be used for life safety, health compliance, air conditioning, and major renovations.

The major activity in Capital Improvement Program III during the fiscal year ended June 30, 1999 included the renovations to Edison, Henderson and Jones Schools. However, in total, 311 renovation projects are now underway.

CAPITAL IMPROVEMENT PROGRAM	SOURCE OF FUNDS/ ORIGINATION OF PROGRAM	CAPITAL FUND	PROJECT
I.	Sales Tax and Related Funds, Classroom	1	1, 3, 4, 5, 6,
	Addition Bank Loan and LPFA Lease	3	7, and 8
	Revenue Bonds	4	9
II.	Purpose "D" 1988 Ad Valorem Tax	5	10
III.	July 15, 1995 Bond Issue Referendum	2	2

Top Priority Unfunded Projects

Meanwhile, a large number of top priority projects remain unfunded. In 1995, the total estimated needs for the School Board for 1997 through 2000 were computed to be $573 million. Of this amount, $398 million or 69% remains unfunded. The graph below illustrates the bond proceeds for Capital Improvement Program (CIP) III, as well as unfunded needs for Capital Improvement Programs IV and V.



Source: N.O.P.S. Department of Facility Planning

Property, Plant and Equipment

The property, plant and equipment of the School Board are those fixed assets used in the performance of the main educational functions. The total cost of property, plant and equipment was $467,972,018 at June 30, 1999, as compared to $449,679,189 at June 30, 1998. Such assets are generally accounted for at historical costs. Depreciation of general fixed assets is not currently recognized in the School Board's accounting system. However, in accordance with Government Accounting Standards Board (GASB) Statement No. 34, depreciation will be a required calculation disclosure beginning July 1, 2001.

Although a substantial portion of broken/obsolete assets were discarded, the net increase in property, plant and equipment is primarily attributable to: 1) a substantial increase in construction-in-progress; 2) hardware for the new management information system; and 3) an increase in purchases of computers and related equipment at school sites by state grants, including Special Ed, Vocational Ed, and Title I allotments.

Contingency Account

The school system has successfully generated an undesignated contingency account of $17.2 million or 4.9% of fiscal 1999 revenue, which nearly meets the minimum 5 per cent guideline suggested by professional government finance groups. This balance is needed to fund potential salary increases, student data and management information system technology needs and other emergencies that may arise.

Internal Service Funds - Insurance Funds and Print Shop Fund

The Internal Service Fund accounts for all revenues and expenses related to the School Board's insurance activities and, beginning in fiscal year 1994, Print Shop operations.

The summary below recaps the School Board's major insured programs, method of insurance and accounting for such programs as of June 30, 1999:

Type of Insurance	Type of Insurance Coverage	Fund
Health Insurance	Commercial	Internal Service
Life, Dental and Optical Insurance	Commercial	Internal Service
Workers' Compensation	Excess Commercial; $350,000 Risk each occurrence	Internal Service
Unemployment	Commercial	Internal Service
Small Tort Claims	$7,500 Retained Risk	General Fund
Litigated Claims, including a) Professional Liability b) Comprehensive General Liability c) Auto Liability	Commercial $500,000 Retained Risk per claim (effective fiscal 1996); Excess commercial	General Fund and General Long-term Obligations Group

The estimated liability for self-retained risk was determined as of June 30, 1999 to be $53,838,441. Of this amount, $47,646,266 relates to litigated claims in the General Long-term Obligations Account Group; $1.3 million is for retained losses for the health insurance program; $2.1 million accounts for workers' compensation claims filed; and $2.7 million is the amount allocated for small tort claims. This represents an overall decrease of $1.4 million from the 1998 fiscal year-end liability.

The Internal Service Fund ended the 1998-99 fiscal year with Retained Earnings balances of $971,042 and $1,797,846 in the Health Insurance and Other Insurance Funds, respectively. For the Life, Dental and Optical Fund, the Retained Earnings Balance was $911,398 as of June 30, 1999. In the Workers' Compensation Fund, the Retained Earnings Balance was $2,390,348.

In November, 1996 the School Board adopted a resolution transferring the estimated liability for litigated claims from the Other Insurance Fund to the General Long-term Obligations Account Group. Additionally, the Board has approved the set aside of funds within the Designated Fund Balance for future payment of litigated claims. As of June 30, 1999, $7.8 million has been set aside for that purpose. Going forward, the School Board will review and consider funding of litigated claim payments on a case-by-case basis, as presented by School Board legal counsel. Effective for the fourth quarter of fiscal 1998, nonlitigated claim expense are reported in the General Fund.

Fiduciary Operations

The Fiduciary Funds are used to account for the assets held by the School Board in a trust or agency capacity. Resources contributed by individuals to the School Board which are to be expended for specific purposes are accounted for in the Trust Funds. During fiscal 1998, the School Board implemented GASB No. 31 and recognized an increase in the value of marketable securities in the Expendable Trust of $144,174.

The Agency Funds are maintained to account for cash held by the School Board as an agent. Agency activities included in this role are collection of payroll withholdings and supervision of Student Activity Funds.

Debt Administration

During fiscal 1996, 1997 and 1998, long-term debt was increased as a result of five new bond issues and one note payable, in part offset by refunding of other bond issues and normal principal retirements. As indicated earlier, on July 15, 1995, the voters of Orleans Parish authorized the issuance of $175,000,000 of General Obligation Bonds.

These Bonds are to be used in connection with improvements set forth in the Capital Improvements Program III (CIP). With the series of $35,000,000 on December 18, 1997, and $35,000,000 on March 25, 1998, the Board has completed the issuance of the entire amount approved by the voters.

On October 31, 1997, the School Board restructured the Escrow Account for the Refunding Bonds, Series 1987 and revised the calculations of the transferred proceeds penalty of the Refunding Bonds Series 1995B. The net savings realized by the School Board from the transaction was $669,747. On March 25, 1998, the School Board refinanced the final two installments of the 1995 General Obligation Bonds. The $8,155,000 refinanced created an annual savings of $60,000.

On February 22, 1999, as permitted by state statute, the School Board issued $14,000,000 of Certificates of Indebtedness, Series 1999. The proceeds are being used to finance the purchase of an entire management information system - consisting of networked computer hardware and software, infrastructure and implementation costs.

For the year ended June 30, 1999, the School Board had outstanding bonds totaling $359,078,682 including $11,529,950 cumulative capital appreciation interest-to-date on the Refunding bond Series 1991. All of the School Board's outstanding bonds are insured.

Cash Management

Cash temporarily idle during the year was invested in commercial bank certificates of deposit, and various securities guaranteed by the United States Government or its agencies. Total investment income for all funds amounted to $12,220,037. The exhibit below shows the amount of interest earned and the change by each fund type for the 1999 and 1998 fiscal years.

SUMMARY OF INVESTMENT INTEREST EARNED

FUND TYPE	1998-1999	1997-1998	INCREASE/ (DECREASE)
General and Agency Funds	$ 2,132,793	$2,590,479	$ (457,686)
Debt Service Fund	531,420	552,940	(21,520)
Capital Projects Fund	9,265,768	8,028,471	1,237,297
Expendable Trust Fund	29,492	162,749	(133,257)
Nonexpendable Trust Fund	252	264	(12)
Internal Service Funds	260,312	151,894	108,418
TOTAL	$12,220,037	$11,486,797	$733,240

A brief analysis of the changes in investment earnings follows:

General Fund

Decreased investment earnings due to:
The School Board did not require short-term interim financing as in previous years. During 1998, the School Board borrowed $14,000,000 and was able to invest these funds during certain periods of the year. This resulted in additional interest earnings for 1998 of $343,000. This source of interest earnings was not available in 1999. Additionally, lower interest rates during 1999 negatively impacted interest earnings.

Debt Service

Decreased interest earnings due to higher investment balances were more than offset by lower interest rates.

Capital Projects

Increased investment earnings due to:
On March 25, 1998, The School Board issued the final $35,000,000 series of the General Obligation Bonds. These funds were available for investing for only three months in fiscal 1998 while they were available for investing for twelve months in fiscal 1999, resulting in a higher interest earnings.

Expendable Trust

Decreased investment earnings due to :
Fiscal 1998 investment income reflected $144,174 of investment income for the increase in marketable securities value in the Abramson Trust, to present investment carrying value in accordance with GASB No. 31. For fiscal 1998, the single-year increase in marketable securities was only $14,805.

Internal Service Fund

Increased investment earning due to:
Higher balances in the Workers' Compensation Fund allowed the fund to earn additional interest in

The School Board's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Also, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held in the School Board's name by the Federal Reserve Bank or an agent of the pledging financial institution.

Ninety-nine (99) percent of the investments held by the School Board at June 30, 1999 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Personal computer hardware and software collateral control procedures are used to ensure that cash and investments are adequately collateralized in accordance with State law and good business practices.

Risk Management

During 1998-99, the Risk Management Department continued the programs implemented during prior years. These activities included: 1) the Playground Restoration Project; 2) the Student Injury Data Log Project; 3) the promotion of procedures in the Employee Safety Handbook; 4) the "Support Your Back" Project; and 5) the Districtwide Safety Committee Review and reporting program.

Major insurance coverages that were maintained include $400 million flood insurance for all schools, increasing coverage limits on the property insurance, and $5 million casualty and vehicle fleet insurance. In addition, employment practice coverage was added to the professional liability policy with a $20 million excess liability umbrella policy overlapping all lines of casualty/liability coverages.

Additionally, the School Board has in place an Owner Controlled Insurance Program (OCIP), a vehicle for replacing contractors' smaller insurance requirements with one large insurance policy to avoid gaps in coverage and produce one comprehensive safety plan for all contracts/subcontractors on CIP III projects.
Under OCIP, the School Board secures general liability and workers' compensation insurance in bulk for construction projects. If successful, OCIP should not only reduce construction insurance costs, but enable better control for safety concerns and facilitate participation of smaller contractors.

Acknowledgments

The preparation of this report was accomplished with the services of the staff of the Finance Department, as well as staff from other departments within the Division of Financial Services.

Respectfully submitted,

A.G. Davis
Chief Executive Officer (Colonel, USMC, Retired)

Terence Sims, C.P.A., C.F.E., MS
Chief Financial Officer (effective December 13, 1999)

Reginald Zeno, M.B.A.
Budget Director (Interim Chief Financial Officer through December 12, 1999)

Anthony J. Stoltz, C.P.A.
Comptroller

AGD:TS:RZ:AJS/ajs

Enclosure

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orleans Parish School Board, Louisiana

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

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

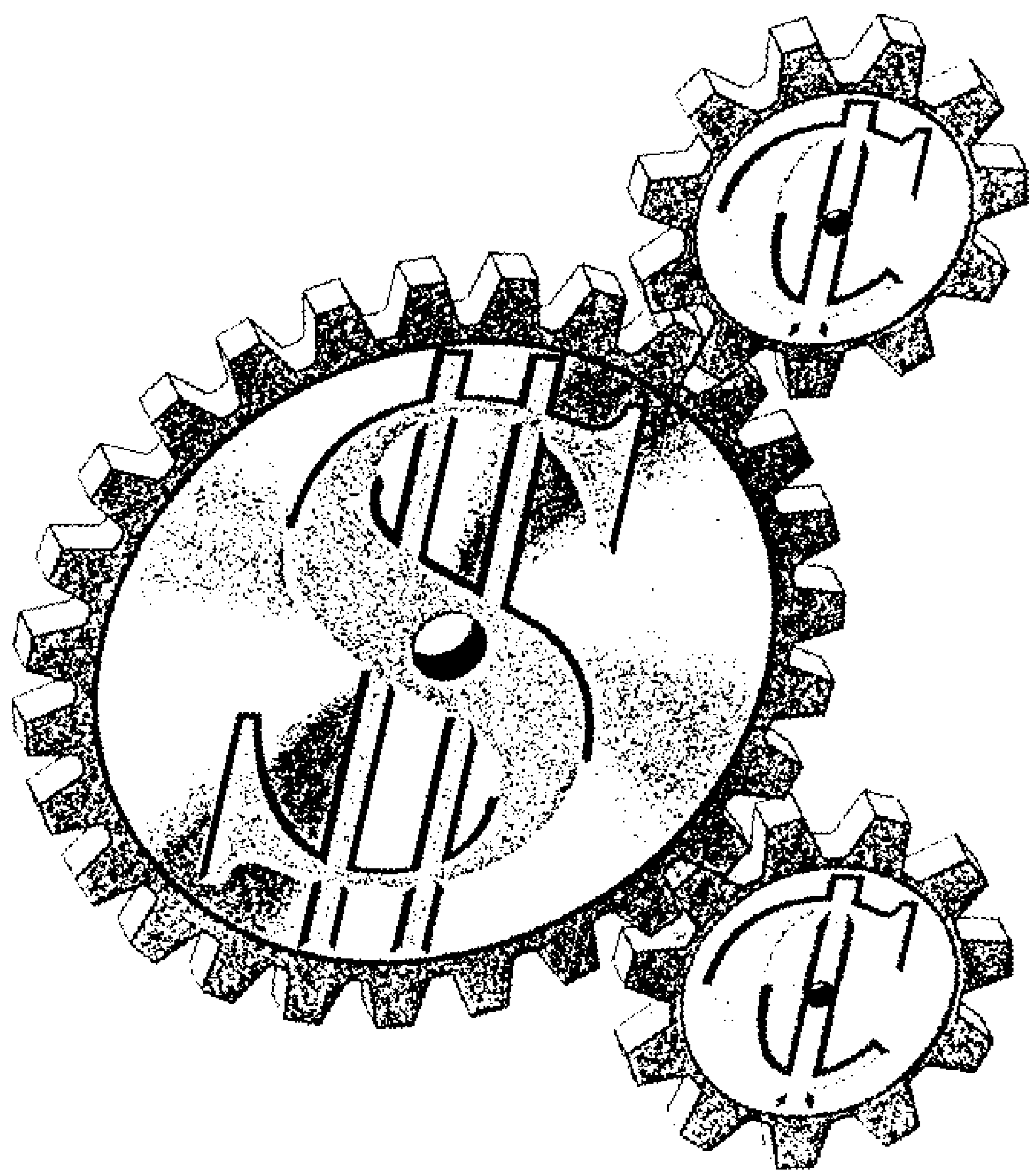
ORLEANS PARISH SCHOOL BOARD

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 1998

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

President

Executive Director



Financial Section

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The CPA. Never Underestimate The Value℠

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Independent Auditors' Report

Board Members
Orleans Parish School Board
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the Orleans Parish School Board, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the New Orleans Charter Middle School whose statements reflect total assets of $368,035 as of June 30, 1999, and total revenues of $1,364,706, for the year then ended. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the New Orleans Charter Middle School component unit columns of Exhibits 1 and 2, is based on the report of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor whose report expressed an unqualified opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School Board as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and the nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

The year 2000 information on page 50 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.

Board Members
Orleans Parish School Board
New Orleans, Louisiana
Page 2

In accordance with Government Auditing Standards, we have also issued, under separate cover, our report dated November 12, 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.

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 combining and individual fund and account group statements and schedules, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

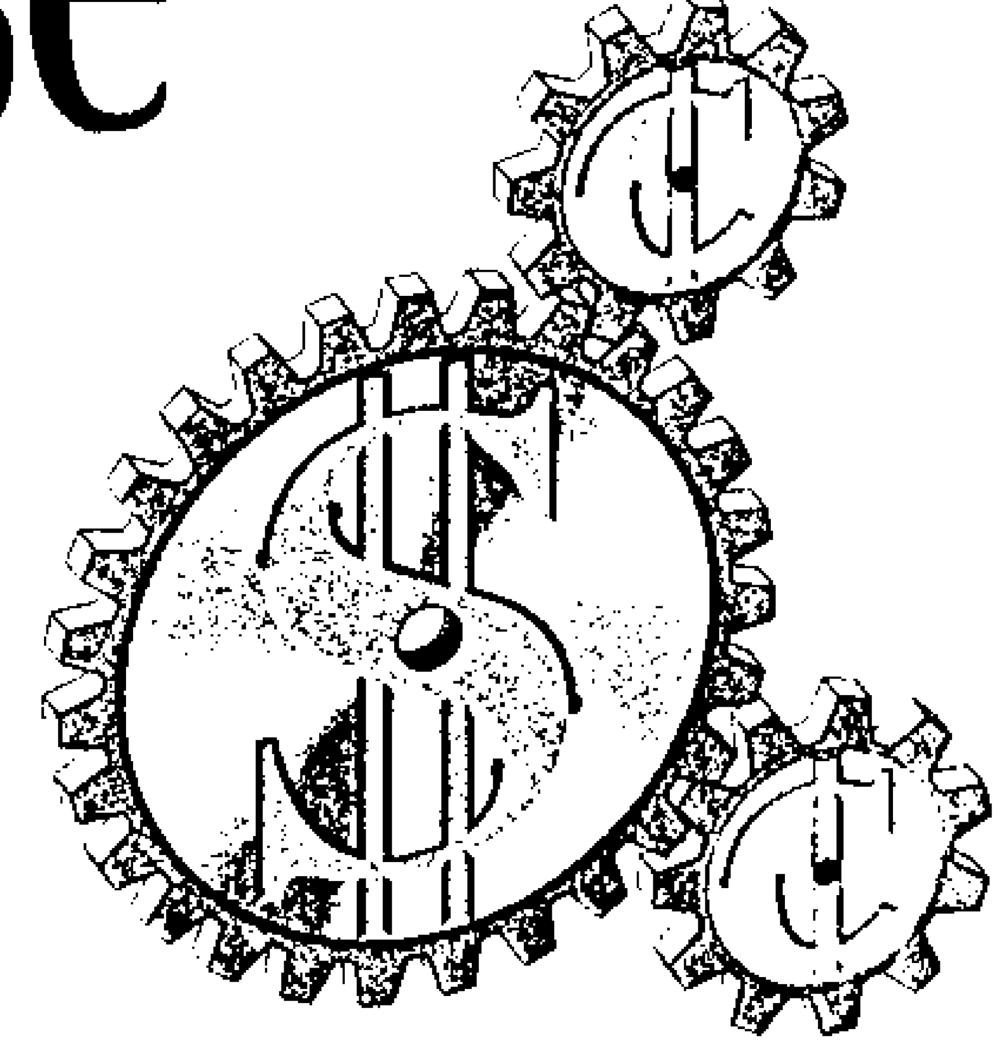
The information identified in the table of contents as the introductory section and statistical section is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the School Board. Such information has not been subjected to the auditing 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
November 12, 1999

General Purpose Financial Statements



ORLEANS PARISH SCHOOL BOARD

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit

June 30, 1999
with comparative totals for June 30, 1998

	Governmental Fund Types				Proprietary Fund Type
Assets and Other Debits	General	Special Revenue	Debt Service	Capital Projects	Internal Service
Assets:					
Cash and cash equivalents (note 2(e))	$ 51,261,373	$ -	$ 2,155,518	$ 59,144,102	$ 370,757
Investments (note 2(f))	10,417,500	-	5,643,209	104,015,446	-
Receivables:					
Ad valorem taxes (note 3)	308,289	-	-	-	-
Sales taxes	12,120,699	-	-	-	-
Accrued interest	-	-	80,156	1,077,283	-
Due from other governments (note 4)	14,316,047	9,685,910	-	-	-
Due from other funds (note 11(a))	12,705,651	2,247,096	10,566,091	3,316,490	11,465,775
Other	1,173,949	-	-	-	787,058
Total receivables	40,624,635	11,933,006	10,646,247	4,393,773	12,252,833
Inventory (note 2(g))	1,016,489	737,168	-	-	-
Other assets	1,011,131	-	-	-	1,262,697
Property, plant and equipment (note 5)	-	-	-	-	-
Other Debits:					
Amount available in debt service funds	-	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-
Total assets and other debits	$ 104,331,128	$ 12,670,174	$ 18,444,974	$ 167,553,321	$ 13,886,287

Fiduciary Fund Types: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-term Obligations	Totals Primary Government (Memorandum Only)	Governmental Component Unit: New Orleans Charter Middle School	Totals Reporting Entity (Memorandum Only): 1999	Totals Reporting Entity (Memorandum Only): 1998
$ 5,739,095	$ -	$ -	$ 118,670,845	$ 33,183	$ 118,704,028	$ 68,071,562
9,490,102	-	-	129,566,257		129,566,257	166,345,947
-	-	-	308,289		308,289	2,306,178
-	-	-	12,120,699		12,120,699	12,320,438
1,318	-	-	1,158,757		1,158,757	726,154
-	-	-	24,001,957		24,001,957	27,999,863
24,173	-	-	40,325,277		40,325,277	43,260,074
-	-	-	1,961,006	321,298	2,282,304	2,745,952
25,491	-	-	79,875,985	321,298	80,197,283	89,358,659
-	-	-	1,753,657		1,753,657	1,745,927
-	-	-	2,273,828		2,273,828	1,507,419
-	467,972,018	-	467,972,018	13,554	467,985,572	449,679,789
-	-	18,444,974	18,444,974		18,444,974	16,668,828
-	-	419,943,498	419,943,498		419,943,498	416,704,273
$ 15,254,688	$ 467,972,018	$ 438,388,472	$ 1,238,501,062	$ 368,035	$ 1,238,869,097	$ 1,210,081,804

(Continued)

ORLEANS PARISH SCHOOL BOARD

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit

June 30, 1999
with comparative totals for June 30, 1998

Liabilities, Equity and Other Credits	Governmental Fund Types: General	Governmental Fund Types: Special Revenue	Governmental Fund Types: Debt Service	Governmental Fund Types: Capital Projects	Proprietary Fund Type: Internal Service
Liabilities:					
Accounts payable	$ 3,860,276	$ 1,347,155	$ -	$ 6,430,498	$ 3,075,539
Retainage payable	-	-	-	142,349	-
Salaries, wages and payroll taxes payable	8,418,290	-	-	-	-
Due to other funds (note 11(a))	26,388,123	8,838,922	-	2,090,252	1,160,792
Due to other governments (note 4)	1,051,340	-	-	-	-
Due to student groups	-	-	-	-	-
Deferred revenues	-	1,096,821	-	-	-
Other liabilities	37,544	-	-	-	-
Accrued compensated absences (notes 2(i) and 6(g))	4,675,674	-	-	-	-
Liability for claims payable/self-insured losses (notes 2(k), 6(g) and 10)	2,723,077	-	-	-	3,469,098
Bonds payable (note 6(a) and (c))	-	-	-	-	-
Other long-term obligations payable (note 6(g))	-	-	-	-	-
Total liabilities	47,154,324	11,282,898	-	8,663,099	7,705,429
Equity and Other Credits:					
Investment in general fixed assets	-	-	-	-	-
Retained earnings:					
Reserved for casualty losses and employee benefits	-	-	-	-	6,180,858
Fund Balances (note 2(j)):					
Reserved	16,225,529	1,387,276	18,444,974	29,085,948	-
Unreserved:					
Designated for subsequent years' expenditures	23,762,075	-	-	129,804,274	-
Undesignated	17,189,200	-	-	-	-
Total retained earnings/ fund balances	57,176,804	1,387,276	18,444,974	158,890,222	6,180,858
Total fund equity and other credits	57,176,804	1,387,276	18,444,974	158,890,222	6,180,858
Total liabilities, equity and other credits	$ 104,331,128	$ 12,670,174	$ 18,444,974	$ 167,553,321	$ 13,886,287

See accompanying notes to general purpose financial statements.

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Governmental Component Unit New Orleans Charter Middle School	Totals Reporting Entity (Memorandum Only)	
Trust and Agency	General Fixed Assets	General Long-term Obligations			1999	1998
$ 8,940,961	$ -	$ -	$ 23,654,429	$ 22,969	$ 23,677,398	$ 22,127,925
-	-	-	142,349	-	142,349	359,570
-	-	-	8,418,290	-	8,418,290	4,670,384
1,847,188	-	-	40,325,277	-	40,325,277	43,260,074
-	-	-	1,051,340	-	1,051,340	1,077,971
4,064,083	-	-	4,064,083	-	4,064,083	3,765,846
-	-	-	1,096,821	9,000	1,105,821	694,288
-	-	-	37,544	9,552	47,096	2,483
-	-	13,639,541	18,315,215	-	18,315,215	17,479,011
-	-	47,646,266	53,838,441	-	53,838,441	55,250,633
-	-	359,078,682	359,078,682	-	359,078,682	365,475,518
-	-	18,023,983	18,023,983	-	18,023,983	5,194,224
14,852,232	-	438,388,472	528,046,454	41,521	528,087,975	519,357,927
-	467,972,018	-	467,972,018	13,554	467,985,572	449,679,189
-	-	-	6,180,858	-	6,180,858	7,116,424
14,241	-	-	65,157,968	-	65,157,968	37,145,821
388,215	-	-	153,954,564	-	153,954,564	179,277,523
-	-	-	17,189,200	312,960	17,502,160	17,504,920
402,456	-	-	242,482,590	312,960	242,795,550	241,044,688
402,456	467,972,018	-	710,454,608	326,514	710,781,122	690,723,877
$ 15,254,688	$ 467,972,018	$ 438,388,472	$ 1,238,501,062	$ 368,035	$ 1,238,869,097	$ 1,210,081,804

(Concluded)

ORLEANS PARISH SCHOOL BOARD

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Types, Expendable Trust Funds and Discretely Presented Component Unit

Year ended June 30, 1999
with comparative totals for the year ended June 30, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
From local sources:				
Ad Valorem taxes (note 11 (d))	$ 65,929,877	$ -	$ 8,266,122	$ 1,489,647
Sales taxes	80,940,029	-	-	-
Income on investments	2,132,793	-	531,420	9,265,768
Tuition and other fees	*2,419,800*	-	-	-
Other	34,385	3,600,505	-	1,855,641
Total revenues from local sources	151,456,884	3,600,505	8,797,542	12,611,056
From state sources:				
Minimum Foundation Program	217,745,256	-	-	-
Revenue sharing	3,491,664	-	-	-
Professional Improvement Program	2,895,169	-	-	-
Other	3,234,185	7,827,809	-	-
Total revenues from state sources	227,366,274	7,827,809	-	-
From federal sources	1,874,441	71,136,440	-	-
Total revenues	380,697,599	82,564,754	8,797,542	12,611,056
Expenditures				
Current:				
Instructional:				
Regular	132,206,726	42,007,373	-	-
Special	42,425,308	1,601,488	-	-
Total instructional expenditures	174,632,034	43,608,861	-	-
Support services:				
Pupils	25,716,086	1,740,052	-	-
Instructional staff	7,658,787	-	-	-
General administration	6,577,085	2,858,651	-	-
School administration	17,172,879	-	-	-
Business administration	131,309,973	33,991,602	41,192	-
Total support services expenditures	188,434,810	38,590,305	41,192	-
Capital projects	-	-	-	23,116,211
Debt service:				
Principal retirement (notes 6 and 7)	795,362	-	8,668,645	-
Interest and bank charges (notes 6 and 7)	39,917	-	19,204,097	-
Bond issuance costs (note 6)	401,135	-	-	-
Total debt service expenditures	1,236,414	-	27,872,742	-
Total expenditures	364,303,258	82,199,166	27,913,934	23,116,211
Excess (deficiency) of revenues over expenditures	16,394,341	365,588	(19,116,392)	(10,505,155)
Other financing sources (uses):				
Operating transfers in (note 11(b))	3,100,000	790,514	26,992,538	606,483
Operating transfers out (note 11(b))	(17,685,121)	-	(6,100,000)	(6,883,909)
Payment to refunded bond escrow agent	-	-	-	-
Bond proceeds	14,398,437	-	-	-
Total other financing sources (uses)	(186,684)	790,514	20,892,538	(6,277,426)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	16,207,657	1,156,102	1,776,146	(16,782,581)
Fund balances at beginning of year	40,969,147	231,174	16,668,828	175,672,803
Fund balances at end of year	$ 57,176,804	$ 1,387,276	$ 18,444,974	$ 158,890,222

See accompanying notes to general purpose financial statements.

Exhibit 2

Fiduciary Fund Type Expendable Trust	Totals Primary Government (Memorandum Only)	Governmental Component Unit New Orleans Charter Middle School	Totals Reporting Entity (Memorandum Only) 1999	1998
$ -	$ 75,685,646	$ -	$ 75,685,646	$ 69,692,890
-	80,940,029	-	80,940,029	81,963,623
29,492	11,959,473	-	11,959,473	11,334,639
-	2,419,800	-	2,419,800	1,720,523
-	5,490,531	76,206	5,566,737	4,287,903
29,492	176,495,479	76,206	176,571,685	168,999,578
-	217,745,256	-	217,745,256	208,584,049
-	3,491,664	-	3,491,664	3,551,759
-	2,895,169	-	2,895,169	3,523,870
-	11,061,994	1,288,500	12,350,494	11,680,346
-	235,194,083	1,288,500	236,482,583	227,340,024
-	73,010,881	-	73,010,881	70,600,106
29,492	484,700,443	1,364,706	486,065,149	466,939,708
-	174,214,099	432,466	174,646,565	165,961,351
-	44,026,796	34,062	44,060,858	41,602,692
-	218,240,895	466,528	218,707,423	207,564,043
13,600	27,469,738	30,832	27,500,570	25,339,669
-	7,658,787	-	7,658,787	7,248,140
-	9,435,736	-	9,435,736	8,943,590
-	17,172,879	264,222	17,437,101	16,268,629
-	165,342,767	290,164	165,632,931	156,498,391
13,600	227,079,907	585,218	227,665,125	214,298,149
-	23,116,211	-	23,116,211	13,656,066
-	9,464,007	-	9,464,007	7,456,769
-	19,244,014	-	19,244,014	16,889,578
-	401,135	-	401,135	495,239
-	29,109,156	-	29,109,156	24,841,586
13,600	497,546,169	1,051,746	498,597,915	460,360,114
15,892	(12,845,726)	312,960	(12,532,766)	6,579,594
-	31,489,535	-	31,489,535	30,197,964
-	(30,669,030)	-	(30,669,030)	(29,858,828)
-	-	-	-	(8,166,458)
-	14,398,437	-	14,398,437	78,927,181
-	15,218,942	-	15,218,942	71,099,859
15,892	2,373,216	312,960	2,686,176	77,679,453
372,323	233,914,275	-	233,914,275	156,234,822
$ 388,215	$ 236,287,491	$ 312,960	$ 236,600,451	$ 233,914,275

ORLEANS PARISH SCHOOL BOARD

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types (Note 2(c))

Year ended June 30, 1999

	General Fund (Non-GAAP Budget Basis)		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
From local sources:			
Ad valorem taxes	$ 64,144,231	$ 65,929,878	$ 1,785,647
Sales taxes	79,000,000	80,940,029	1,940,029
Interest on investments	2,000,000	2,132,793	132,793
Tuition and other fees	1,487,000	1,798,506	311,506
Other	1,141,000	1,265,147	124,147
Total revenues from local sources	147,772,231	152,066,353	4,294,122
From state sources:			
Minimum Foundation Program	217,745,000	217,745,256	256
Revenue sharing	3,600,000	3,491,664	(108,336)
Professional Improvement Program	3,200,000	2,895,169	(304,831)
Other	3,226,000	3,234,185	8,185
Total revenues from state sources	227,771,000	227,366,274	(404,726)
From federal sources	2,792,000	1,874,441	(917,559)
Total revenues	378,335,231	381,307,068	2,971,837
Expenditures			
Current:			
Instructional:			
Regular	140,361,047	132,208,366	8,152,681
Special	42,793,159	42,434,812	358,347
Total instructional expenditures	183,154,206	174,643,178	8,511,028
Support services:			
Pupils	35,209,657	27,748,411	7,461,246
Instructional staff	8,884,451	7,673,075	1,211,376
General administration	6,603,086	6,602,559	527
School administration	18,427,787	17,172,879	1,254,908
Business administration	139,265,811	140,620,076	(1,354,265)
Total support services expenditures	208,390,792	199,817,000	8,573,792
Debt service	835,000	1,236,413	(401,413)
Total expenditures	392,379,998	375,696,591	16,683,407
Excess (deficiency) of revenues over expenditures	(14,044,767)	5,610,477	19,655,244
Other financing sources (uses):			
Bond proceeds	14,000,000	14,398,437	398,437
Operating transfers in	3,100,000	3,100,000	-
Operating transfers out	(18,294,589)	(18,294,589)	-
Total other financing sources (uses)	(1,194,589)	(796,152)	398,437
Excess of revenues and other financing sources over expenditures and other financing uses	(15,239,356)	4,814,325	20,053,681
Fund balances at beginning of year	37,359,929	37,359,929	-
Fund balances at end of year	$ 22,120,573	$ 42,174,254	$ 20,053,681

See accompanying notes to general purpose financial statements.

Exhibit 3

Special Revenue Funds (GAAP Basis)			Totals (Memorandum Only)		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ -	$ -	$ -	$ 64,144,231	$ 65,929,878	$ 1,785,647
-	-	-	79,000,000	80,940,029	1,940,029
-	-	-	2,000,000	2,132,793	132,793
-	-	-	1,487,000	1,798,506	311,506
5,247,152	3,600,505	(1,646,647)	6,388,152	4,865,652	(1,522,500)
5,247,152	3,600,505	(1,646,647)	153,019,383	155,666,858	2,647,475
-	-	-	217,745,000	217,745,256	256
-	-	-	3,600,000	3,491,664	(108,336)
-	-	-	3,200,000	2,895,169	(304,831)
8,967,580	7,827,809	(1,139,771)	12,193,580	11,061,994	(1,131,586)
8,967,580	7,827,809	(1,139,771)	236,738,580	235,194,083	(1,544,497)
76,581,139	71,136,440	(5,444,699)	79,373,139	73,010,881	(6,362,258)
90,795,871	82,564,754	(8,231,117)	469,131,102	463,871,822	(5,259,280)
46,810,946	42,007,373	4,803,573	187,171,993	174,215,739	12,956,254
2,154,958	1,601,488	553,470	44,948,117	44,036,300	911,817
48,965,904	43,608,861	5,357,043	232,120,110	218,252,039	13,868,071
2,051,127	1,740,052	311,075	37,260,784	29,488,463	7,772,321
-	-	-	8,884,451	7,673,075	1,211,376
3,463,337	2,858,651	604,686	10,066,423	9,461,210	605,213
-	-	-	18,427,787	17,172,879	1,254,908
37,508,870	33,991,602	3,517,268	176,774,681	174,611,678	2,163,003
43,023,334	38,590,305	4,433,029	251,414,126	238,407,305	13,006,821
-	-	-	835,000	1,236,413	(401,413)
91,989,238	82,199,166	9,790,072	484,369,236	457,895,757	26,473,479
(1,193,367)	365,588	1,558,955	(15,238,134)	5,976,065	21,214,199
-	-	-	14,000,000	14,398,437	398,437
1,237,063	790,514	(446,549)	4,337,063	3,890,514	(446,549)
-	-	-	(18,294,589)	(18,294,589)	-
1,237,063	790,514	(446,549)	42,474	(5,638)	(48,112)
43,696	1,156,102	1,112,406	(15,195,660)	5,970,427	21,166,087
231,174	231,174	-	37,591,103	37,591,103	-
$ 274,870	$ 1,387,276	$ 1,112,406	$ 22,395,443	$ 43,561,530	$ 21,166,087

ORLEANS PARISH SCHOOL BOARD

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings / Fund Balances - All Proprietary Fund Types and Nonexpendable Trust Fund

Year ended June 30, 1999
with comparative totals for year ended June 30, 1998

	Proprietary Fund Types	Fiduciary Fund Types
	Internal Service	Nonexpendable Trust
Operating revenues:		
Employer contributions	$ 26,214,749	$ -
Employee contributions	9,783,295	-
Other - claim settlement	-	-
Total operating revenues	35,998,044	-
Operating expenses:		
Benefit payments	1,885,840	-
Premium payments	32,186,163	-
Provision for claims payable/ self-insured losses (note 10)	498,523	-
Other expenses	1,802,891	-
Total operating expenses	36,373,417	-
Operating income / (loss)	(375,373)	-
Nonoperating revenue:		
Interest income	260,312	252
Income/(loss) before operating transfers	(115,061)	252
Operating transfers in (note 11(b))	600,000	-
Operating transfers out (note 11(b))	(1,420,505)	-
Net operating transfers	(820,505)	-
Net income (loss)	(935,566)	252
Retained earnings/fund balances at beginning of year	7,116,424	13,989
Retained earnings/fund balances at end of year	$ 6,180,858	$ 14,241

See accompanying notes to general purpose financial statements.

Exhibit 4

Totals (Memorandum Only)	
1999	1998
$ 26,214,749	$ 28,644,580
9,783,295	10,203,118
-	950,000
35,998,044	39,797,698
1,885,840	2,634,106
32,186,163	32,843,729
498,523	(562,949)
1,802,891	1,332,357
36,373,417	36,247,243
(375,373)	3,550,455
260,564	152,158
(114,809)	3,702,613
600,000	610,864
(1,420,505)	(950,000)
(820,505)	(339,136)
(935,314)	3,363,477
7,130,413	3,766,936
$ 6,195,099	$ 7,130,413

ORLEANS PARISH SCHOOL BOARD

Combined Statement of Cash Flows -
All Proprietary Fund Types and Nonexpendable Trust Fund

Year ended June 30, 1999
with comparative totals for year ended June 30, 1998

	Proprietary Fund Type — Internal Service	Fiduciary Fund Type — Nonexpendable Trust
Cash flows from operating activities:		
Operating income (loss)	$ (375,373)	$ -
Adjustments to reconcile operating income to net cash used in operating activities:		
Provision for claims payable/self-insured losses (note 10)		-
Changes in assets and liabilities:		
Decrease (increase) in receivables	841,774	-
Decrease (increase) in other assets	(120,519)	-
Decrease (increase) in due from other funds	449,325	-
Increase (decrease) in accounts payable	(1,242,122)	-
Increase (decrease) in due to other funds	1,130,792	-
Increase (decrease) in claims payable/ self-insured losses payable	(76,281)	-
Total adjustments	982,969	-
Net cash used in operating activities	607,596	-
Cash flows from noncapital financing activities:		
Operating transfers in	600,000	-
Operating transfers out	(1,420,504)	-
Net cash used in noncapital financial activities	(820,504)	-
Cash flows from investing activities:		
Interest income	260,312	252
Sale of investments	-	-
Net cash provided by investing activities	260,312	252
Net increase (decrease) in cash and cash equivalents	47,404	252
Cash and cash equivalents at beginning of year	323,353	9,539
Cash and cash equivalents at end of year	$ 370,757	$ 9,791
Reconciliation of cash and cash equivalents as listed on Exhibit 1:		
Cash and cash equivalents	$ 370,757	$ 5,739,095
Less: amounts not included in nonexpendable trust fund	-	(5,729,304)
Total cash and cash equivalents	$ 370,757	$ 9,791

See accompanying notes to general purpose financial statements.

Exhibit 5

Totals (Memorandum Only)	
1999	1998
$ (375,373)	$ 3,550,455
-	(562,949)
841,774	(1,496,680)
(120,519)	398,395
449,325	(118,168)
(1,242,122)	151,202
1,130,792	29,171
(76,281)	(1,775,245)
982,969	(3,374,274)
607,596	176,181
600,000	610,864
(1,420,504)	(950,000)
(820,504)	(339,136)
260,564	152,158
-	1,000
260,564	153,158
47,656	(9,797)
332,892	342,689
$ 380,548	$ 332,892
$ 6,109,852	$ 5,692,159
(5,729,304)	(5,359,267)
$ 380,548	$ 332,892

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(Continued)

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(Concluded)

NOTE 1 - REPORTING ENTITY

The Orleans Parish School Board (School Board) is a political subdivision created for providing public education to the citizens of Orleans Parish under Louisiana Revised Statutes 17:51 and 17:121, as amended. The School Board has the power to sue and be sued, and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education. The School Board is presently composed of seven members elected by districts serving concurrent four year terms; these terms began January 1997.

The School Board is authorized to establish public schools as it deems necessary to provide adequate facilities for the citizens of the parish, to determine the number of teachers to be employed and to determine local supplements to their salaries. Accordingly, the School Board is considered a primary government. The School Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. These financial statements include all of the funds and account groups and all activities considered to be part of or controlled by the School Board including component units, as applicable. There are two component units as described below.

Education Trust Fund District - Governed by the School Board, it has no assets; therefore, inclusion as a component unit is not considered necessary.

New Orleans Charter Middle School - This school was started in August 1998 using the facilities of the former James Lewis Extension School. Operating with approximately 300 students, this school is chartered through the School Board and is operated by a nonprofit entity, Middle School Advocates, Inc. As a component unit, its financial statements are included in this report as a discretely presented component unit. The New Orleans Charter Middle School is included in the reporting entity because it is fiscally dependent on the School Board. The component unit also has a June 30 year-end. Complete financial statements for the New Orleans Charter Middle School can be obtained by writing the Middle School Advocates, Inc., 3801 Monroe Street, New Orleans, LA 70118 or by telephoning (504) 486-0804.

The School Board is composed of a central office, 137 schools and educational support facilities. Student enrollment for the 1998-99 year was 83,757 regular and special education students, of which 81,242 were funded through the State Minimum Foundation Program. The School Board employs approximately 9,207 persons (full time) of which approximately 86% are directly employed at school sites. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and financial services. The regular school term begins in late August and runs through early June.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School Board conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(a) Basis of Presentation - Fund Accounting

The accounts of the School Board are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses, as appropriate. Resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the School Board:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use and balances of the School Board's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The following pages lists the School Board's governmental fund types:

- General Fund - The General Fund is the primary operating fund of the School Board and receives most of the revenues derived by the School Board from local sources (principally ad valorem and sales taxes) and state sources (principally the Minimum Foundation Program funding). Ad valorem taxes include revenues from general purpose millage and dedicated millage. There are two types of dedicated millage revenue: (1) "Dedicated Millage for Purposes A, B and C," which was approved in an April 1988 referendum; and (2) Construction Improvement Program III/Vision 2000 (CIP III) Millage, which was authorized by a July 1995 referendum.

  Purpose A, B, and C dedicated millage revenues are used as follows: Purpose A: Textbooks and Supplies; Purpose B: Early Childhood Development, Discipline and Dropout Prevention; and Purpose C: Salary and Employee Benefits. On May 2, 1998, the voters of New Orleans renewed these millages for an additional ten-year period. 1998-99 dedicated millage revenues and expenditures are detailed in Note 11(d). CIP III Millage is used for debt service on the bonds issued for the $175 million renovation project.

  General Fund expenditures represent the costs of general school system operations and include functional categories of instructional and support services. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in another fund.

- Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. These funds account for the revenues and expenditures related to federal, state and local grant and entitlement programs for various educational objectives and child nutrition services.

- Debt Service Funds - Debt Service Funds, established to meet requirements of bond ordinances and other long-term borrowing, are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. A separate Debt Service Fund is maintained for each similar bond issue type (e. g., General Obligation Bonds, EPA loans) or each refunding or unique issue, and long-term loan currently outstanding.

- Capital Projects Funds - Capital Projects Funds are used to account for the receipt and disbursement of the proceeds of general bond issues and other special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, Special Revenue Fund capital outlays, and those projects financed by the Proprietary Fund).

  The Capital Projects Funds include five separate funds signifying the source of funding and sameness of activities for projects within a group. Annually, capital projects are reviewed and similar projects are combined. A summary of the various capital projects is as follows:

  Capital Fund #1 includes projects funded from various sources such as the General Fund, the federal government, insurance settlements, sales of surplus property, the one-half percent sales tax proceeds (see Note 3) and the Louisiana Enhanced Mineral Income Fund.

Capital Fund #2 includes projects which are being funded from the $175 million Bond Issue Referendum, approved by the voters on July 15, 1995. These funds will be used to upgrade facilities to meet health and safety codes and to correct critical structural problems.

Capital Fund #3 includes projects funded from the one-half percent sales tax proceeds and the proceeds of a 1985 $75,000,000 bond issue. Expenditures within this fund are for major repairs, renovations, property acquisition and building of new facilities.

Capital Fund #4 includes projects which are being funded from the $11,500,000 construction fund established by the 1987 Refunding Bonds. These projects include M.L. King, Jr., School, which opened in 1995, and Edgar Harney Elementary School, which is in the planning stage.

Capital Fund #5 includes projects funded from the now refunded Capital Funding Series 1989A Bonds (Note 6). Debt service on the bonds is provided by the Purpose D millage approved by voters on April 16, 1988. In addition to the bond proceeds, receipts in excess of annual debt service, over the original four-year and subsequent construction periods, have been and will be used to fund additional projects. Expenditures include system-wide interior renovations, asbestos removal, roof replacement, heating and air conditioning improvements, fire and life safety, energy conservation and electrical improvements.

Proprietary Fund Types

The Proprietary Fund is used to account for the School Board's ongoing organizations and activities which are similar to those often found in the private sector. The School Board applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, in accounting and reporting for its Proprietary Fund operations unless those pronouncements conflict with or contradict Government Accounting Standards Board (GASB) pronouncements. The measurement focus is upon determination of net income. The School Board's proprietary fund type is limited to Internal Service Funds as follows:

- Internal Service Funds - Insurance Funds and Print Shop Fund - The Internal Service Funds are used to account for the accumulation of resources for and the payment of benefits by the School Board's insurance programs and to report revenues and expenses of the School Board's Print Shop. The School Board maintains the following insurance funds:

    Health Insurance Fund - This fund is used to account for the employee and employer contributions to, and the payment of premiums for the Health Insurance Program. Effective August, 1994, the School Board ended its self-insured program and established a fully insured program. Prior to 1994, the School Board offered a self-insured employee medical and health program financed solely by employees and the School Board.

    Life, Dental and Optical Insurance Fund - This fund is used to account for the employee and employer contributions to and the payment of premiums for the Life, Dental and Optical Insurance Program, which is fully insured, subject to retrospective adjustment for premiums.

    Workers' Compensation Fund - This fund is used to account for claims arising from employment related injuries. Prior to December 1, 1984, this fund was self-insured by the School Board for claims up to $150,000 per occurrence. Subsequently, and until April, 1990, coverage was on a fully insured basis. In April, 1990, the School Board initiated participation in a self-insurance plan which include the purchase of excess insurance for claims in excess of $350,000 per occurrence.

Other Insurance Fund - This fund is used to account for the other insurance programs. The significant insurance programs of this fund consist of the following types: (1) $400 million blanket fire and wind storm coverage for buildings and contents with a $500,000 per occurrence deductible; (2) comprehensive automotive fleet insurance, which is fully insured for vehicle physical damage, except for a $2,500 deductible and liability coverage with a $500,000 per occurrence retention; (3) automotive general liability is fully insured, except for a retention of $500,000; (4) flood insurance, which is fully insured, except for a cumulative deductible of $15,000 per occurrence; (5) unemployment insurance, which is fully insured with no deductible; (6) professional liability, which is fully insured, except for a $25,000 per occurrence deductible; and (7) fidelity bond coverage.

Through April 30, 1994, the School Board self-insured the litigated claims. Subsequent to April 30, 1994, the School Board obtained commercial reinsurance for claims exceeding $500,000. Prior to fiscal 1997, the School Board accounted for its general liability litigated and nonlitigated claims in the Other Insurance Fund. Effective July 1, 1996, as a result of increasing litigated claims, the School Board discontinued the use of the Other Insurance Fund for litigated claims. The estimate of litigated claim liability is recorded in the General Long-term Obligations Account Group. Beginning April 1, 1999, the revenues and expenses for nonlitigated claims are reported in the General Fund.

Proprietary Fund revenues are derived from insurance premiums charged to employees and primarily to the General Fund and Special Revenue Funds. These revenues are planned to match: (1) expenses of insurance premiums for coverage in excess of self-insurance amounts; (2) estimated claim losses resulting from the self-insurance programs which include estimated liabilities for claims incurred but not reported at year end; and (3) operating expenses. Retained earnings are accumulated for future loses; such accumulations are being monitored, and refunds and/or reductions in premiums may be assessed if accumulations are in excess.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the School Board in a trustee or agency capacity and include the following:

- Trust Funds - This group of funds was created to account for cash, investments and other resources contributed by various individuals to the School Board to be expended for purposes for which the trusts were established.

  The Trust Funds include the Expendable Trust Fund which is accounted for and reported in essentially the same manner as governmental funds, and the Nonexpendable Trust Fund which is accounted for and reported in essentially the same manner as proprietary funds. For nonexpendable trusts, principal must be preserved intact.

- Agency Funds - This group of funds is maintained to account for cash held by the School Board as an agent. Agency Funds are custodial in nature, do not involve measurement of the results of operations and are accounted for and reported as governmental funds. The School Board maintains the following agency funds:

  Payroll Withholding Fund - This fund is maintained to deposit monies withheld from the payroll of ten-month employees who have elected to be paid on a twelve-month basis.

Student Activity Fund - This fund is used to account for those monies collected by pupils and school personnel for school and school-related purposes and for instructional program funding disbursed to schools electing to participate in the site-based purchasing program. These monies are used by the students and school personnel at their discretion, and are included in the Agency Fund since the School Board acts as the custodian. The School Board's responsibilities for this fund are to safeguard the fund's assets and provide guidelines for revenues, expenses and financial accountability. Each school maintains separate sets of accounts for monies generated by individual student body organizations and annual allotments supplied by the School Board. The revenues of these accounts consist mainly of fees charged, fund raising projects, and contributions. Expenditures are made for the instructional program and a wide variety of school activities.

Account Groups

Account groups are used to establish accounting control and accountability for the School Board's general fixed assets and general long-term obligations. The following are the School Board's account groups:

- General Fixed Assets Account Group - This account group has been established to account for the general fixed assets with a cost of $300 or greater.

- General Long-term Obligations Account Group - This account group has been established to account for unmatured general obligation indebtedness, the long-term portion of compensated absences, estimated long-term liability related to litigated claims and other long-term obligations of the School Board.

  The School Board reports long-term obligations of its governmental funds at face value in the General Long-term Obligations Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-term Obligations Account Group.

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

  The School Board recognizes an estimate for its liability for claims and judgements as soon as the loss is known and reasonably determinable, even if a claim has not been asserted. However, only that portion of estimated liabilities for claims and judgements that would normally be liquidated with expendable available financial resources at June 30, 1999 are reflected as a liability and expenditure in the General Fund. The remaining balance of the liability is reported in the General Long-term Obligations Account Group.

Discretely Presented Component

The New Orleans Charter Middle School presents its activities in governmental fund types and account groups. The accounting basis for both governmental funds and account groups are described above.

(b) Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Funds and Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Governmental Fund Types, Expendable Trust Funds and Agency Funds use the modified accrual basis of accounting. Revenues are recorded when they become both measurable and available. Available means expected to be collected within the next two months for property taxes and generally the next twelve months for other revenues. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the related fund liability is incurred if it is expected to be paid within the next twelve months, except for principal and interest on general long-term obligations which are recorded when due. Liabilities which will not be normally liquidated with expendable available financial resources are recorded in the General Long-term Obligations Account Group.

The Internal Service Funds and Nonexpendable Trust Funds are maintained using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable. Certain payments reflect costs applicable to future accounting periods and are recorded as Other Assets.

Revenues from local sources consist primarily of property and sales taxes. Property tax revenues due before the end of the year are recognized under the susceptible-to-accrual concept. Property tax revenues expected to be collected within 60 days after the balance sheet date are recorded as revenues. Sales taxes are recognized as revenues at the point of sale. Other revenues from local sources consist principally of interest income which is recognized as revenue when earned. Sales tax collections are recognized as revenue when received since such monies are available for current expenditures.

Revenues from federal and state grants and entitlement payments which are restricted as to the purpose of expenditure are recognized as earned when the related program expenditures are incurred. Funds received, but not yet earned, are recorded as deferred revenues. Revenues from federal and state grants and entitlement payments which are unrestricted as to the purpose of expenditure are recognized under the susceptible-to-accrual concept. Bond proceeds are recognized as other sources of funds in the General Fund, Debt Service Funds or the Capital Projects Funds at the time the bonds are issued.

Allowances for uncollectible receivables are recorded as necessary. As of June 30, 1999, no provision had been recorded.

(c) Budgetary Data

The School Board employs the following procedures in establishing the budgetary data recorded in the General Purpose Financial Statements:

1. Annually, the Superintendent of Schools submits to the School Board a proposed annual budget of expected revenues and expenditures for the General Fund and Special Revenue Funds. Legally adopted budgets are only required for the General Fund and the Special Revenue Funds.

   The budgets are prepared under the modified accrual basis of accounting except that in the case of the General Fund outstanding encumbrances at the close of the fiscal year are treated as expenditures.

2. A public hearing is advertised and conducted to obtain public input and the proposed budgets are published.

3. The budget is adopted by the School Board and, as required, is submitted no later than September 30 to the State Department of Education for approval.

4. The Superintendent is authorized to move budgeted items within the functional categories, the legal level of control, but may not increase the total amount authorized. If during the course of the fiscal year, it becomes evident that estimated revenues, expenditures or beginning fund balance may vary substantially (5%) from the amounts budgeted, then the Superintendent shall inform the Board of the shortfall. Based on the information submitted, the School Board will adopt an amended budget according to the procedures set forth by the State Legislature in R.S. 39:1309 and 1310, and send a copy of the revision to the Louisiana Superintendent of Education. Other budget revisions are submitted to the School Board for approval on a quarterly basis. A copy of these revisions is also sent to the Louisiana Superintendent of Education.

5. Expenditures for Special Revenue Fund Budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than 5% unless a budget revision is approved by the State Department of Education. For the Child Nutrition Program, budget amendments follow requirements of the General Fund.

6. Capital Projects Funds are allocated by project using architectural and engineering estimates. All projects remain programmed and funded until completed or until the School Board decides to eliminate the project. Accordingly, budget and actual comparisons are not reported in the general purpose financial statements for those funds.

7. All budget amounts presented in the General Purpose Financial Statements have been adjusted for legally authorized revisions of the annual budgets incorporated into interim financial reports presented to the School Board. No legal restrictions, other than those mentioned previously, are placed on the General Fund Budget.

8. Appropriations are valid only for the year in which made, and any part of such appropriation which is not encumbered or expended lapses at the end of the year.

9. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis for the General Fund differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP). Because the budgets in the Special Revenue Funds are prepared on a modified accrual basis, no differences in budget basis and GAAP basis occur for those funds.

The following is a reconciliation of basis and timing differences for the General Fund:

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis at June 30, 1999 (Exhibit 3)		$ 4,814,325
Add encumbrances at June 30, 1999:		
Total encumbrances	$15,209,040	
Less encumbrances on inventory	(605,034)	14,604,006
Less encumbrances at June 30, 1998:		
Total encumbrances	(3,402,405)	
Less encumbrances on inventory	191,731	(3,210,674)
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis at June 30, 1999 (Exhibit 2)		**$16,207,657**

(d) Encumbrances

Encumbrances represent commitments related to unperformed or executory contracts for goods and services, and generally arise as a result of outstanding construction contracts or purchase orders. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. As materials are subsequently received and construction contracts are executed, liabilities are recorded and the related encumbrances are liquidated.

(e) Cash and Cash Equivalents

For purposes of the Combined Balance Sheet and the Combined Statement of Cash Flows, cash and cash equivalents include cash and highly liquid investments. Highly liquid investments are defined as those investments having original maturities of less than three months from the date of purchase.

The breakdown of cash and cash equivalents, as of June 30, 1999, is as follows:

Demand Savings Deposits	$109,665,276
Certificates of Deposit	1,255,787
Money Market Funds	7,782,965
TOTAL	**$118,704,028**

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 $139,732,414 (including $28,811,351 certificates of deposits reported as investments) and the bank balance was $146,947,817. Of the bank balance, $777,861 was covered by federal depository insurance or by collateral held by the School Board's name (GASB Category 1). $146,169,957 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 3).

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

The School Board's **Cash Management and Investment Policy** requires that cash balances of all funds are combined and invested to the extent possible in direct obligations of the U.S. Government or its agencies, certificates of deposit and other short-term obligations. Interest earned on these investments is distributed to the individual funds on the basis of invested balances of the participating funds during the year.

- Cash and Certificates of Deposit: The School Board is authorized by state statute to open depositories in those banks with branch offices in the state.

  The State of Louisiana requires Louisiana banks and savings and loans to secure deposits of all Louisiana public entities by pledging government securities as collateral for amounts in excess of federal depository insurance.

  As of June 30, 1999, the entire amount of cash and certificates of deposit was covered by federal depository insurance or collateral for amounts in excess of federal depository insurance. At year-end, all the collateral was held in the School Board's name at a Federal Reserve Bank or at a correspondent financial institution.

- Securities of the U.S. Government and Other Government Agencies: Those investments consist of bonds, notes or other evidence of indebtedness issued or guaranteed by U.S. Government instrumentalities, which are federally sponsored, such as:

  - U.S. Treasury Notes;
  - Federal Home Loan Bank;
  - Federal Home Loan Mortgage Corporation; and
  - Federal National Mortgage Association.

- Money Market Funds: During 1998-99, the School Board used three Money Market Funds to increase the interest earnings, as shown below.

  - Federated Trust for U.S. Treasury Obligations;
  - Marquis Treasury Securities Money Market Fund; and
  - The One Group U.S. Treasury Securities Money Market Fund.

  In all cases, these funds have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies. In certain Capital Project Funds where uncertain cash flows exist, the School Board invests in Money Market Funds.

(f) Investments

Investments are stated at cost, amortized cost, unless other than temporary market declines have occurred, or market value. State statutes authorize the School Board to invest in U.S. Bonds and Treasury Notes, securities of U.S. Government agencies and instrumentalities, and repurchase agreements secured by U.S. Government obligations. In addition, certificates of deposit with original maturities over ninety days are also included in the investment category.

The School Board's investments are categorized as described below to give an indication of the level of risk assumed by the School Board at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by the School Board or its agent in the School Board's name and deposits with maturities greater than three months that are insured or collateralized, in the School Board's name, at a Federal Reserve Bank, or at a correspondent financial institution.

Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the School Board's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the School Board's name.

A breakdown of investments as of June 30, 1999, is as follows:

	CATEGORY					
	1	2	3	COST	MARKET VALUE	CARRYING VALUE
Certificate of Deposit	$ 28,811,351	$ --	$ --	$ 28,811,351	$ 28,811,351	$ 28,811,351
U.S. Treasury Discount Notes	99,455,655			99,526,082	100,397,839	99,455,655
Flexible Repurchase Agreements (Over 90 days at acquisition)	1,117,500	--	--	1,117,500	1,117,500	1,117,500
Marketable Securities	--	--	181,751	22,772	181,751	181,751
TOTAL INVESTMENTS	$129,384,506	$ --	$181,751	$129,477,705	$130,508,441	$129,566,257

Orleans Parish School Board purchases discount notes with the intent to hold these investments to maturity. These investments offer protection of principal and securities are purchased with maturities that coincide with projected cash flow needs. The carrying value is determined by adding the prorated amortization to the original purchase price.

Marketable Securities consist of eight (8) common stocks traded on the New York Stock Exchange. These securities are held in the Abramson Foundation Fund which is reported within the Expendable Trust Fund. Proceeds from this fund are to be used for projects at Abramson Senior High School.

(g) Inventory

Inventory is valued at cost first-in, first-out (FIFO), except for donated commodities which are stated at market value, at the date donated, as determined by the federal government.

Inventory in the General Fund consists of expendable supplies held for consumption. The cost of inventories is recorded as expenditures when consumed.

Inventory in the Child Nutrition Fund, which is presented under Special Revenue Funds, consists of purchased food, lunchroom materials, supplies and donated commodities. Such inventory is recorded as revenues and expenditures when consumed. Inventories of Governmental Funds, except for unused donated commodities, are offset by a fund balance reserve which indicates that they do not constitute available expendable resources even though they are a component of net current assets. Unused commodities are reported as deferred revenue until used.

(h) Property, Plant and Equipment

Land, buildings and improvements, furniture and equipment are recorded as expenditures in the Governmental Funds and are capitalized in the General Fixed Assets Account Group at cost. Donated fixed assets are valued at their estimated market value on the date of donation. No depreciation has been provided on general fixed assets, nor has interest been capitalized. Leases (Note 7) that qualify as a capital lease are capitalized. The School Board does not capitalize infrastructure assets such as roads, parking lots, and driveways. Also, interest during construction was not capitalized.

(i) Compensated Absences

The School Board's three types of compensated absences which accumulate or vest are described as listed below.

- Vacation - Full-time employees who work year round are granted vacation in varying amounts (maximum of 22 days per year) as established by School Board policy. Unused vacation days earned prior to July 1, 1987, may be carried forward indefinitely. Vacation earned after July 1, 1987 during each fiscal year must be taken on or before December 31st of the following fiscal year; in the event of termination, an employee is reimbursed for accumulated vacation days up to thirty days.

- Sick Leave - Under terms of union contracts and School Board policy, each employee is entitled to ten days of sick leave per year. Sick leave may be accumulated without limit; however, employees are only reimbursed for accumulated sick leave up to twenty-five days upon death or retirement with twenty or more years of service.

- Sabbatical Leave - Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Leave may be granted for rest and recuperation, and professional and cultural improvement. While on sabbatical leave, the employee receives regular compensation less $50 per day.

At June 30, 1999, $4,675,674 has been accrued as a current liability in the General Fund, which represents the portion of the estimated compensated absences and related benefits for vacations, sick leave, and sabbatical leaves which will be taken or reimbursed within twelve months of the balance sheet date. The remaining amount of $13,639,541 has been recorded in the General Long-term Obligations Account Group, representing that portion of the estimated compensated absences and related benefits for the General Fund which will not be normally liquidated with expendable available financial resources.

(j) Fund Equity

The fund equity section of the combined balance sheet for a governmental unit consists of two separate elements. The equity portion of the balance sheet of a governmental unit for its proprietary-type funds is referred to as retained earnings. The equity portion of the balance sheet related to governmental and fiduciary fund types is referred to as the fund balance.

Within each fund equity section are subordinate accounts or groups such as reservations and designations which are used to report allocations of funds as follows:

- **Reserved accounts** indicate the portion of fund equity which has been legally separated for specific purposes or is not appropriable for expenditure.
- The **unreserved designated** amount indicates the portion of fund equity the School Board has set aside for planned future projects.
- The **unreserved undesignated account** indicates the portion of fund equity which is available for budgeting and expending in the future.

The composition and purposes of the reserved portion of fund balances in the various funds are as shown below.

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	
RESERVATION PURPOSE	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST & AGENCY	TOTAL
Encumbrances	$15,209,040	$ ---	$ ---	$29,085,948	$ ---	$44,294,988
Inventory	1,016,489	1,387,276	---	---	---	2,403,765
Debt Service	---	---	18,444,974	---	---	18,444,974
Endowment Restrictions	---	---	--	---	14,241	14,241
TOTAL	$16,225,529	$1,387,276	$18,444,974	$29,085,948	$14,241	$65,157,968

(k) Claims and Judgments

The School Board provides for losses and anticipated expenses resulting from claims and judgments including claim adjustment expenditures/expense, salvage and subrogation. Liability for such losses is recorded in the Internal Service Fund - Insurance Funds (see Note 2(a) - Proprietary Fund Types) and the General Long-term Obligations Account Group (see Notes 6(g) and 10). Incurred but not reported claims as of June 30, 1999, have been considered in determining the accrued liability.

(l) Comparative Total Data (Memorandum Only)

Comparative total data for the prior year have been presented in the combined financial statements in order to provide an understanding of changes in the School Board's financial position and operations. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the individual statements since their inclusion would make the statements unduly complex and difficult to read. The total data, captioned "Memorandum Only," are the aggregate of the fund types, account groups, and discretely presented component units. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

(m) Management's Use of Estimates

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

(n) 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 $392,287. This amount was recognized as state revenue and a corresponding expenditure in the General Fund from which the salary was paid.

(o) Deposits Due Others

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

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Agency fund:				
School activity	$3,765,846	$16,037,179	$15,738,942	$4,064,083

NOTE 3 - AD VALOREM AND SALES TAXES

Ad valorem taxes are collected by the City of New Orleans and remitted to the School Board on a periodic basis.

Values are established by the Orleans Parish Assessors' Offices each year based on 10% of the assessed market value of residential property and commercial land and on 15% of the assessed market value of commercial buildings, public utilities and personal property.

Ad valorem taxes must be levied prior to January 1 of the assessment year, based on the assessed value as of the prior August 15. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable by January 1, which is the levy date and the date on which an enforceable lien attaches on the property. As of February 1, taxes become delinquent and interest and penalty accrue.

Ad valorem tax revenues are accrued at year-end to the extent that they are measurable and estimated to become available to finance current operations. Delinquent taxes considered to be uncollectible are not recorded as revenues. Such revenues are based on total tax levies less exempt taxes. Exempt taxes are principally due to exempt manufacturing plants under ten-year contracts and nonprofit organizations, and the general homestead exemption. A portion of exempt taxes due to homestead exemptions relating to constitutional special school taxes are reimbursed to the School Board through state revenue sharing.

Sales taxes are assessed and due on the first day of the month subsequent to the month of sale of any retail sales of goods used or consumed within Orleans Parish, including leases and rentals of movable tangible property. The rate of sales tax dedicated to the School Board is one and one-half percent. Revenues arising from the one percent sales tax authorized by the voters of Orleans Parish in 1966 are used exclusively for the payment of salaries of teachers and/or for the general operations of the school district.

The proceeds of the one-half percent sales tax, which was authorized in 1980, are used for the payment of salaries of teachers and other educational employees of the School Board, for the expenses of maintaining and operating schools and for providing funds to pay for capital improvements.

Sales taxes which remain uncollected on the twenty-first day of the month due are classified as delinquent. Sales tax payments are collected by the City of New Orleans and the State of Louisiana and are remitted semi-monthly to the School Board.

NOTE 4 - DUE TO/FROM OTHER GOVERNMENTS

Amounts due from other governments consist of receivables for reimbursement of expenditures under various Federal and state programs and grants. All amounts are expected to be collected within the next twelve months. Amounts due to other governments consist primarily of payables for services rendered.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets for fiscal 1999 is as follows:

TYPE	BALANCE JULY 1, 1998	ADDITIONS	DELETIONS	BALANCE JUNE 30, 1999
Land	$ 29,540,925	$ --	$ --	$ 29,540,925
Buildings & Improvements	349,118,408	3,962,604	--	353,081,012
Furniture & Equipment	50,934,773	2,210,526	1,496,408	51,648,891
Vehicles	9,319,576	421,076	--	9,740,652
Construction in Progress	10,765,507	17,157,635	3,962,604	23,960,538
TOTAL	$449,679,189	$23,751,841	$5,459,012	$467,972,018

Construction in progress as of June 30, 1999, is composed of the following:

SCHOOL/FACILITY	PROJECT AUTHORIZATION	EXPENDED AS OF JUNE 30, 1999	BALANCE COMMITTED
CAPITAL PROJECTS FUND #s 1, 3, 4			
HARNEY	$ 3,465,000	$ 422,213	$ 3,042,787
LAWLESS SENIOR	30,000	25,980	4,020
PAN AMERICAN	751,483	464,569	286,914
VARIOUS	579,500	178,226	401,274
SUBTOTAL	4,825,983	1,090,988	3,734,995
CAPITAL PROJECTS FUND #2			
ABRAMS	132,863	--	132,863
ABRAMSON	3,284,038	564,485	2,719,553
ALLEN	2,433,039	106,485	2,326,554
AREA I SCHOOLS (all)	528,000	--	528,000
AREA II SCHOOLS (all)	480,000	--	480,000
AREA III SCHOOLS (all)	504,000	--	504,000
ARMSTRONG	1,232,660	22,518	1,210,142
ASHE	462,232	101,603	360,629
AUDUBON	363,525	6,422	357,103
AUGUSTINE	1,204,702	4,789	1,199,913
BANKS	1,319,196	--	1,319,196
BANNEKER	1,044,950	2,031	1,042,219
BAUDUIT	1,288,299	74,457	1,213,842
BEHRMAN	4,027,073	210,366	3,816,707
BELL	2,934,044	209,540	2,724,504
BETHUNE	1,572,663	252,870	1,319,793
BIENVILLE	591,821	--	591,821
BRADLEY	912,530	3,892	908,638
CAPDAU	824,403	163,201	661,202
CARVER	7,219,510	2,279,341	4,940,169
CENTRAL SERVICES	570,552	7,861	562,691
CHESTER	533,404	--	533,404
CLARK	3,204,321	165,478	3,038,843
COGHILL	561,002	--	561,002
COHEN	1,094,022	257,712	836,310
COLTON	2,924,661	65,266	2,859,395
CRAIG	1,886,150	14,281	1,871,869
CROSSMAN	350,994	--	350,994
DIBERT	1,293,675	76,328	1,217,347
DISTRICTWIDE	13,128,646	3,174,602	9,954,044
DOUGLASS	2,786,100	41,294	2,744,806
DREW	2,563,761	156,364	2,407,397
DUNBAR	89,265	--	89,265
EASTON	3,047,375	661,152	2,386,223
EDISON	690,687	385,121	305,566
EISENHOWER	651,660	13,857	637,803

SCHOOL/FACILITY	PROJECT AUTHORIZATION	EXPENDED AS OF JUNE 30, 1999	BALANCE COMMITTED
FISCHER	1,238,394	69,559	1,168,835
FISK-HOWARD	220,865	--	220,865
FORTIER	3,311,271	1,616,250	1,695,021
FRANKLIN ELEMENTARY	330,465	10,577	319,888
FRANKLIN SENIOR	132,863	--	132,863
FRANTZ	397,034	15,767	381,267
GAUDET	221,806	--	221,806
GENTILLY TERRACE	132,863	--	132,863
GORDON	443,907	2,735	441,172
GREEN	1,050,647	--	1,050,647
GREGORY	1,802,557	--	1,802,557
GUSTE	1,152,343	--	1,152,343
HABANS	967,053	24,638	942,415
HALEY	197,668	--	197,668
HANSBERRY	1,784,073	27,803	1,756,270
HARDIN	400,231	25,170	375,061
HARNEY	2,456,369	--	2,456,369
HENDERSON	572,441	385,319	187,122
HOFFMAN	706,809	4,100	702,709
HUGHES	898,353	--	898,353
HYNES	1,632,311	1,338,520	293,791
JACKSON, ANDREW	1,280,320	29,263	1,251,057
JEFF	456,051	37,583	418,468
JOHNSON	302,303	--	302,303
JONES	2,360,233	711,569	1,648,664
JORDAN	323,401	4,874	318,527
KARR	531,014	2,028	528,986
KENNEDY	1,849,998	486,809	1,363,189
LAFAYETTE	2,022,618	1,290,973	731,645
LAFON	429,860	30,381	399,479
LANDRY	2,215,016	--	2,215,016
LAUREL	893,329	12,288	881,041
LAWLESS SENIOR	1,191,670	39,699	1,151,971
LEWIS	2,187,294	108,811	2,078,483
LITTLE WOODS	334,377	1,463	332,914
LIVE OAK	611,898	594,297	17,601
LIVINGSTON	199,516	--	199,516
LOCKETT	109,008	--	109,008
LUSHER	1,084,846	12,412	1,072,434
LUSHER EXTENSION	236,321	17,338	218,983
MARSHALL	506,939	23,103	483,836
MCDONOGH #28	927,096	95,866	831,230
MCDONOGH #32	494,880	330,094	164,786
MCDONOGH #39	806,640	110,853	695,787
MCDONOGH #7	2,486,400	2,139,341	347,059
MCDONOGH SENIOR	2,964,056	236,134	2,727,922
MCDONOGH #16	453,882	3,462	450,420
MCDONOGH #35	998,128	176,984	821,144
MCDONOGH #42	884,737	3,108	881,629

SCHOOL/FACILITY	PROJECT AUTHORIZATION	EXPENDED AS OF JUNE 30, 1999	BALANCE COMMITTED
MCMAIN	695,765	411	695,354
MCNAIR	920,307	68,722	851,585
MORIAL	556,024	--	556,024
NOBLE	238,593	24,265	214,328
NEW ORLEANS FREE	821,810	3,197	818,613
N.O.C.H.C.	467,850	--	467,850
OSBORNE	149,206	--	149,206
PARKVIEW	514,916	--	514,916
PHILLIPS JUNIOR	1,022,524	--	1,022,524
RABOUIN	2,699,450	186,073	2,513,377
REED	63,174	--	63,174
ROGERS	379,029	--	379,029
ROSENWALD	608,849	--	608,849
SCHAMBURG (GANUS)	5,684,683	461,085	5,223,598
SEABROOK	134,532	1,157	133,375
SHAW	656,582	--	656,582
SHERWOOD FOREST	554,055	--	554,055
TERRELL	278,306	53,765	224,541
TIMBERS	1,061,358	11,411	1,049,947
TUBMAN	682,511	169,533	512,978
TUBMAN ANNEX	66,048	65,975	73
TUREAUD	2,165,257	119,476	2,045,781
VILLAGE de L'EST	192,000	8,235	183,765
WALKER	1,132,473	12,412	1,120,061
WASHINGTON, B	2,273,125	218,322	2,054,803
WATERS	529,694	--	529,694
WHEATLEY	596,840	57,589	539,251
WILLIAMS, F	177,445	--	177,445
WILLIAMS, S	679,137	59,975	619,162
WILSON	1,709,178	85,693	1,623,485
WOODSON	2,416,339	1,477,008	939,331
WRIGHT	2,826,736	42,773	2,783,963
DISTRICTWIDE	63,522	--	63,522
SUBTOTAL	149,945,295	22,167,564	127,777,731

SCHOOL/FACILITY	PROJECT AUTHORIZATION	EXPENDED AS OF JUNE 30, 1999	BALANCE COMMITTED
CAPITAL PROJECTS FUND #5			
COLTON	31,899	12,759	19,140
LAWLESS ELEMENTARY	61,015	43,465	17,550
MCDONOGH #7	170,488	112,094	58,394
SCHWARZ	60,000	2,800	57,200
VARIOUS	465,025	196,310	268,715
WASHINGTON, B.T.	369,792	334,558	35,234
WICKER	22,000	--	22,000
SUBTOTAL	1,180,219	701,986	478,233
	$155,951,497	$23,960,538	$131,990,959

NOTE 6 - LONG-TERM DEBT

(a) Bonds Payable

A summary of the fiscal 1999 bonds payable including interest rates, maturity, interest expense and June 30, 1999 balance is as follows:

BONDS PAYABLE	RANGE OF INTEREST IN REMAINING YEARS	FINAL MATURITY	INTEREST EXPENSE FOR 1998-99	BALANCE AS OF JUNE 30, 1999
General Obligation Bonds:				
Series 1995 - Issued 12/05/95	4.75 - 5.375%	09/01/18	$ 1,479,551	$ 27,855,000
Series 1996 - Issued 02/20/96	4.5 - 7.5%	09/01/20	1,858,737	34,205,000
Series 1997 - Issued 04/08/97	4.9 - 7.0%	09/01/21	1,712,781	35,000,000
Series 1997A - Issued 12/18/97	5.0 - 7.0%	09/01/21	1,852,655	35,000,000
Series 1998 - Issued 03/09/98	4.65 - 7.375%	09/01/22	1,838,227	35,000,000
Lease Revenue Bonds (Energy Retrofit)				
Series 1996 - Issued 04/01/96	4.5.50 - 5.65%	06/15/11	534,019	9,765,000
Refunding Bonds:				
Series 1987 - Issued 12/16/87		02/01/99	397,410	--
Series 1991 - Issued 12/19/91	6.262 - 7.65%	02/01/15	--	28,053,682
Series 1995 - Issued 10/19/95	4.35 - 6.0%	06/01/09	1,330,058	24,260,000
Series 1995 A&B - Issued 12/14/95	5.2 - 6.65%	02/01/14	7,524,142	121,785,000
Series 1998B - Issued 03/09/98	3.65 - 5.50%	09/01/20	440,947	8,155,000
TOTAL			$18,968,527	$359,078,682

General Obligation Bonds are backed by the full faith, credit and taxing power of the School Board. The Lease Revenue and Refunding Bonds are special limited School Board obligations payable from and secured by a pledge of and lien on ad valorem, sales taxes, and revenue sharing income. The bonds do not constitute an indebtedness or pledge of the general credit of the School Board.

All of the bonds and notes payable by the School Board are recorded in the General Long-term Obligations Account Group and are serviced by the Debt Service Funds with revenues as described below.

General Obligation Bonds

Five (5) series of General Obligation Bonds for $35 million each have been issued: Series 1995, dated October 1, 1995, Series 1996, dated March 1, 1996, Series 1997, dated March 1, 1997, Series 1997A dated December 1, 1997, and Series 1998 dated March 1, 1998. These bonds are insured and are payable from: (1) the annual levy and collection of an unlimited ad valorem tax on all taxable properties; (2) interest earned on net bond proceeds and debt service assets; and (3) revenues collected by the Educational Trust Fund District, as described on the following page.

The School Board made several transfers based upon the adequacy of Debt Service Retained Earnings, as determined by a forecast of revenues that assumed a 0% growth rate in property assessments and no additional funds contributed through the Cooperative Endeavor Agreement. In fiscal 1998, the School Board transferred $4 million of Retained Earnings and reallocated $2 million of current-year Roll Forward revenues previously dedicated to the Debt Service Fund. Of the $6 million, the General Fund received $3 million for restroom renovations and the Capital Project Fund received $3.0 million for the escalated costs of CIP III projects. In fiscal 1999, the Board reallocated $2 million of current-year Roll Forward and $2 million of year 2000 Roll Forward dedicated millage to the General Fund, in addition $3.1 million of the prior Roll Forward millage was transferred to the General Fund and $3 million of Retained Earnings was transferred to the Capital Projects CIP III Fund.

The purpose of the General Obligation Bonds is to provide monies: to improve land for building sites and playgrounds, including construction of necessary sidewalks and streets; to improve school buildings and other related facilities by acquiring necessary equipment and furnishings therefor; and to complete those projects set forth in Capital Improvements Program III.

The Educational Trust Fund District (Trust Fund) is governed by the Board members of the School Board and serves as a conduit for the collection of specific revenues supporting the debt service requirements of the General Obligation Bonds. The Trust Fund is to collect any and all ad valorem property taxes levied and collected on property used for any permanent or temporary land-based casino gaming establishment or on any riverboat and its licensed berth (except for specific taxes levied by the city or downtown development district) for the purpose of repairing, upgrading, improving and acquiring property and the construction of school buildings and related structures, improvements, and constructions owned and operated by the School Board.

A Cooperative Endeavor Agreement entered into on November 6, 1995, established the payment by the land-based casino of a minimum $2,000,000 for the benefit and use of the School Board. During fiscal years 1995, 1996, and 1997, $3,108,000 was received by the Trust Fund and paid to the School Board. On February 17, 1996, the School Board entered into a Cooperative Endeavor Agreement with the Educational Facilities Trust Fund District making available revenues generated from 1.56 mills, representing the 1995 roll forward of the School Board's Constitutional Millage and Proposition Millage, to be pledged and dedicated to the $175,000,000 as General Obligation Bonds (herein referred to as "Roll Forward"). Because the Trust Fund (1) will have no assets, (2) is governed by the Board of the School Board, and (3) will have all its activities included in the financial statement of the School Board, separate presentation of the Trust Fund as a component unit or separate entity is not considered necessary.

Lease Revenue Bonds

On April 1, 1996, the Louisiana Public Facilities Authority (LPFA) issued $11,175,000 Lease Revenue Bonds (Orleans Parish School Board Energy Retrofit Project), Series 1996. The bonds are limited and special obligations of the LPFA and are secured by a Trust Indenture, dated April 1, 1996.

The LPFA has used the proceeds from the sale of the bonds to: (1) purchase from the School Board certain energy retrofit improvements and equipment for all public school buildings of the School Board (hereinafter referred to as the "Project"); (2) fund a reserve fund; and (3) pay the cost of issuance of the bonds, including bond insurance premium. As the improvements and equipment were acquired and installed, the School Board sold the Project to the LPFA and the LPFA concurrently leased the Project to the School Board through a Lease Agreement, dated April 1, 1996, under which the School Board is obligated to annually appropriate funds in an amount sufficient to pay the principal of and interest on the Bonds, as well as other payment obligations, including the Reserve Fund Requirement (as defined in the Indenture), as payments become due.

The Project has used the bonds proceeds and the Lease Agreement to implement certain replacement, retrofit and/or upgrade improvements to one hundred twenty-one (121) public school buildings of the School Board and is designed to reduce operating and maintenance expenses. The improvements to the School Board's existing facilities fall into four (4) major categories, as follows: (1) Energy Management; (2) Heating, Ventilation and Air Conditioning Systems; (3) Lighting Systems; and (4) Water Conservation Measures.

In the event the School Board fails to make any rental payment under the Lease Agreement, pursuant to a Withholding Agreement, the Trustee is authorized to notify the State Treasurer, who will then withhold the School Board's allocation of State Revenue Sharing Funds in the amount equal to any deficiency not paid as required under the Lease Agreement.

Refunding Bonds

$127,695,000 Public School Refunding Bonds, Series 1987, dated December 1, 1987, and partially refinanced by $101,243,097 1990 Refunding Bonds - The purpose of these bonds was to refund Public School Refunding Bonds, Series 1985, and Public School Sales and Use Tax Bond, Series 1985. The bonds are insured and payable from one-half of one percent sales and use tax (the "Dedicated Sales Tax") and ad valorem taxes (27.65 mills or the "Constitutional Millage") authorized to be levied by the State Constitution.

$121,698,366 Public School Refunding Bonds, Series 1991, dated December 1, 1991, partially refunded by the Series 1995 A and B Bonds described below - The purpose of these bonds was to refund the Public School Refunding Bonds, Series 1990. The bonds are insured and are payable from the Dedicated Sales Tax and the Constitutional Millage.

$27,920,000 Public School Capital Refunding Bonds, Series 1995, dated October 1, 1995 - The purpose of these bonds is to advance refund $27,150,000 of Public School Capital Funding Bonds, Series 1989A, dated June 1, 1989, which were subsequently called and are no longer outstanding. The bonds are insured and are payable from the Purpose D Millage tax, three mills, prior to the Roll-Forward described above under General Obligation Bonds.

The $34,435,000 Series 1989A bonds were issued on June 1, 1989 and designated "Purpose D Bonds." The Purpose D Bonds were issued: (1) to recover the costs of certain expenditures in order to provide funds for the maintenance of capital facilities, including the removal of asbestos and other health hazards and/ or installation of climate control machinery such as air conditioning in existing classroom facilities; and (2) to pay issuance costs.

Remaining renovation funds currently held are included in the School Board's balance sheet as part of the Capital Projects Funds in Capital Fund #5.

$98,970,000 (1995A) and $22,815,000 (1995B) Public School Capital Refunding Bonds, Series 1995A Taxable and 1995B Tax-Exempt, dated December 1, 1995 - The purpose of these bonds was to redeem $105,038,118 principal plus interest of $8,866,381 on the Capital Appreciation Bonds of the Public School Refunding Bonds, Series 1991, which were subsequently called and are no longer outstanding.

The bonds are insured and are payable from: (1) Dedicated Sales Tax and (2) Constitutional Millage, subject to a prior and superior pledge of the tax in favor of the owners of the School Board's outstanding Refunding bonds, Series 1995. These bonds partially refunded the Capital Appreciation Bonds.

$8,155,000 Public School Refunding Bonds, Series 1998B, dated March 9, 1998. In March 1998, the School Board issued these bonds for the purpose of providing funds to purchase 1) $3.5 million of bonds issued in December 1995 and maturing in September 2019 and 2) $3.7 million of bonds issued in December 1995 and maturing in September 2020. The Refunding Bonds were issued to reduce the annual debt service of the School Board General Obligation Bonds and to produce a present value savings of $859,000, about $60,000 annually.

(b) Defeased Bonds

In August, 1985, the School Board entered into an advance refunding transaction to effect retirement of the School Board's obligations with respect to the 1952 through 1968 bonds outstanding, at June 30, 1985. At June 30, 1999, the remaining bonds outstanding consisted of the 1961 through 1968 bond issues, which are not included in the School Board's balance sheet, as they are considered defeased through the establishment of a fully funded escrow to pay debt service on such bonds until maturity, totaled $17,885,000. The 1985 bonds were subsequently refunded and called with the proceeds of the Series 1987 bonds, as described in the next paragraph.

In December, 1987, the School Board entered into a $127,695,000 (par) advance refunding transaction (Series 1987) for all of its outstanding bonds which consisted of $40,021,335 Public School Refunding Bonds, Series 1985, and $75,000,000 Public School Sales and Use Tax Bonds, Series 1985, for a total of $115,021,335. At June 30, 1999, the outstanding principal balance of these 1985 Bonds, which are not included in the School Board's balance sheet as they are considered defeased, totaled $27,341,036.

In October 1990, the School Board entered into a $104,510,380 advance refunding transaction (Series 1990) for a portion of the School Board's Series 1987 Bonds. These securities were deposited in a trust with an escrow agent to provide for all future debt services payments. Accordingly, the escrow account and the liability for the Retained Bonds are not included in the School Board's balance sheet. As of June 30, 1999, the outstanding principal balance of the Series 1987 Bonds totaled $108,645,000.

In March 1998, the School Board entered into a $8,300,000 refunding transaction (Series 1998B) for a portion of the School Board's Series 1995 General Obligations maturing September 2019 and 2020. At June 30, 1999, the outstanding principal balance of the 1995 bonds, which are not included in the School Board's balance sheet, as they are considered defeased, totaled $7,140,000.

(c) Changes in Bonds Payable

BONDS PAYABLE	BALANCE AS OF JULY 1, 1998	ACCRETIONS/ ADDITIONS	REFUNDINGS/ RETIREMENTS	BALANCE AS OF JUNE 30, 1999
General Obligation Bonds				
Series 1995 - Issued 12/05/95	$ 27,860,000	$ --	$ 5,000	$ 27,855,000
Series 1996 - Issued 02/20/96	35,000,000	--	795,000	34,205,000
Series 1997 - Issued 04/08/97	35,000,000	--	--	35,000,000
Series 1997A - Issued 12/18/97	35,000,000	--	--	35,000,000
Series 1998 - Issued 03/09/98	35,000,000	--	--	35,000,000
Lease Revenue Bonds (Energy Retrofit Project)				
Series 1996 - Issued 04/01/96	10,295,000	--	530,000	9,765,000
Refunding Bonds				
Series 1987 - Issued 12/16/87	5,095,000	--	5,095,000	--
Series 1991 - Issued 12/19/91	26,150,518	1,903,164	--	28,053,682
Series 1995 - Issued 10/19/95	26,135,000	--	1,875,000	24,260,000
Series 1995 A&B - Issued 12/14/95	121,785,000	--	--	121,785,000
Series 1998A - Issued 03/09/98	8,155,000		--	8,155,000
Total Bonds Payable	$365,475,518	$1,903,164	$8,300,000	$359,078,682

Included in the 1991 Refunding Bonds Payable is the cumulative accreted interest of $11,529,950 on the 1991 Capital Appreciation Bonds.

(d) Bond Indentures

There are a number of limitations and restrictions contained in the various bond indentures. The School Board is in compliance with all significant covenants.

(e) Statutory Debt Limit

As of June 30, 1999, the statutory debt limit for general obligation bonds was $693,315,099 and the net legal debt margin was $526,255,099. There was $18,444,974 available in the Debt Service Fund to pay debt service requirements on the general obligation bonds outstanding at June 30, 1999.

(f) Debt Service Requirements

The annual requirements to amortize all long-term debt outstanding at June 30, 1999, excluding accrued compensated absences, EPA loans payable and the outstanding certificate of indebtedness (see Note 6(g)), are summarized below:

	GENERAL OBLIGATION BONDS		LEASE REVENUE ENERGY RETROFIT BONDS	
YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2000	$ 2,430,000	$ 8,840,840	$ 550,000	$ 510,964
2001	3,340,000	8,674,518	575,000	486,214
2002	3,525,000	8,472,076	600,000	459,476
2003	3,720,000	8,251,036	630,000	430,976
2004	3,925,000	8,007,449	660,000	400,421
2005 - 2009	26,365,000	35,862,563	3,845,000	1,463,925
2010 - 2014	40,570,000	27,033,519	2,905,000	277,698
2015 - 2019	53,875,000	14,909,011	--	--
2020 - 2024	29,310,000	2,457,185	--	--
	$167,060,000	$122,508,197	$9,765,000	$4,029,674

	REFUNDING BONDS		TOTAL - ALL BONDS	
YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2000	$ 8,045,000	$9,212,974	$11,025,000	$18,564,778
2001	10,060,000	8,760,732	13,975,000	17,921,464
2002	10,635,000	8,182,896	14,760,000	17,114,448
2003	10,130,000	7,560,939	14,480,000	16,242,951
2004	11,855,000	6,917,916	16,440,000	15,325,786
2005 - 2009	72,855,000	22,492,592	103,065,000	59,819,080
2010 - 2014	39,039,852	55,174,969	82,514,852	82,486,186
2015 - 2019	873,879	4,286,871	54,748,879	19,195,882
2020 - 2024	7,230,000	402,050	36,540,000	2,859,235
TOTAL	$170,723,731	$122,991,939	$347,548,731	$249,529,810

The accreted interest of $11,529,951 for Capital Appreciation Bonds is included in the interest column of the Refunding Bonds table above and is included in Bonds Payable in the General Long-term Obligations Account Group. The Series 1991 and Series 1995 A and B Refunding Bonds have debt service requirements for monthly deposits of one-sixth (1/6) of the next interest payment due and one-twelfth (1/12) of the annual principal payments.

(g) Other Long-term Obligations

The following is a summary of changes in other long-term obligations for the 1999 fiscal year:

OTHER LONG-TERM OBLIGATIONS	BALANCE AS OF JULY 1, 1998	ADDITIONS	RETIREMENTS	BALANCE AS OF JUNE 30, 1999
Accrued Compensation Absences	$13,189,625	$ 449,916	$ --	$13,639,541
Liability for Claims Payable/Self-insured Losses (Note 10)	49,513,734	2,791,069	4,658,537	47,646,266
Other Long-term Obligations Payable:				
EPA Loans	3,817,627	--	308,644	3,508,983
Certificates of Indebtedness (Series 1996)	570,000	--	55,000	515,000
Certificates of Indebtedness (Series 1998)	--	14,000,000	--	14,000,000
Capital Lease	806,597	--	806,597	--
Subtotal	5,194,224	14,000,000	1,170,241	18,023,983
TOTAL	$67,897,583	$17,240,985	$5,828,778	$79,309,790

EPA Loans

Approval was obtained from the State Bond Commission to issue promissory notes on an interest-free basis and repayable over a twenty-year period. Proceeds from the notes finance the removal of asbestos from certain school buildings. The notes, issued to the U.S. Environmental Protection Agency (EPA), are recorded in Capital Fund #1 and are secured by and payable from the revenues accruing to the School Board. Of the $6,112,185 of authorized notes that had been advanced to the School Board, a remaining balance of $3,508,983 is still outstanding and owed at year-end.

Principal payments on EPA loans totaled $308,644 for fiscal 1999. Semi-annual principal payments are made on the loans which have terms expiring in 2004, 2009, 2010, 2012 and 2013.

Future annual payment on the EPA loans are as follows:

YEAR ENDING JUNE 30	AMOUNT
2000	$ 308,644
2001	308,644
2002	308,644
2003	303,622
2004	271,723
2005 - 2009	1,358,612
2010- 2013	649,094
	$3,508,983

Certificate of Indebtedness

On April 22, 1996, the School Board issued a $675,000 Certificate of Indebtedness, Series 1996. Recorded in Capital Fund #1, these funds were used to finance improvements and an addition to Jean Gordon Elementary School. Sections 2921 to 2925 inclusive of Title 33 of the Louisiana Revised Statutes of 1950 authorize the School Board to enter into contracts dedicating the excess of annual revenues of subsequent years to pay for the cost of public improvements. The loan is for a period of ten (10) years at a fixed interest rate of 6.24%.
Debt Service requirements on the financing are as follows:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2000	$ 60,000	$ 32,136	$ 92,136
2001	65,000	28,392	93,392
2002	70,000	24,336	94,336
2003	75,000	19,968	94,968
2004	80,000	15,288	95,288
2005-2006	165,000	15,600	180,600
	$515,000	$135,720	$650,720

In March 1999, the School Board issued a $14,000,000 Certificate of Indebtedness, Series 1999. These funds are used to purchase computer hardware and software. These Certificates are secured by and payable from excess of annual revenues of the School Board. The Certificate of Indebtedness Series 1996 is subordinated to the lien of the Certificate of Indebtedness Series 1999. The Series 1999 Certificates are insured by Ambac Assurance Corporation. The loan is for a period of ten (10) years with interest rates ranging from 4.0 to 6.625%. Debt Service requirements on the financing are as follows:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2000	$ 1,065,000	$ 779,437	$ 1,844,437
2001	1,130,000	648,924	1,778,924
2002	1,195,000	574,061	1,769,061
2003	1,265,000	494,892	1,759,892
2004	1,345,000	412,667	1,757,667
2005-2009	8,000,000	1,034,300	9,034,300
	$14,000,000	$3,944,281	$17,944,281

NOTE 7 - LEASE OBLIGATIONS

(a) Capital Lease

On June 13, 1993, the New Orleans Public Schools entered into a six-year municipal lease and option agreement to refinance two leases which provided for a total of 225 buses and security systems upgrade. Similar to the previous municipal leases, the agreement qualifies as a capital lease under Financial Accounting Standards Board Statement 13. The scheduled annual lease payments for year ended June 30, 1999 were paid.

(b) Operating Leases

The School Board has a number of operating leases for land, buildings and equipment used for schools and administrative centers. For these leases, the School Board has, as of June 30, 1999, contractual agreements requiring the following annual rental payments:

FISCAL YEAR ENDING JUNE 30	AMOUNT
2000	$2,838,146
2001	1,904,907
2002	787,633
2003	595,829
2004	260,025

Rental expenditures under operating leases for facilities for the current year amounted to $2,945,007.

NOTE 8 - RETIREMENT PLANS

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

(a) Teachers' Retirement System of Louisiana (TRSL)

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

TRSL issues a publicly available financial report that includes financial statements and required supplementary information. 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 and 5.0 percent of their annual covered salary for the Regular Plan and Plan A, respectively. The School Board is required to contribute at an actuarially determined rate. The current rate is 15.2 percent of annual covered payroll for both membership plans. Member contributions and employer contributions for TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution to TRSL, as provided by the 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 TRSL for the years ended June 30, 1999, 1998 and 1997, were $32,760,274, $35,582,085 and $30,626,626, respectively, in accordance with the actuarially determined rate.

(b) Louisiana School Employees' Retirement System (LSERS)

Plan Description: 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.

LSERS issues a publicly available financial report that includes financial statements and required supplementary information. 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.

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

The School Board's contributions to LSERS for the years ended June 30, 1999, 1998 and 1997 were $1,576,175, $1,448,589 and $1,432,906, respectively, in accordance with the actuarially determined rate.

(c) Other Retirement Benefit

As required by state statutes, the School Board must provide certain health care and life insurance benefits to retired employees. This future liability is not funded but will be payable by the General Fund out of future years' operations. Substantially all of the School Board's employees may become eligible for such benefits upon reaching retirement age.

Except for one-half of the dependent coverage, no contributions are required by the retirees to help finance these future benefits and at the present time, a maximum of one-half of the premiums are paid by the State of Louisiana. It is not known whether the State of Louisiana will continue, and if so, at what level, its funding of one-half of the future premiums for the retirees and their dependents.

Health care coverage for eligible retirees is available under the fully insured health plan. Both the School Board and the retiree contribute a scheduled amount to the plan. Expenses are recognized when the fund liability is incurred for premiums and claims. For fiscal 1999, premiums to provide retiree health care and life insurance benefits, jointly shared between the School Board and the approximately 1,996 participating retirees, were $3,986,178.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) Claims

The School Board is a defendant in a number of lawsuits arising principally in the normal course of operations. Provision for losses for these lawsuits has been recorded on the financial statements, principally in Long-Term Debt Obligations. Included in this provision is an amount to cover the U.S. Federal Court judgement on October 19, 1998 (See Notes 9(c) and 12). In the opinion of the School Board, the outcome of these lawsuits will not have a material adverse effect on the financial statements and, accordingly, no additional provision for losses has been recorded for these lawsuits, except as reported in the financial statements.

(b) Labor Contracts

During August 1997, School Board Representatives and the United Teachers of New Orleans (UTNO) - the teachers', clericals' and paraprofessionals' collective bargaining agent, reached agreement on a new three-year contract, which was approved by the union members. Retroactive to July 1, 1997, the agreement was approved by the School Board on August 11, 1997. The pact includes: 1) $330 raise for teachers and one additional paid workday; 2) a $150 raise for paraprofessionals and clerical staff; 3) an additional salary increase of 4% in 1999-1999 and 1999-2000 which is contingent upon voter approval of additional revenue; and 4) an increase in the UTNO Health and Welfare Fund contribution from $750 to $766 per member. Items 1) and 2) were implemented during fiscal 1999. On May 5, 1999, a referendum for the 4% salary increase failed by 55 votes. Additionally, on December 5, 1999 a joint referendum with the City of New Orleans, based on a property service fee, was unsuccessful.

(c) Federal Financial Assistance Programs

The School Board participates in a number of federal financial assistance programs. Although the grant programs have been audited through June 30, 1999, in accordance with the Single Audit Act Amendments of 1996, these programs are subject to financial and compliance audits and resolution of identified questioned costs.

The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time. Certain costs, approximately $2.3 million for the fiscal years 1992 - 1996, related to unemployment compensation expense charged to federal programs have been questioned by the U.S. Department of Education in an audit report.

Concurrently, the School Board has identified costs which it believes should have been billed to the federal government. A final determination has not yet been issued. The School Board believed and continues to believe, based upon its reliance upon its advisors, that these charges have been proper and in good faith, and is negotiating a settlement with the U.S. Department of Education.

Another matter is interrelated to the issue described in the preceding paragraph. In response to disciplinary action, two individuals/relators (one an employee who had been placed on administrative leave and the other an employee who had been terminated), filed suit in 1996 against the School Board under the False Claims Act, on behalf of the federal government and themselves. The lawsuit included allegations that the School Board overcharged the federal government for unemployment and workers' compensation for the years 1987 - 1997, for reimbursement claims filed for federally funded programs operated by the School Board with grants received through the Louisiana Department of Education.

On October 19, 1998, based upon a jury verdict against the School Board, the U.S. District Court, Eastern District, Louisiana, awarded approximately $30.7 million to the federal government and the relators. The School Board and its attorneys have publicly stated that the jury verdict is incorrect. The School Board is seeking a new trial. If unsuccessful, the School Board plans an appeal to the U.S. Fifth Circuit Court of Appeals.

(d) Arbitrage

Federal government regulations provide generally that interest income generated from investment of bond proceeds of a state or local government are exempt from federal income tax unless the bonds are "arbitrage bonds". Such bonds are generally defined as bonds the proceeds of which are invested at a yield higher than the bond yield. The regulations require that any profit, or "arbitrage," earned must be rebated to the Federal government at least once every five years.

At June 30, 1999, the Orleans Parish School Board had an immaterial contingent liability of $22,459. The actual amount due as of the next required rebate installment payment date is subject to change due to bond and investment activity occurring after June 30, 1999. The required rebate installment payment must be paid no later than 60 days after June 30, 2002.

NOTE 10 - RISK MANAGEMENT

The School Board accounts for its insurance programs within the General Fund and the Insurance Funds. The primary programs under the Insurance Funds are summarized in Note 2(a).

Changes in the Insurance Funds' claims liability amount were as follows:

FISCAL YEAR	BEGINNING OF FISCAL YEAR LIABILITY	CURRENT YEAR CLAIMS & CHANGES IN ESTIMATES	CLAIM PAYMENTS AND OTHER REDUCTIONS	BALANCE AT FISCAL YEAR-END
1993-1994	$10,125,771	$37,989,494	$25,937,071	$22,178,194
1994-1995	22,178,194	10,824,400	10,969,858	22,032,736
1995-1996	22,032,736	7,701,236	3,465,735	26,268,237
1996-1997	26,268,237	2,585,410	23,021,245	5,832,402
1997-1999	5,832,402	2,496,523	4,834,717	3,494,208
1998-1999	3,494,208	3,153,168	3,178,278	3,469,098

Included in the above claims liability of $3,469,098 are health claims of $1,372,546, and the workers' compensation claims of $2,096,552.

Effective July 1, 1996, the School Board discontinued the use of the Internal Service Fund to account for and finance litigated claims. This resulted in a residual equity transfer through a reduction in the claims payable/provision for claims payable in the Other Insurance Fund, an increase in the Long-term Obligations Account Group and a transfer of most of the net assets of the Other Insurance Fund to the General Fund.

During fiscal 1998, the School Board began reporting nonligitated claims in the General Fund. Accordingly, $2,242,691 of claims and related accounts were transferred to the General Fund, with no resulting impact upon fund balance for either fund. This amount increased by $480,385 during fiscal 1999 to $2,723,076.

NOTE 11 - INDIVIDUAL FUND DISCLOSURES

(a) Interfund Receivables and Payables (Due from/to other funds)

A summary of the balance, by fund at June 30, 1999 is as follows:

FUND	INTERFUND RECEIVABLES	TOTAL INTERFUND RECEIVABLES	INTERFUND PAYABLES	TOTAL INTERFUND PAYABLES
General		$12,705,651		$26,388,123
Special Revenue:				
Improving America's School Act Funds	$ 13,595		$ 2,742,726	
Individuals with Disabilities Education Act Funds	--		797,094	
Other Federal Funds	166,142		1,249,847	
State and Local Funds	233,151		4,049,255	
Child Nutrition Fund	1,834,208		-	
Total Special Revenue		2,247,096		8,838,922
Debt Service:				
Refunding Bonds, Series 1991	2,300,070		--	
General Obligation Bonds	8,265,989		--	
Gordon School Loan	32		--	
Total Debt Service Fund		10,566,091		
Capital Projects Funds:				
#1	2,797,321			
#2	--		1,900,441	
#3	--		186,788	
#4	--		3,023	
#5	519,169		-	
Total Capital Projects		3,316,490		2,090,252
Proprietary:				
Health Insurance	4,426,205		--	
Life, Dental and Optical Insurance	710,047		175,175	
Workers' Compensation Insurance	4,456,519		--	
Other Insurance	1,809,096		985,617	
Print Shop	63,908		--	
Total Proprietary Funds		11,465,775		1,160,792
Fiduciary:				
Nonexpendable Trusts	4,450			
Expendable Trusts	--		1,000	
Agency - Payroll Withholding	--		1,846,188	
Agency - Student Activity	19,723			
Total Fiduciary		24,173		1,847,188
TOTAL ALL FUNDS		$40,325,277		$40,325,277

(b) Transfers

A summary of the transfers by fund for the year ended June 30, 1999 is as follows:

FUND	TRANSFERS IN	TOTAL TRANSFERS IN	TRANSFERS OUT	TOTAL TRANSFERS OUT
OPERATING:				
General		**$3,100,000**		**$17,685,121**
Special Revenue:				
State and Local Funds	$ 65,264		--	
Child Nutrition	725,250		--	
Total Special Revenue		**790,514**		**--**
Debt Service:				
Refunding Bonds, Series 1987	3,090,524		--	
Refunding Bonds, Series 1995	13,305,062		--	
General Obligation Bonds	9,178,961		6,100,000	
Energy Retrofit Project Bonds, Series 1996	1,018,778			
Gordon School Loan	90,568		--	
EPA Loans	308,645		--	
Total Debt Service		**26,992,538**		**6,100,000**
Capital Projects Funds:				
#1	606,483		--	
#2	--		6,883,909	
Total Capital Projects		**606,483**		**6,883,909**
Proprietary:				
Workers' Compensation Insurance	600,000			
Other Insurance	--		1,420,505	
Total Proprietary Funds		**600,000**		**1,420,505**
TOTAL ALL FUNDS		**$32,089,535**		**$32,089,535**

(c) Expenditures In Excess of Appropriations

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

Fund	Budget	Actual	Unfavorable Variance
General Fund			
Business Administration	$139,265,811	$140,620,076	$1,354,265

(d) Dedicated Millage Revenues, Expenditures and Changes in Unexpended Balances

A summary of the fiscal 1999 revenues, expenditures and changes in unexpended balances of the Dedicated Millage Purposes A, B & C as reported within the General Fund (Note 2(a) is as follows:

	PURPOSE A	PURPOSE B	PURPOSE C	TOTAL
Revenues				
Ad Valorem Taxes	$3,157,460	$3,157,460	$14,823,756	$21,138,676
Expenditures	--	--	--	--
Instructional - Regular	--	2,257,178	8,518,129	10,775,907
Instructional - Special	--	46,619	--	46,619
Support Services	--	--	--	--
Pupils	*3,145,564*	*293,661*	*1,154,780*	*4,594,005*
General Administration	--	--	597,272	597,272
School Administration	--	132,768	977,172	1,109,940
Business Administration	--	--	3,039,253	3,039,253
Total Expenditures	3,145,564	2,730,826	14,286,606	20,162,396
Excess (Deficiency) of Revenues Over Expenditures				
Unexpended Balance at Beginning of Year	1,080,841	1,043,895	335,905	2,460,641
Unexpended Balance at End of Year	**$1,092,737**	**$10,775,307**	**$ 873,055**	**$ 3,436,321**

The unexpended balances for Purposes A, B and C are included in the designations for subsequent years' expenditures in the General Fund Unreserved Fund Balance.

Purpose D revenue prior to the 1995 roll-up is first used for debt service of the 1995 Capital Refunding Bonds; the remaining excess related to the rolled-up millage is dedicated to fund debt service requirements of the General Obligation Bonds. Purpose D ad valorem taxes are reported in the Debt Service and Capital Projects Fund Types. Total Purpose D revenues were $4,694,705 for fiscal year 1999.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 INFORMATION

The School Board has expended significant resources - through financing and staffing - to ensure a successful transition to new hardware and software which will avoid the potential problems that could result from the year 2000 computer problem.

In 1996, a consultant was chosen to assist the School Board in addressing replacement of aging hardware and software, as well as handle the year 2000 issue. The consultant steered the School Board through an inventory and assessment of the current hardware and software. Assistance was also provided in determining future informational needs through an extensive series of consultations with internal and external focus groups.

Through this process, it was determined that the application areas to be replaced included the student data, human resource/payroll and the financial information systems - essentially, the major School Board information systems. The evaluation also revealed that virtually all hardware and peripherals would have to be replaced. The consultant originally projected a funding requirement of $8 -10 million to complete the project.

Recently, the School Board selected its software vendors for the new system. Based upon the negotiated cost, as well as revised hardware cost estimates, the project cost was revised to $21 million. A financing application for up to$14million was authorized by the School Board and confirmation of this authorization was received from the Louisiana State Bond Commission. Through a public offering, $14,000,000 of Certificates of Indebtedness were sold on February 10, 1999. Most of the project cost will be spent in fiscal years 1999 and 2000, with debt service on the loan continuing for 7-10 years. To date, the School Board has appropriated $5 million of additional funding from the General Fund for the balance of estimated costs.

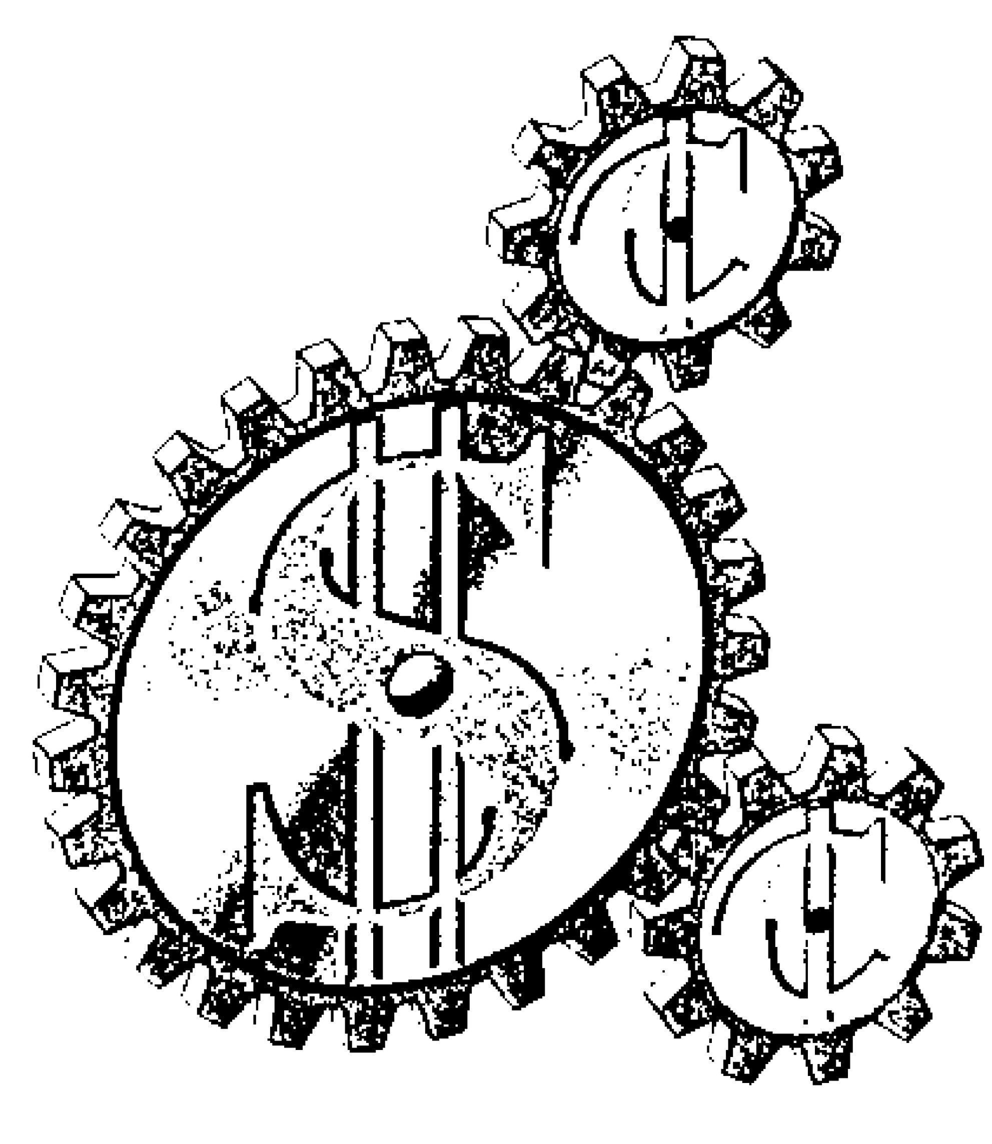
A detailed plan has been laid out by the software vendors. The plan includes testing and a study to determine the operating policies of the School Board that are to be carried over to the new systems. Start-up of the financial system and partial implementation of the human resource/payroll system are scheduled for July 1, 1999. The goal is to complete the student data system implementation by August 1999.

The School Board's operating budget is largely dependent upon the state of Louisiana for funding its public education initiatives through the Minimum Foundation Program allocation (more than $200 million annually) and the City of New Orleans to collect and forward the School Board's share of property and sales taxes (nearly $150 million). Specifically, the School Board relies greatly on the funds supplied through these two government entities to finance daily operations to pay teachers' and other employees' salaries, to remit compensation to vendors for the cost of educational materials and services, and to satisfy bond debt service requirements. In the case of bond payments, the School Board relies heavily upon its paying agents to make timely remittances to each bondholder.

If the computer systems for the state, the city or the financial institutions on which the School Board relies do not operate in a timely manner due to year 2000 problems, the School Board's operation would be adversely and significantly impaired. The School Board has communicated with these organizations to see what plans have been made to avoid this problem and to determine what alternate plans can be made in the event of computer failures. To date, several key financial institutions have responded with assurance that necessary planning and testing measures have been taken to ensure year 2000 compliance.

- Combining
- Individual Fund
- Account Group

Statements and Schedules



The General Fund is the primary operating fund of the School Board. The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Reported in the General Fund are most of the revenues from local and state sources. The major types of revenues from these sources are:

- Local - Sales and Ad Valorem Taxes (including 1988 Dedicated Millage Revenue)

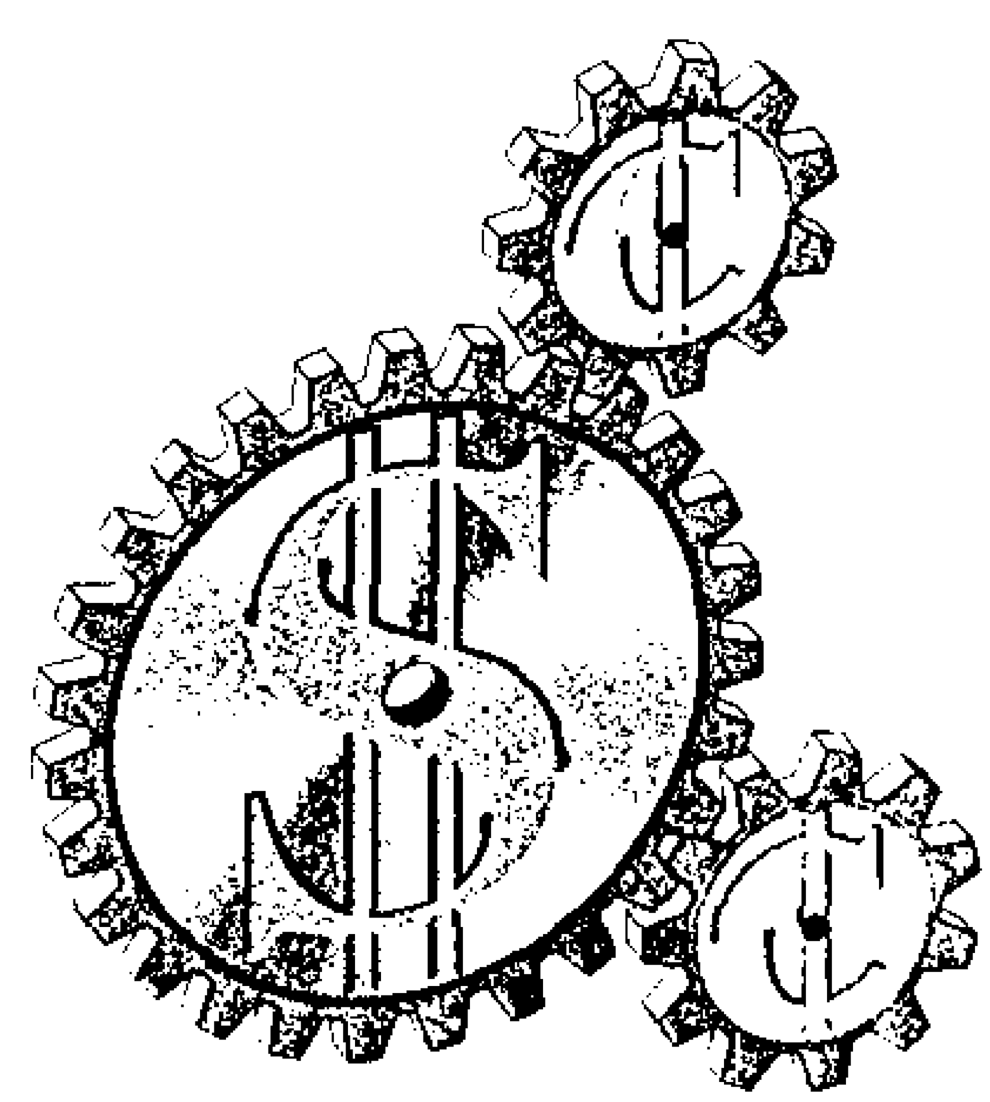
- State - Minimum Foundation Program

General Fund expenditures represent the costs of general school system operations and include the functional categories of instructional and support services. Classifications within support services include:

- Pupil Support
- Instructional Staff Support
- General Administration
- School Administration
- Business Administration

Business Administration costs reflect the expenditures incurred for pupil transportation, fringe benefits (including retirement contributions), revenue collection fees, business, maintenance and central services (including claims and judgments)

General Fund



ORLEANS PARISH SCHOOL BOARD

A-1

General Fund

Comparative Balance Sheets

June 30, 1999 and 1998

Assets	1999	1998
Cash and cash equivalents	$ 51,261,373	$ 26,939,003
Investments	10,417,500	-
Receivables:		
Ad valorem taxes	308,289	2,306,178
Sales taxes	12,120,699	12,320,438
Accrued interest		15,151
Due from other governments	14,316,047	11,968,064
Due from other funds	12,705,651	23,809,030
Other	1,173,949	1,105,882
Total receivables	40,624,635	51,524,743
Inventory	1,016,489	1,022,629
Other assets	1,011,131	365,241
Total assets	$ 104,331,128	$ 79,851,616
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	$ 3,860,276	$ 7,148,510
Salaries, wages and payroll taxes payable	8,418,290	4,670,384
Due to other funds	26,388,123	19,451,044
Due to other governments	1,051,340	1,077,971
Other liabilities	37,544	2,483
Accrued compensated absences	4,675,674	4,289,386
Liability for claims payable/self-insured losses	2,723,077	2,242,691
Total liabilities	47,154,324	38,882,469
Fund balance:		
Reserved for:		
Encumbrances	15,209,040	3,402,405
Inventory	1,016,489	1,022,629
Unreserved:		
Designated for subsequent years' expenditures	23,762,075	19,039,193
Undesignated	17,189,200	17,504,920
Total fund balance	57,176,804	40,969,147
Total liabilities and fund balance	$ 104,331,128	$ 79,851,616

ORLEANS PARISH SCHOOL BOARD

A-2

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budget Basis
(Non-GAAP)

Year ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues (Schedule A-3)	$ 378,335,231	$ 380,697,599	$ 2,362,368
Expenditures (Schedule A-4)	392,379,998	375,696,591	16,683,407
Excess of revenues over expenditures	(14,044,767)	5,001,008	19,045,775
Other financing sources (uses):			
Operating transfers in	3,100,000	3,100,000	-
Operating transfers out	(18,294,589)	(17,685,121)	609,468
Bond proceeds	14,000,000	14,398,437	398,437
Total other financing sources (uses):	(1,194,589)	(186,684)	1,007,905
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(15,239,356)	4,814,324	20,053,680
Fund balance at beginning of year	37,359,929	37,359,929	-
Fund balance at end of year	$ 22,120,573	$ 42,174,253	$ 20,053,680

ORLEANS PARISH SCHOOL BOARD

A-3

General Fund

Schedule of Revenues - Budget and Actual - Budget Basis
(Non-GAAP)

Year ended June 30, 1999
with comparative totals for year ended June 30, 1998

	1999			
	Budget	Actual	Variance - Favorable (Unfavorable)	1998 Actual
Revenues from local sources:				
Ad valorem taxes:				
Real property	$ 37,018,231	$ 37,469,063	$ 450,832	$ 36,444,916
Personal property	27,126,000	28,460,814	1,334,814	27,060,787
Sales Taxes	79,000,000	80,940,029	1,940,029	81,963,623
Income on investments	2,000,000	2,132,793	132,793	2,590,479
Tuition and other fees	1,487,000	1,798,506	311,506	1,720,523
Reimbursement of services	1,100,000	621,294	(478,706)	1,221,224
Other	41,000	34,385	(6,615)	461,636
Total local sources	147,772,231	151,456,884	3,684,653	151,463,188
Revenues from state sources:				
Minimum Foundation Program	217,745,000	217,745,256	256	208,584,049
Revenue sharing	3,600,000	3,491,664	(108,336)	3,551,759
Professional Improvement Program	3,200,000	2,895,169	(304,831)	3,523,870
Textbook distribution	555,000	663,677	108,677	576,522
Transportation	724,000	623,489	(100,511)	730,349
State supplemental allocation	1,097,913	1,097,932	19	1,031,700
State pay supplement	849,087	849,087	-	-
Total state sources	227,771,000	227,366,274	(404,726)	217,998,249
Revenues from federal sources:				
Impact aid	1,000	1,165	165	1,072,215
Indirect cost	1,071,000	1,160,373	89,373	1,049,270
ROTC salary support	498,000	647,985	149,985	669,068
Other	1,222,000	64,918	(1,157,082.00)	1,275,846.00
Total federal sources	2,792,000	1,874,441	(917,559)	4,066,399
Total revenues	$ 378,335,231	$ 380,697,599	$ 2,362,368	$ 373,527,836

ORLEANS PARISH SCHOOL BOARD

General Fund

Schedule of Expenditures - *Budget and Actual - Budget Basis*
(Non-GAAP)

Year ended June 30, 1999
with comparative totals for year ended June 30, 1998

	1999			
	Budget	*Actual*	Variance - Favorable *(Unfavorable)*	1998 *Actual*
Instructional:				
Regular instruction:				
Salaries	$ 140,304,647	$ 132,150,603	$ 8,154,045	$ 126,293,895
Travel	56,400	57,763	(1,363)	42,368
Total - regular instruction	140,361,047	132,208,366	8,152,681	126,336,263
Special instruction:				
Salaries	*42,793,159*	*42,378,782*	*414,377*	*40,826,915*
Travel	0	56,030	(56,030)	58,352
Total - special instruction	42,793,159	42,434,812	358,347	40,885,267
Total instructional	183,154,206	174,643,178	8,511,028	167,221,530
Support services:				
Pupil Support:				
Salaries	14,568,845	14,858,087	(289,242)	14,554,824
Purchased services	2,601,529	1,424,490	1,177,039	908,139
Materials and supplies	14,459,383	10,354,240	4,105,143	8,595,187
Capital outlay	1,702,761	907,028	795,733	681,489
Other expenditures	1,877,139	204,566	1,672,573	235,602
Total pupil support	35,209,657	27,748,411	7,461,246	24,975,241
Instructional staff support:				
Salaries	7,156,153	6,501,864	654,289	6,783,061
Purchased services	670,578	448,937	221,641	279,803
Materials and supplies	610,229	500,584	109,645	166,324
Capital outlay	189,062	137,746	51,316	117,351
Other expenditures	258,429	83,944	174,485	17,978
Total instruction staff support	8,884,451	7,673,075	1,211,376	7,364,517
General administration:				
Salaries	2,032,199	1,890,349	141,850	2,152,855
Purchased services	2,635,697	2,885,253	(249,556)	2,375,518
Materials and supplies	415,969	396,671	19,298	366,562
Capital outlay	72,156	53,774	18,382	6,334
Other expenditures	1,447,065	1,376,512	70,553	1,357,874
Total general administration	6,603,086	6,602,559	527	6,259,143
School administration:				
Salaries	18,377,319	17,115,549	1,261,770	16,201,091
Purchased services	50,468	57,330	(6,862)	67,538
Total school administration	18,427,787	17,172,879	1,254,908	16,268,629
Business administration:				
Salaries	30,222,062	30,791,257	(569,195)	28,922,686
Purchased services	38,493,877	36,735,126	1,758,751	28,408,813
Materials and supplies	3,452,265	2,724,768	727,497	2,698,009
Capital outlay	5,421,602	6,223,933	(802,331)	158,153
Other expenditures	829,347	2,426,469	(1,597,122)	470,471
Fringe benefits	60,846,658	61,718,523	(871,865)	60,850,936
Total business administration	139,265,811	140,620,076	(1,354,265)	121,509,068
Total support services	208,390,792	199,817,000	8,573,792	176,376,598
Debt service	835,000	1,236,413	(401,413)	1,084,106
Total expenditures	$ 392,379,998	$ 375,696,591	$ 16,683,407	$ 344,682,234

ORLEANS PARISH SCHOOL BOARD

A-5

General Fund

Schedule of Business Administration Expenditures - By Function

Budget and Actual - Budget Basis
(Non - GAAP)

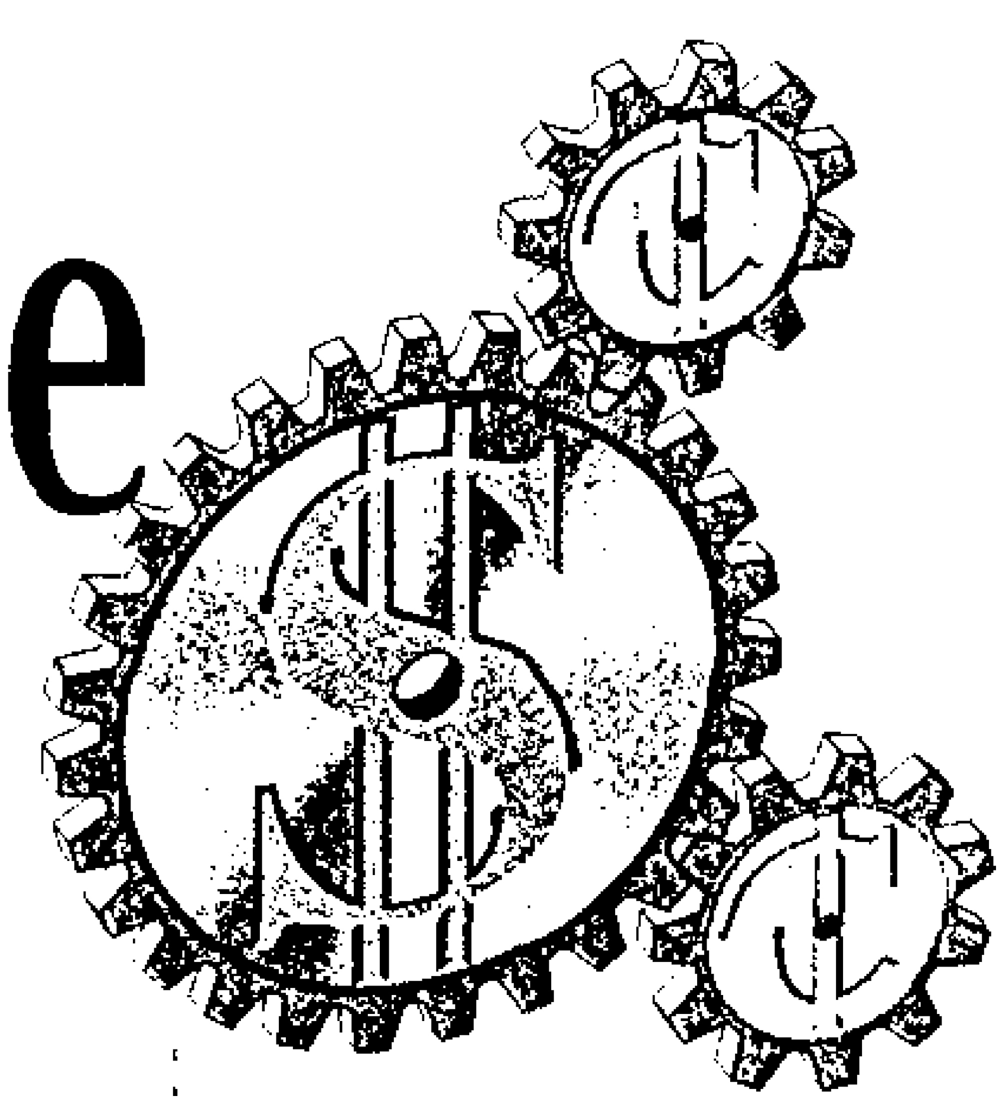
Year ended June 30, 1999
with comparative totals for year ended June 30, 1998

	1999 Budget	1999 Actual	1999 Variance - Favorable (Unfavorable)	1998 Actual
Business Services:				
Salaries	$ 2,558,312	$ 2,456,082	$ 102,230	$ 2,270,918
Purchased services	1,126,030	292,117	833,913	618,717
Materials and supplies	254,176	169,604	84,572	58,404
Capital outlay	83,518	127,107	(43,589)	29,533
Other expenditures	13,865	1,564,302	(1,550,437)	101,248
Fringe benefits - systemwide	60,846,658	61,718,523	(871,865)	60,850,936
Total business services	64,882,559	66,327,734	(1,445,175)	63,929,756
Central Services:				
Salaries	2,823,334	2,627,952	195,382	1,827,407
Purchased services	15,760,243	14,687,774	1,072,469	9,024,658
Materials and supplies	452,596	366,335	86,261	460,597
Capital outlay	4,088,557	4,865,104	(776,547)	93,816
Other expenditures	10,460	8,287	2,173	18,609
Total central services	23,135,190	22,555,451	579,739	11,425,087
Pupil Transportation:				
Salaries	5,952,609	6,216,712	(264,103)	5,815,241
Purchased services	7,627,529	7,660,430	(32,901)	7,194,009
Materials and supplies	698,190	548,146	150,044	907,929
Capital outlay	761,298	760,379	919	(28,485)
Total pupil transportation	15,039,626	15,185,667	(146,041)	13,888,694
Maintenance of Plant:				
Salaries	18,887,807	19,490,511	(602,704)	19,009,120
Purchased services	13,980,075	14,089,064	(108,989)	11,571,429
Materials and supplies	2,047,303	1,646,417	400,886	1,271,079
Capital outlay	488,229	471,345	16,884	63,289
Other expenditures	805,022	853,886	(48,864)	350,614
Total maintenance of plant	36,208,436	36,551,223	(342,787)	32,265,531
Total business administration	$ 139,265,811	$ 140,620,076	$ (1,354,265)	$ 121,509,068

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures related to federal, state and local grant and entitlement programs for various educational objectives. Also included are the revenues and expenditures for the school breakfast and lunch programs. The School Board maintains the following Special Revenue Funds:

- Improving America's School Act (IASA) Fund, Titles I, II, IV and VI
- Individuals with Disabilities Education Act (IDEA) Fund
- *Other Federal Funds*
    - Urban Systemic Initiative
    - Dropout Prevention
    - Migrant Education
    - Drug-Free Schools
    - Project Independence
    - Vocational Education
    - Homeless Assistance
    - Goals 2000
    - Starting Points Pre-School
- State and Local Funds
- Child Nutrition Fund

Special Revenue Funds



ORLEANS PARISH SCHOOL BOARD

Special Revenue Funds

Combining Balance Sheet

June 30, 1999
with comparative totals for June 30, 1998

Assets	IASA Funds	IDEA Funds	Other Federal Funds
Receivables:			
Due from other governments	$ 3,372,189	$ 806,456	$ 1,363,396
Due from other funds	13,595	-	166,142
Total receivables	3,385,784	806,456	1,529,538
Inventory	-	-	-
Total assets	$ 3,385,784	$ 806,456	$ 1,529,538
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 629,463	$ 9,362	$ 113,549
Due to other funds	2,742,726	797,094	1,249,847
Deferred revenues	13,595	-	166,142
Total liabilities	3,385,784	806,456	1,529,538
Fund balances:			
Reserved for inventory	-	-	-
Accumulated Surplus			
Total fund balances	-	-	-
Total liabilities and fund balances	$ 3,385,784	$ 806,456	$ 1,529,538

	State and Local Funds	Child Nutrition Fund	Totals 1999	Totals 1998
	$ 4,132,276	$ 11,593	$ 9,685,910	$ 16,031,799
	233,151	1,834,208	2,247,096	202,164
	4,365,427	1,845,801	11,933,006	16,233,963
	-	737,168	737,168	723,298
	$ 4,365,427	$ 2,582,969	$ 12,670,174	$ 16,957,261
	$ 83,021	$ 511,760	$ 1,347,155	$ 919,944
	4,049,255		8,838,922	15,111,855
	233,151	683,933	1,096,821	694,288
	4,365,427	1,195,693	11,282,898	16,726,087
	-	53,235	53,235	231,174
		1,334,041	1,334,041	
	-	1,387,276	1,387,276	231,174
	$ 4,365,427	$ 2,582,969	$ 12,670,174	$ 16,957,261

ORLEANS PARISH SCHOOL BOARD

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 1999
with comparative totals for year ended June 30, 1998

	IASA Funds	IDEA Funds	Other Federal Funds
Revenues:			
From local sources	$ -	$ -	$ -
From state sources	-	-	-
From federal sources	36,983,484	3,691,550	6,741,147
Total revenues	36,983,484	3,691,550	6,741,147
Expenditures:			
Current:			
Instructional:			
Regular	29,518,651	-	5,507,222
Special	-	1,601,488	-
Support services:			
Pupils	1,025,255	633,149	81,648
General administration	1,292,660	1,086,794	454,486
Business administration	5,146,918	370,119	697,791
Total expenditures	36,983,484	3,691,550	6,741,147
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ -	$ -

State and Local Funds	Child Nutrition Funds	Totals 1999	Totals 1998
$ 832,233	$ 2,768,272	$ 3,600,505	$ 2,524,217
6,682,184	1,145,625	7,827,809	9,341,775
-	23,720,259	71,136,440	66,533,707
7,514,417	27,634,156	82,564,754	78,399,699
6,981,500	-	42,007,373	39,625,127
-	-	1,601,488	715,490
-	-	1,740,052	1,490,586
24,711	-	2,858,651	2,759,834
573,470	27,203,304	33,991,602	35,320,331
7,579,681	27,203,304	82,199,166	79,911,368
(65,264)	430,852	365,588	(1,511,669)
65,264	725,250	790,514	1,157,887
-	-	-	(6,597)
65,264	725,250	790,514	1,151,290
-	1,156,102	1,156,102	(360,379)
-	231,174	231,174	591,553
$ -	$ 1,387,276	$ 1,387,276	$ 231,174

ORLEANS PARISH SCHOOL BOARD

B-3

Improving America's Schools Act (IASA) - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1999

	Budget	Actual	Favorable (Unfavorable)
Revenues:			
From Federal Sources	$ 39,013,172	$ 36,983,484	$ (2,029,688)
Expenditures:			
Current:			
Instructional:			
Regular	31,141,172	29,518,651	1,622,521
Support services:			
Pupils	1,081,757	1,025,255	56,502
General administration	1,363,471	1,292,660	70,811
Business administration	5,426,772	5,146,918	279,854
Total expenditures	39,013,172	36,983,484	2,029,688
Excess of revenues over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ -	$ -

ORLEANS PARISH SCHOOL BOARD

B-4

Individuals with Disabilities Education Act (IDEA) - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1999

	Budget	Actual	Favorable (Unfavorable)
Revenues:			
From federal sources	$ 4,965,581	$ 3,691,550	$ (1,274,031)
Expenditures:			
Current:			
Instructional:			
Special	2,154,958	1,601,488	553,470
Support services:			
Pupils	851,960	633,149	218,811
General administration	1,460,636	1,086,794	373,842
Business administration	498,027	370,119	127,908
Total expenditures	4,965,581	3,691,550	1,274,031
Excess of revenues over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ -	$ -

ORLEANS PARISH SCHOOL BOARD

B-5

Other Federal Funds - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
From federal sources	$ 9,046,692	$ 6,741,147	$ (2,305,545)
Expenditures:			
Current:			
Instructional:			
Regular	7,390,623	5,507,222	1,883,401
Support services:			
Pupils	109,574	81,648	27,926
General administration	609,910	454,486	155,424
Business administration	936,585	697,791	238,794
Total expenditures	9,046,692	6,741,147	2,305,545
Excess of revenues over expenditures	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ -	$ -

ORLEANS PARISH SCHOOL BOARD

B-6

State and Local Funds - Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
From local sources	$ 954,550	$ 832,233	$ (122,317)
From state sources	8,042,131	6,682,184	(1,359,947)
Total revenues	8,996,681	7,514,417	(1,482,264)
Expenditures:			
Current:			
Instructional:			
Regular	8,279,151	6,981,500	1,297,651
Special	-	-	-
Support services:			
Pupils	7,836	-	7,836
General administration	29,320	24,711	4,609
Business administration	680,374	573,470	106,904
Total expenditures	8,996,681	7,579,681	1,417,000
Deficiency of revenues over expenditures	-	(65,264)	(65,264)
Other financing sources (uses):			
Operating transfers in	-	65,264	65,264
Operating transfers out	-	-	-
Total other financing sources (uses)	-	65,264	65,264
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ -	$ -

ORLEANS PARISH SCHOOL BOARD

Child Nutrition Fund - Special Revenue Fund

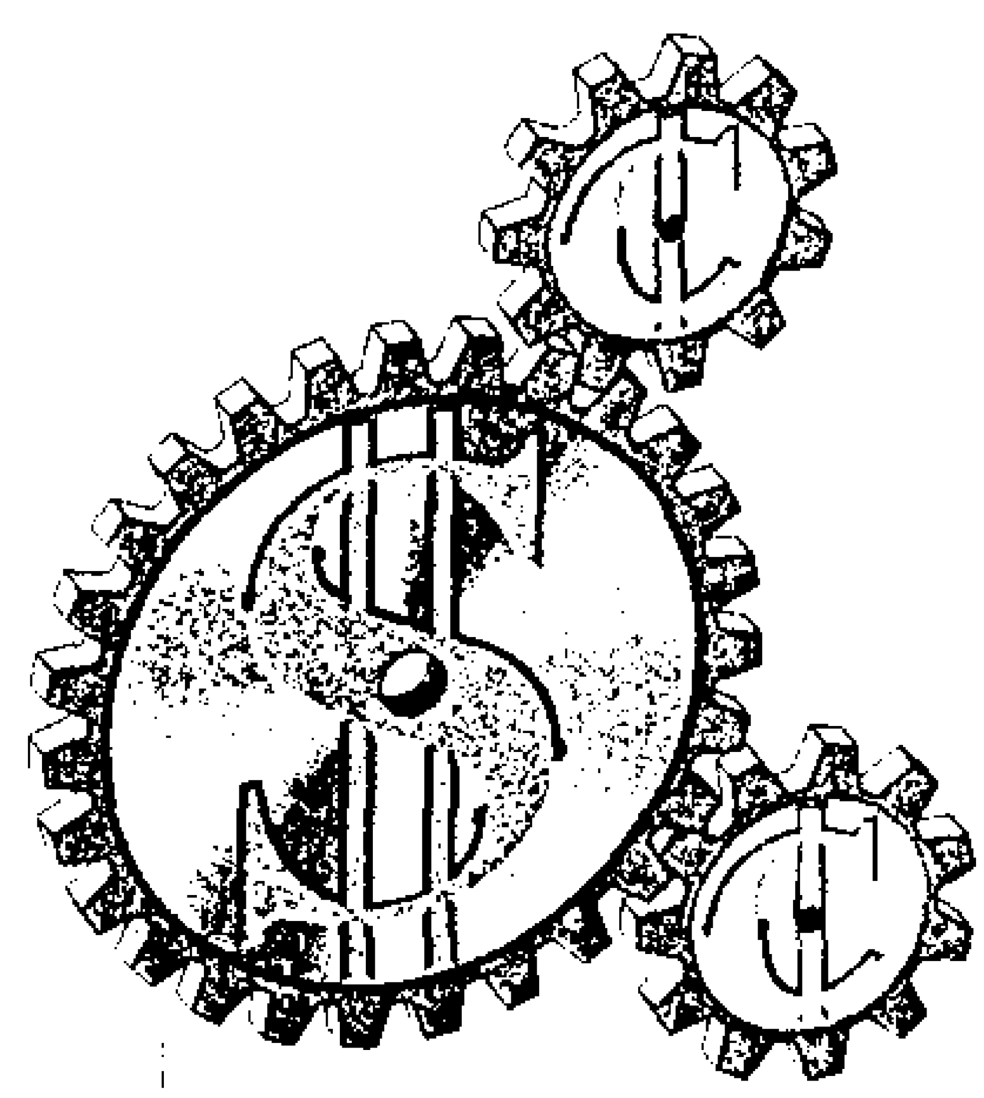
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year ended June 30, 1999

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
From local sources	$ 4,292,602	$ 2,768,272	$ (1,524,330)
From state sources	925,449	1,145,625	220,176
From federal sources	23,555,694	23,720,259	164,565
Total revenues	28,773,745	27,634,156	(1,139,589)
Expenditures:			
Current:			
Support services:			
Business administration	29,967,112	27,203,304	2,763,808
Total expenditures	29,967,112	27,203,304	2,763,808
Excess (deficiency) of revenues over expenditures	(1,193,367)	430,852	1,624,219
Other financing sources:			
Operating transfers in	1,237,063	725,250	(511,813)
Total other financing sources	1,237,063	725,250	(511,813)
Excess of revenues and other financing sources over expenditures	43,696	1,156,102	1,112,406
Fund balances at beginning of year	231,174	231,174	-
Fund balances at end of year	$ 274,870	$ 1,387,276	$ 1,112,406

The Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs. A separate Debt Service Fund is maintained for each bond issue or similar bond issue and loan that had activity during the year or is currently outstanding.

Debt Service Funds



ORLEANS PARISH SCHOOL BOARD

Debt Service Funds

Combining Balance Sheet

June 30, 1999
with comparative totals for June 30, 1998

Assets	Refunding Bonds Series 1987	Refunding Bonds Series 1991	Refunding Bonds Series 1995
Cash and cash equivalents	$ -	$ 3,073	$ 1,083,807
Investments	-	-	4,525,709
Receivables:			
Accrued interest	-	-	48,959
Due from other funds	-	2,300,070	-
Total receivables	-	2,300,070	48,959
Total assets	$ -	$ 2,303,143	$ 5,658,475
Fund Balances			
Fund balances:			
Reserved for debt service	$ -	$ 2,303,143	$ 5,658,475
Total fund balances	$ -	$ 2,303,143	$ 5,658,475

General Obligation Bonds	Energy Retrofit Project Bonds 1996	Gordon School Loan	EPA Loans	Totals 1999	Totals 1998
$ 1,027,472	$ 40,803	$ 363	$ -	$ 2,155,518	$ 6,754,195
-	1,117,500	-	-	5,643,209	3,489,024
	31,197	-	-	80,156	77,365
8,265,989	-	32	-	10,566,091	6,348,244
8,265,989	31,197	32	-	10,646,247	6,425,609
$ 9,293,461	$ 1,189,500	$ 395	$ -	$ 18,444,974	$ 16,668,828
$ 9,293,461	$ 1,189,500	$ 395	$ -	$ 18,444,974	$ 16,668,828
$ 9,293,461	$ 1,189,500	$ 395	$ -	$ 18,444,974	$ 16,668,828

ORLEANS PARISH SCHOOL BOARD

Debt Service Funds

Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

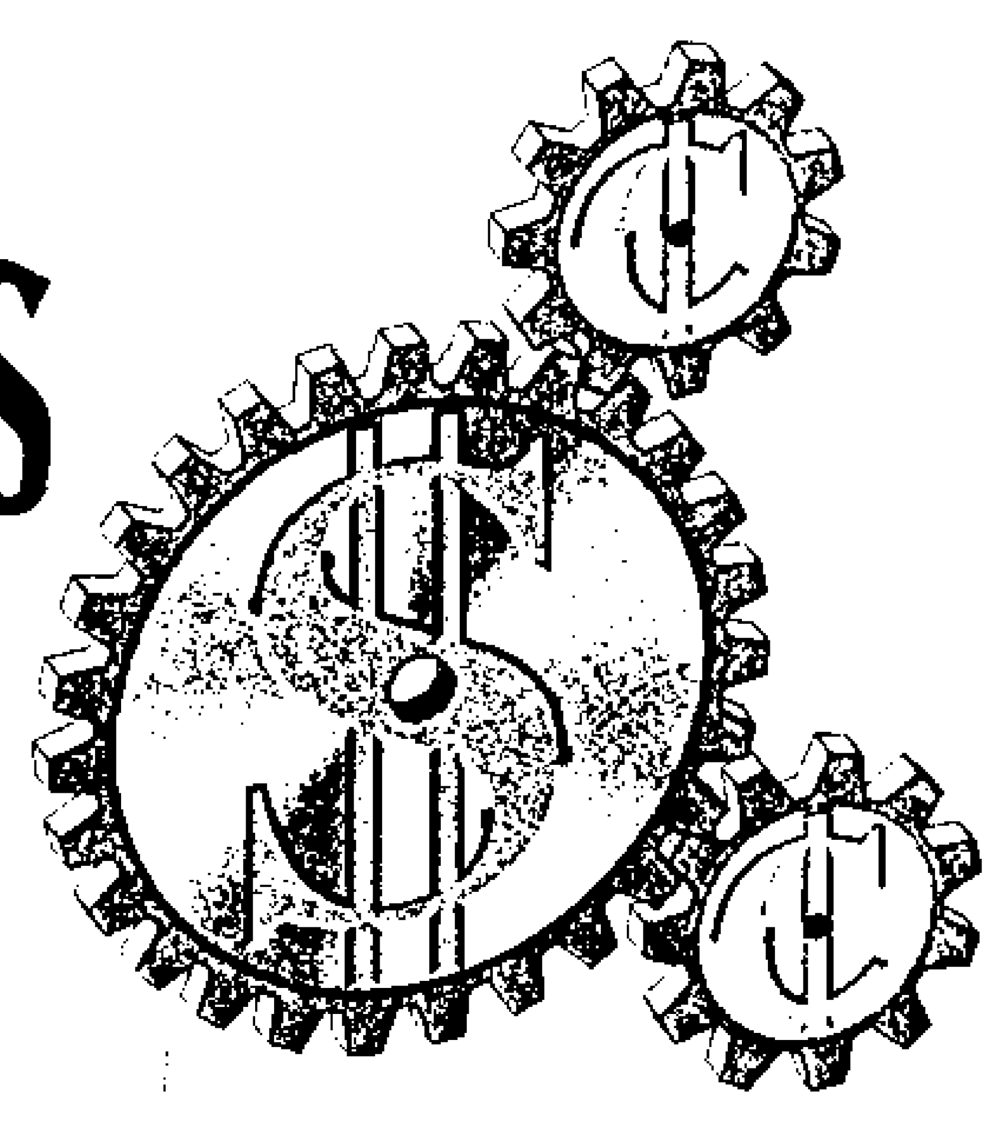
Year ended June 30, 1999
with comparative totals for the year ended June 30, 1998

	Refunding Bonds Series 1987	Refunding Bonds Series 1991	Refunding Bonds Series 1995
Revenues:			
From local sources:			
Ad valorem taxes	$ -	$ -	$ -
Income on investments	105,465	114	125,594
Total revenues	105,465	114	125,594
Expenditures:			
Current:			
Business administration - fiscal charges	41,192	-	-
Debt service:			
Principal retirement	5,095,000	-	1,875,000
Interest charges	397,410	-	9,295,147
Bond issuance costs	-	-	-
Total expenditures	5,533,602	-	11,170,147
Excess (deficiency) of revenues over expenditures	(5,428,137)	114	(11,044,553)
Other financing sources (uses):			
Operating transfers in	3,090,524	-	13,305,062
Operating transfers out	-	-	-
Payment to refunded bond escrow agent	-	-	-
Bond proceeds	-	-	-
Total other financing sources (uses)	3,090,524	-	13,305,062
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,337,613)	114	2,260,509
Fund balances at beginning of year	2,337,613	2,303,029	3,397,966
Fund balances at end of year	$ -	$ 2,303,143	$ 5,658,475

General Obligation Bonds	Energy Retrofit Project Bonds 1996	Gordon School Loan	EPA Loans	Totals 1999	Totals 1998
$ 8,266,122	$ -	$ -	$ -	$ 8,266,122	$ 4,847,160
218,058	82,189	-	-	531,420	552,940
8,484,180	82,189	-	-	8,797,542	5,400,100
-	-	-	-	41,192	46,079
800,000	535,000	55,000	308,645	8,668,645	6,699,566
8,941,953	534,019	35,568	-	19,204,097	16,562,675
-	-	-	-	-	65,215
9,741,953	1,069,019	90,568	308,645	27,913,934	23,373,535
(1,257,773)	(986,830)	(90,568)	(308,645)	(19,116,392)	(17,973,435)
9,178,961	1,018,778	90,568	308,645	26,992,538	24,083,480
(6,100,000)	-	-	-	(6,100,000)	(5,031,747)
-	-	-	-	-	(8,166,458)
-	-	-	-	-	8,155,000
3,078,961	1,018,778	90,568	308,645	20,892,538	19,040,275
1,821,188	31,948	-	-	1,776,146	1,066,840
7,472,273	1,157,552	395	-	16,668,828	15,601,988
$ 9,293,461	$ 1,189,500	$ 395	$ -	$ 18,444,974	$ 16,668,828

Capital Projects Funds account for the receipt and disbursement of proceeds of general bond issues and the special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, Special Revenue Fund capital outlays, and those projects financed by Proprietary Funds). At present, there are five Capital Projects Funds which are based on the major classifications of projects established by the School Board.

Capital Projects Funds



ORLEANS PARISH SCHOOL BOARD

Capital Projects Funds

Combining Balance Sheet

June 30, 1999
with comparative totals for June 30, 1998

Assets	Capital Fund # 1	Capital Fund # 2
Cash and cash equivalents	$ 214,966	$ 58,924,213
Investments	107,500	94,929,946
Receivables:		
Accrued interest	1,208	963,831
Due from other funds	2,797,321	-
Total receivables	2,798,529	963,831
Total assets	$ 3,120,995	$ 154,817,990
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 211,451	$ 6,215,804
Retainage payable	-	125,115
Due to other funds	-	1,900,441
Total liabilities	211,451	8,241,360
Fund balances:		
Reserved for encumbrances	626,117	25,558,427
Unreserved, designated for subsequent years' expenditures	2,283,427	121,018,203
Total fund balances	2,909,544	146,576,630
Total liabilities and fund balances	$ 3,120,995	$ 154,817,990

Capital Fund # 3	Capital Fund # 4	Capital Fund # 5	Totals 1999	Totals 1998
$ 1,988	$ 2,213	$ 722	$ 59,144,102	$ 28,686,205
1,547,000	3,260,000	4,171,000	104,015,446	152,691,713
19,340	40,757	52,147	1,077,283	605,244
-	-	519,169	3,316,490	1,043,495
19,340	40,757	571,316	4,393,773	1,648,739
$ 1,568,328	$ 3,302,970	$ 4,743,038	$ 167,553,321	$ 183,026,657
$ 2,780	$ -	$ 463	$ 6,430,498	$ 866,021
-	-	17,234	142,349	359,570
186,788	3,023	-	2,090,252	6,128,263
189,568	3,023	17,697	8,663,099	7,353,854
386,852	342,419	2,172,133	29,085,948	15,806,796
991,908	2,957,528	2,553,208	129,804,274	159,866,007
1,378,760	3,299,947	4,725,341	158,890,222	175,672,803
$ 1,568,328	$ 3,302,970	$ 4,743,038	$ 167,553,321	$ 183,026,657

ORLEANS PARISH SCHOOL BOARD

Capital Projects Funds

Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

Year ended June 30, 1999
with comparative totals for June 30, 1998

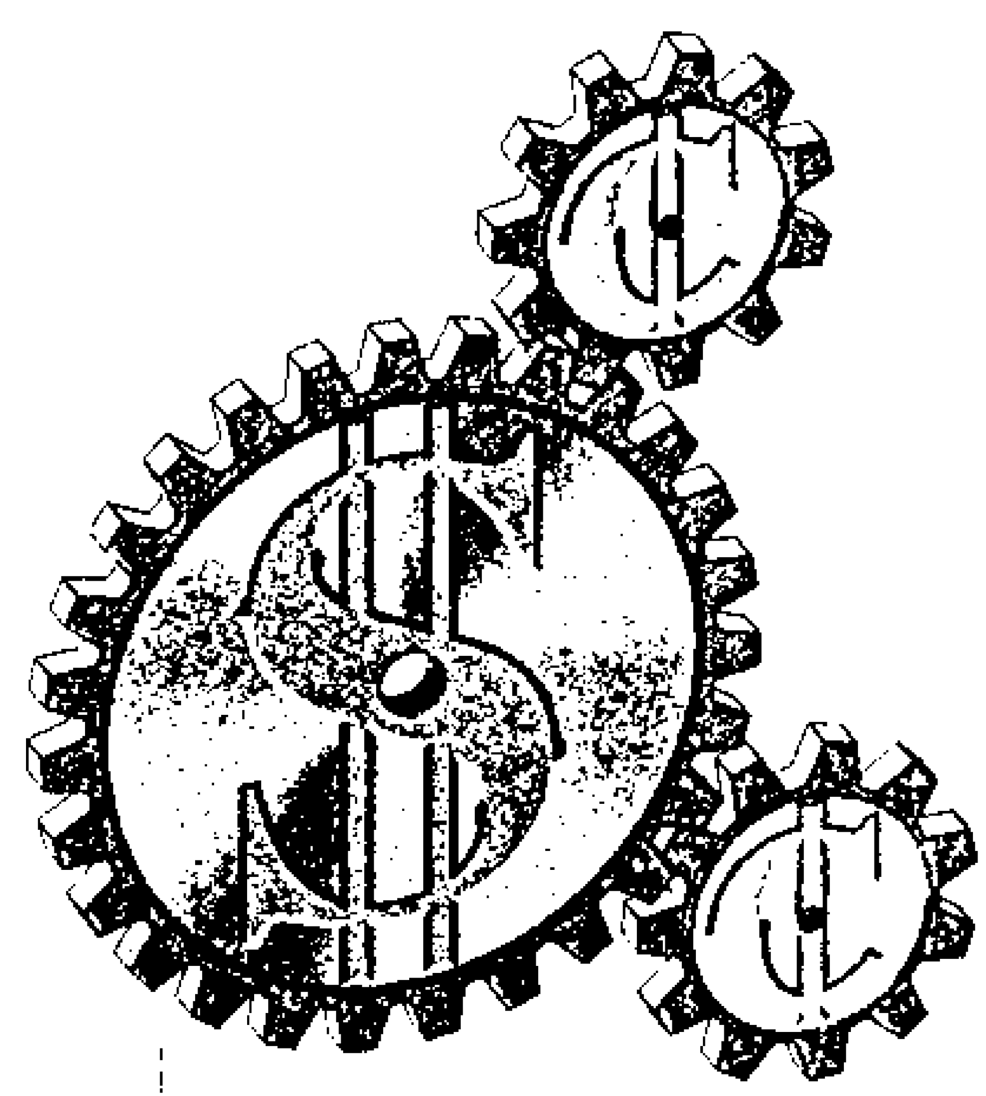
	Capital Fund # 1	Capital Fund # 2
Revenues:		
From local sources:		
Ad valorem taxes	$ -	$ -
Income on investments	14,924	8,796,184
Other:		
Sale of surplus property	-	-
Miscellaneous	1,855,641	-
Total revenues	1,870,565	8,796,184
Expenditures:		
Capital projects:		
Site improvement services	4,500	-
Architecture and engineering services	36,738	3,932,754
Supervision and inspection	-	-
Construction	-	144,513
Renovation	979,376	12,876,461
Other expenditures	54,980	4,098,374
Total capital projects expenditures	1,075,594	21,052,102
Debt service:		
Bond issuance costs	-	-
Total debt sevice expenditures	-	-
Total expenditures	1,075,594	21,052,102
Excess (deficiency) of revenues over expenditures	794,971	(12,255,918)
Other financing sources (uses):		
Operating transfers in	606,483	-
Operating transfers out	-	(6,619,909)
Bond proceeds	-	-
Total other financing sources (uses)	606,483	(6,619,909)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,401,454	(18,875,827)
Fund balances at beginning of year	1,508,090	165,452,457
Fund balances at end of year	$ 2,909,544	$ 146,576,630

Capital Fund # 3	Capital Fund # 4	Capital Fund # 5	Totals 1999	Totals 1998
$ -	$ -	$ 1,489,647	$ 1,489,647	$ 1,340,027
76,629	159,388	218,643	9,265,768	8,028,471
-	-	-	-	
-	-	-	1,855,641	80,826
76,629	159,388	1,708,290	12,611,056	9,449,324
-	-	-	4,500	-
9,963	223	173,718	4,153,396	863,790
-	-	-	-	1,735,905
14,430	2,800	-	161,743	4,500
-	-	96,579	13,952,416	8,741,745
-	-	690,802	4,844,156	2,310,126
24,393	3,023	961,099	23,116,211	13,656,066
-	-	-	-	427,000
-	-	-	-	427,000
24,393	3,023	961,099	23,116,211	14,083,066
52,236	156,365	747,191	(10,505,155)	(4,636,766)
-	-	-	606,483	3,000,000
-	-	(264,000)	(6,883,909)	(6,278,773)
-	-	-	-	70,000,000
-	-	(264,000)	(6,277,426)	66,721,227
52,236	156,365	483,191	(16,782,581)	62,084,461
1,326,524	3,143,582	4,242,150	175,672,803	113,588,342
$ 1,378,760	$ 3,299,947	$ 4,725,341	$ 158,890,222	$ 175,672,803

Internal Service Funds are used to account for the accumulation of resources for and the payment of premiums and benefits by the School Board's insurance program and the revenues and expenses of the Print Shop. The School Board maintains the following Insurance Funds:

- Health Insurance Fund
- Life, Dental and Optical Insurance Fund
- Workers' Compensation Insurance Fund
- Other Insurance Fund
  (Property and Casualty and Other Risk Programs)

Proprietary Funds



ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types - Internal Service Funds

Combining Balance Sheet

June 30, 1999
with comparative totals for June 30, 1998

Assets	Health Insurance	Life, Dental and Optical Insurance
Cash and cash equivalents	$ 159,014	$ 122,341
Receivables:		
Due from other funds	4,426,205	710,047
Other receivables	41,936	695,315
Total receivables	4,468,141	1,405,362
Other assets - prepaid insurance	-	-
Total assets	$ 4,627,155	$ 1,527,703
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	$ 2,283,567	$ 441,130
Due to other funds	-	175,175
Liability for claims payable/self-insured losses	1,372,546	-
Total liabilities	3,656,113	616,305
Retained earnings:		
Reserved for casualty losses and employee benefits	971,042	911,398
Total fund equity - retained earnings	971,042	911,398
Total liabilities and fund equity	$ 4,627,155	$ 1,527,703

Workers' Compensation Insurance	Other Insurance	Print Shop	Totals 1999	Totals 1998
$ 89,402	$ -	$ -	$ 370,757	$ 323,353
4,456,519	1,809,096	63,908	11,465,775	11,852,691
-	-	49,807	787,058	1,640,070
4,456,519	1,809,096	113,715	12,252,833	13,492,761
85,245	1,177,452	-	1,262,697	1,142,178
$ 4,631,166	$ 2,986,548	$ 113,715	$ 13,886,287	$ 14,958,292
$ 144,266	$ 203,085	$ 3,491	$ 3,075,539	$ 4,317,660
-	985,617	-	1,160,792	30,000
2,096,552	-	-	3,469,098	3,494,208
2,240,818	1,188,702	3,491	7,705,429	7,841,868
2,390,348	1,797,846	110,224	6,180,858	7,116,424
2,390,348	1,797,846	110,224	6,180,858	7,116,424
$ 4,631,166	$ 2,986,548	$ 113,715	$ 13,886,287	$ 14,958,292

ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types - Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

Year ended June 30, 1999
with comparative totals for the year ended June 30, 1998

	Health Insurance	Life, Dental and Optical Insurance
Operating revenues:		
Employer contributions	$ 17,321,046	$ 3,026,721
Employee contributions	9,241,914	541,381
Other - settlement of claim	-	-
Total operating revenues	26,562,960	3,568,102
Operating expenses:		
Benefit payments	-	-
Premium payments	26,570,484	4,001,296
Provision for claims payable/ self-insured losses	-	-
Other expenses	123,594	17,908
Total operating expenses	26,694,078	4,019,204
Operating income (loss)	(131,118)	(451,102)
Nonoperating revenue:		
Interest income	-	-
Income (loss) before operating transfers	(131,118)	(451,102)
Operating transfers in	-	-
Operating transfers out	-	-
Net operating transfers	-	-
Net income	(131,118)	(451,102)
Retained Earnings Beginning of year	1,102,160	1,362,500
Retained Earnings End of year	$ 971,042	$ 911,398

Workers' Compensation Insurance	Other Insurance	Print Shop	Totals 1999	Totals 1998
$ 3,111,284	$ 2,141,107	$ 614,591	$ 26,214,749	$ 28,644,580
-	-	-	9,783,295	10,203,118
-	-	-	-	950,000
3,111,284	2,141,107	614,591	35,998,044	39,797,698
1,826,509	59,331	-	1,885,840	2,634,106
53,010	1,561,373	-	32,186,163	32,843,729
498,523	-	-	498,523	(562,949)
1,157,022	-	504,367	1,802,891	1,331,357
3,535,064	1,620,704	504,367	36,373,417	36,246,243
(423,780)	520,403	110,224	(375,373)	3,551,455
260,312	-	-	260,312	151,894
(163,468)	520,403	110,224	(115,061)	3,703,349
600,000	-	-	600,000	610,864
-	(1,420,505)	-	(1,420,505)	(950,000)
600,000	(1,420,505)	-	(820,505)	(339,136)
436,532	(900,102)	110,224	(935,566)	3,364,213
1,953,816	2,697,948	-	7,116,424	3,752,211
$ 2,390,348	$ 1,797,846	$ 110,224	$ 6,180,858	$ 7,116,424

ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types - Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 1999
with comparative totals for the year ended June 30, 1998

	Health Insurance	Life, Dental and Optical Insurance
Cash flows from operating activities:		
Operating income (loss)	$ (131,118)	$ (451,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities :		
Provision for claims payable/self-insured losses	-	-
Changes in assets and liabilities :		
Decrease (increase) in receivables	1,296,213	(683,810)
Decrease (increase) in other assets	-	-
Decrease (increase) in due from other funds	(1,094,208)	1,402,587
Increase (decrease) in accounts payable	(64,655)	(436,766)
Increase (decrease) in due to other funds	-	175,175
Increase in claims payable/self-insured losses payable	-	-
Total adjustments	137,350	457,186
Net cash provided by (used in) operating activities	6,232	6,084
Cash flows from noncapital financing activities:		
Operating transfers in	-	-
Operating transfers out	-	-
Net cash provided by (used in) noncapital financing activities	-	-
Cash flows from investing activities :		
Interest Income	-	-
Net cash provided by investing activities	-	-
Net increase (decrease) in cash and cash equivalents	6,232	6,084
Cash and cash equivalents at beginning of year	152,782	116,257
Cash and cash equivalents at end of year	$ 159,014	$ 122,341

Workers' Compensation Insurance	Other Insurance	Print Shop	Totals 1999	Totals 1998
$ (423,780)	$ 520,403	$ 110,224	$ (375,373)	$ 3,551,455
-	-	-	-	(562,949)
290,416	-	(61,045)	841,774	(1,496,684)
(46,792)	(73,727)	-	(120,519)	398,395
144,829	45,924	(49,807)	449,325	(118,168)
(713,616)	(27,713)	628	(1,242,122)	151,202
-	955,617	-	1,130,792	29,171
(76,281)	-	-	(76,281)	(1,775,245)
(401,444)	900,101	(110,224)	982,969	(3,374,278)
(825,224)	1,420,504	-	607,596	177,177
600,000	-	-	600,000	610,864
-	(1,420,504)	-	(1,420,504)	(950,000)
600,000	(1,420,504)	-	(820,504)	(339,136)
260,312	-	-	260,312	151,894
260,312	-	-	260,312	151,894
35,088	-	-	47,404	(10,065)
54,314	-	-	323,353	333,418
$ 89,402	$ -	$ -	$ 370,757	$ 323,353

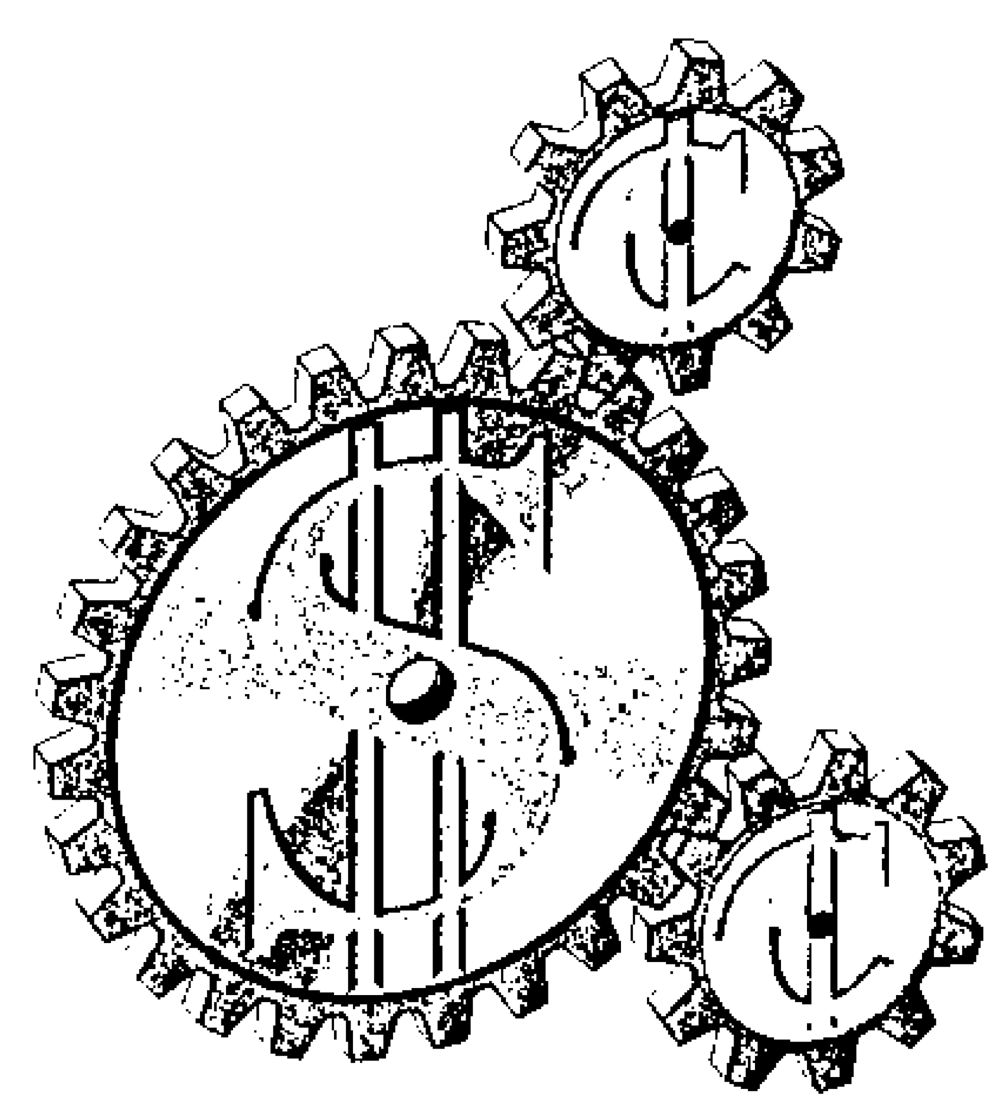
Fiduciary Funds are used to account for assets held by the School Board in a trust or agency capacity.

Trust Funds - This group of funds was created to account for resources contributed by various individuals to the School Board to be expended for purposes for which the trusts were established.

Agency Funds - This group of funds is maintained to account for cash held by the School Board as an agent. The School Board maintains the following Agency Funds:

- Tax and Payroll Withholding Fund
- Student Activity Funds

Fiduciary Funds



Agency Funds		Totals	
Payroll Withholding	Student Activity	1999	1998
$ 1,255,788	$ 4,439,983	$ 5,739,095	$ 5,368,806
9,135,738	-	9,490,102	10,165,210
-	-	1,318	28,394
-	19,723	24,173	4,450
-	19,723	25,491	32,844
$ 10,391,526	$ 4,459,706	$ 15,254,688	$ 15,566,860
$ 8,545,338	$ 395,623	$ 8,940,961	$ 8,875,791
1,846,188	-	1,847,188	2,538,911
-	4,064,083	4,064,083	3,765,846
10,391,526	4,459,706	14,852,232	15,180,548
-	-	14,241	13,989
-	-	388,215	372,323
-	-	402,456	386,312
$ 10,391,526	$ 4,459,706	$ 15,254,688	$ 15,566,860

Agency Funds

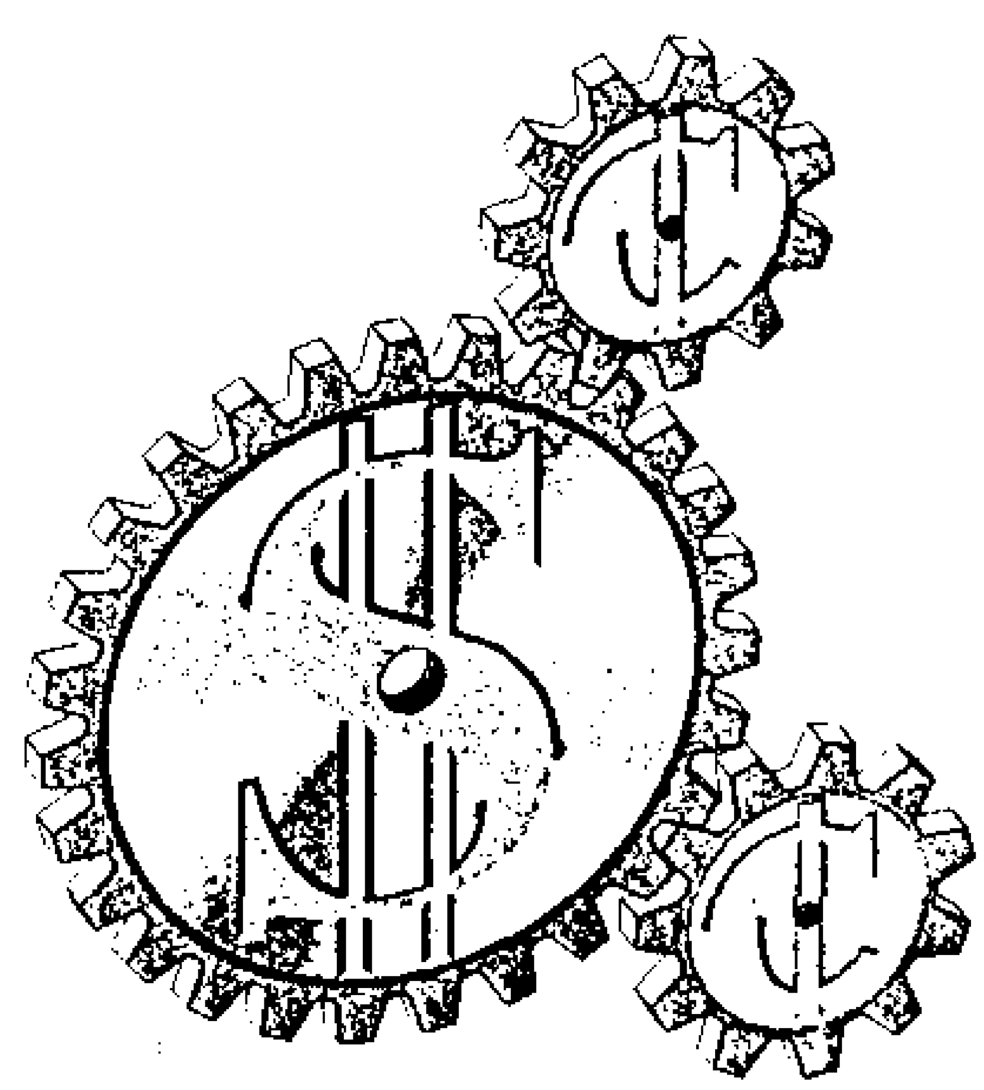
Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 1999

	Balance July 1,1998	Additions	Deletions	Balance June 30,1999
Payroll Withholding				
Assets				
Cash and cash equivalents	$ 1,339,596	$ 3,305,256	$ 3,389,064	$ 1,255,788
Investments	9,832,563	9,135,738	9,832,563	9,135,738
Total assets	$ 11,172,159	$ 12,440,994	$ 13,221,627	$ 10,391,526
Liabilities				
Accounts payable	$ 8,633,248	$ 12,882,741	$ 12,970,651	$ 8,545,338
Due to other funds	2,538,911	11,312,628	12,005,351	1,846,188
Total liabilities	$ 11,172,159	$ 24,195,369	$ 24,976,002	$ 10,391,526
Student Activity Funds				
Assets				
Cash and cash equivalents	$ 3,979,712	$ 16,037,179	$ 15,576,908	$ 4,439,983
Receivables	27,477	-	7,754	19,723
Total assets	$ 4,007,189	$ 16,037,179	$ 15,584,662	$ 4,459,706
Liabilities				
Accounts payable	$ 241,343	$ 154,280	$ -	$ 395,623
Due to student groups	3,765,846	16,037,179	15,738,942	4,064,083
Total liabilities	$ 4,007,189	$ 16,191,459	$ 15,738,942	$ 4,459,706
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 5,319,308	$ 19,342,435	$ 18,965,972	$ 5,695,771
Investments	9,832,563	9,135,738	9,832,563	9,135,738
Receivables	27,477	-	7,754	19,723
Total assets	$ 15,179,348	$ 28,478,173	$ 28,806,289	$ 14,851,232
Liabilities				
Accounts payable	$ 8,874,591	$ 13,037,021	$ 12,970,651	$ 8,940,961
Due to other funds	2,538,911	11,312,628	12,005,351	1,846,188
Due to student groups	3,765,846	16,037,179	15,738,942	4,064,083
Total liabilities	$ 15,179,348	$ 40,386,828	$ 40,714,944	$ 14,851,232

This Account Group is used to account for the general fixed assets of the School Board and is recorded generally at historical cost. Among the assets included in this category are land, buildings, instructional and office equipment, vehicles and construction projects in progress.

General Fixed Assets Account Group



ORLEANS PARISH SCHOOL BOARD

G-1

General Fixed Assets Account Group

Schedule of General Fixed Assets - By Source

June 30, 1999

General Fixed assets:		
Land	$	29,540,925
Buildings and improvements		353,081,012
Furniture and equipment		51,648,891
Vehicles		9,740,652
Construction in progress		23,960,538
Total general fixed assets		467,972,018
Investment in General Fixed Assets from:		
General and Capital Projects Funds		438,019,992
Individuals With Disabilities Education Act Funds		2,381,946
Improving America's Schools Act Funds		11,148,112
Vocational Education Funds		4,103,010
Child Nutrition Fund		9,487,732
Other Funds		2,831,226
Total investment in general fixed assets	$	467,972,018

ORLEANS PARISH SCHOOL BOARD

General Fixed Assets Account Group

Schedule of General Fixed Assets - By Function

June 30, 1999

Function	Land	Buildings and Improvements	Furniture and Equipment	Vehicles	Total
Support services :					
Pupils	$ 22,641,076	$ 339,925,635	$ 33,964,038	$ 539,828	$ 397,070,577
Instructional staff	-	-	2,136,234	-	2,136,234
General administration	-	-	307,638	-	307,638
Business and central services	6,845,349	12,908,377	4,727,759	374,799	24,856,284
Operations and maintenance	-	-	9,684,278	444,642	10,128,920
Bus transportation	54,500	247,000	828,944	8,381,383	9,511,827
Total support services	$ 29,540,925	$ 353,081,012	$ 51,648,891	$ 9,740,652	$ 444,011,480
Construction in progress					23,960,538
Total general fixed assets					$ 467,972,018

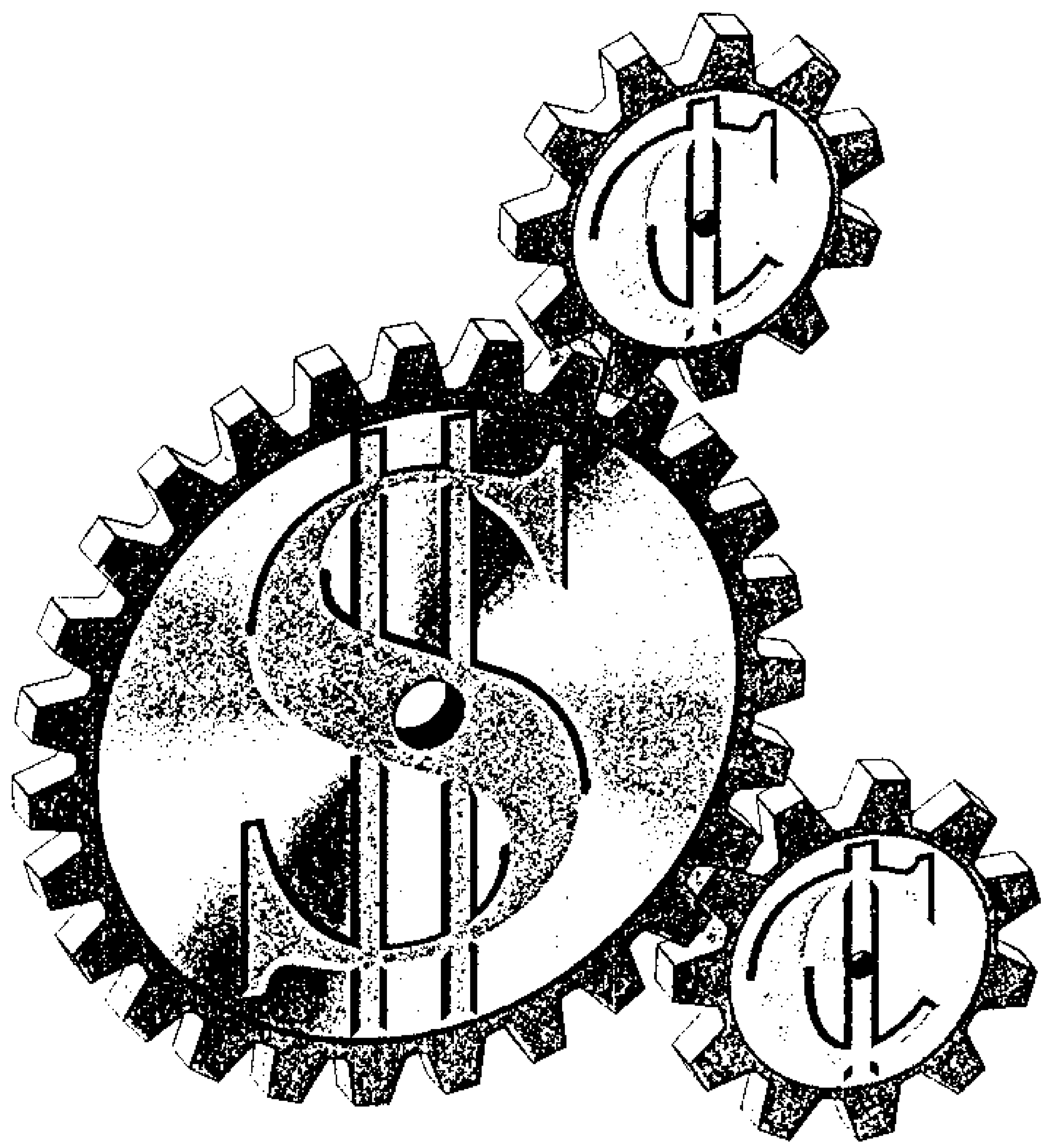
ORLEANS PARISH SCHOOL BOARD

General Fixed Assets Account Group

Schedule of Changes in General Fixed Assets - By Function

Year ended June 30, 1999

Function	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Support services :				
Pupils	$ 391,767,027	$ 5,571,105	$ 267,555	$ 397,070,577
Instructional staff	1,978,728	219,566	62,060	2,136,234
General administration	296,072	13,530	1,964	307,638
Business and central services	24,516,144	348,460	8,320	24,856,284
Operations, maintenance and child nutrition	10,846,207	439,222	1,156,509	10,128,920
Bus transportation	9,509,504	2,323	-	9,511,827
Total support services	438,913,682	6,594,206	1,496,408	444,011,480
Construction in progress	10,765,507	17,157,635	3,962,604	23,960,538
Total general fixed assets	$ 449,679,189	$ 23,751,841	$ 5,459,012	$ 467,972,018



Statistical Section

New Orleans Public Schools
Working Together to Build
Respect for Life Property & Learning

ORLEANS PARISH SCHOOL BOARD

General Fund Revenues by Source

Last Ten Fiscal Years

(Unaudited)

	1998-99	1997-98	1996-97	1995-96
Revenues from local sources:				
Real property tax	$34,219,194	$33,673,501	$32,329,663	$30,812,692
Personal property tax	25,146,940	23,607,936	20,416,977	18,567,518
Real and personal property tax (prior)	5,539,725	5,320,348	4,488,269	3,959,328
Delinquent tax penalty	1,024,018	903,918	854,752	704,476
Total property tax (1)	65,929,877	63,505,703	58,089,661	54,044,014
Sales taxes	80,940,029	81,963,623	74,119,248	74,050,117
Interest on investments	2,132,793	2,590,479	1,991,358	720,485
All other	2,454,185	3,403,383	2,795,112	2,761,474
Total revenues from local sources	151,456,884	151,463,188	136,995,379	131,576,090
Revenues from state sources:				
Minimum Foundation Program (2)	217,745,256	208,584,049	195,953,625	190,941,850
State contribution to teachers' retirement	0	0	0	0
Revenue sharing	3,491,664	3,551,759	3,602,755	3,660,036
All other (3)	6,129,354	5,862,441	5,527,492	5,430,687
Total revenues from state sources	227,366,274	217,998,249	205,083,872	200,032,573
Revenues from federal sources:				
Social Security XIX	0	0	0	0
Public Law 874 - Impact Aid	1,165	1,072,215	502,202	1,798,228
Indirect cost	1,160,373	1,049,270	1,009,207	839,944
All other	712,903	1,944,914	2,061,619	1,783,533
Total revenues from federal sources	1,874,441	4,066,399	3,573,028	4,421,705
Total revenues	$380,697,599	$373,527,836	$345,652,279	$336,030,368

(1) Millage related property tax revenues for 1990-91, 1989-90, and 1988-89 were included with the Special Revenue and Capital Project Funds. Millage related property tax revenues for 1991-92 1992-93, 1993-94, 1994-95, 1995-96, 1996-97 and 1997-98 are included in the Financial Section with the General Fund (for Purposes A, B, and C) and the Debt Service and Capital Projects Funds (for Purpose D). Revenues for Purposes A, B, and C are itemized in Note 11 (d).

(2) Beginning in 1992-93, the Minimum Foundation Program (MFP) includes the State's contribution to Teachers' Retirement and Block Grants.

(3) In 1994-95 and 1996-97, the State of Louisiana funded state pay supplements in the amounts of $6,407,159 and $567,084, respectively.

Table 1

1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
$32,381,842	$31,414,663	$31,405,783	$31,829,655	$15,448,751	$23,093,021
18,799,201	17,387,299	16,370,288	17,231,637	16,713,022	11,388,490
5,728,570	*4,648,502*	*5,751,152*	*8,683,721*	*3,962,994*	*4,260,499*
889,942	1,020,353	1,141,664	743,776	537,839	619,956
57,799,555	54,470,817	54,668,887	58,488,789	36,662,606	39,361,966
68,287,273	66,389,014	63,447,736	61,245,778	59,918,677	60,772,368
1,081,417	673,278	1,297,995	1,516,953	3,257,866	3,585,198
3,241,307	2,949,048	4,031,112	3,292,235	2,520,155	2,584,327
130,409,552	124,482,157	123,445,730	124,543,755	102,359,304	106,303,859
183,636,614	178,984,428	169,193,691	114,286,781	111,950,343	102,780,504
0	0	0	19,227,275	14,585,637	16,624,697
3,532,425	3,521,208	3,693,935	3,852,894	5,411,104	5,425,870
12,218,737	*6,033,834*	*6,161,136*	*33,358,247*	*32,621,610*	*35,810,738*
199,387,776	188,539,470	179,048,762	170,725,197	164,568,694	160,641,809
0	0	0	0	0	243,747
1,971,759	2,319,717	2,285,726	2,285,726	1,525,912	2,531,915
962,305	2,533,603	2,645,740	1,884,670	1,495,050	1,672,678
1,574,441	1,515,176	1,409,882	1,346,134	1,346,223	359,499
4,508,505	6,368,496	6,341,348	5,516,530	4,367,185	4,807,839
$334,305,833	$319,390,123	$308,835,840	$300,785,482	$271,295,183	$271,753,507

ORLEANS PARISH SCHOOL BOARD

General Fund Expenditures by Function

Last Ten Fiscal Years

(UNAUDITED)

	1998-99	1997-98	1996-97 (4)	1995-96
Instructional:				
Regular	$132,206,726	$126,336,224	$122,215,506	$117,023,613
Special	42,425,308	40,887,202	38,082,940	37,285,793
Support Services:				
Pupil	25,716,086	23,835,058	22,251,603	20,861,965
Instructional Staff	7,658,787	7,248,140	7,334,580	6,999,901
General administration	6,577,085	6,183,756	4,570,295	3,684,264
School administration	17,172,879	16,268,629	15,737,167	15,695,557
Business administration:				
Business services	64,602,795	64,140,095	61,522,286	58,732,817
Maintenance of plant	36,932,338	31,496,548	29,230,345	28,686,802
Pupil transportation	14,738,484	13,805,154	14,229,679	14,194,036
Central services	15,036,356	11,690,184	6,569,350	6,220,103
Debt Service (1)	1,236,414	1,084,106	1,442,244	1,546,083
Total (2)	$364,303,258	$342,975,096	$323,185,995	$310,930,934

(1) The amount shown for Debt Service in this table represents expenditures for Bond Debt Service, the EPA loan, the LPFA short term loans, and capital lease outlays.

(2) Millage related expenditures for 1990-91, 1989-90, and 1988-89 were included with the Special Revenue and Capital Projects Funds. Millage related expenditures for 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, and 1997-98 are included in the Financial Section with the General Fund (for Purposes A, B, and C) and Debt Service and Capital Projects Funds (for Purpose D). Expenditures for Purposes A, B, and C are itemized in Note 11 (d).

(3) Reflects the savings achieved through the fiscal 1994 restructuring of the risk management program and the increase in projected exposure to general liability lawsuit claims as a result of the 1994 Louisiana Supreme Court decision to eliminate the maximum award from School Boards.

(4) In 1994-95 and 1996-97, the state issued a one-time state pay supplement which increased salary expenditures in the various categories.

Table 2

1994-95 (4)		1993-94	1992-93	1991-92	1990-91	1989-90
$117,090,081		$114,749,376	$117,785,070	$113,195,325	$102,706,305	$94,577,861
38,888,485		37,368,146	36,362,084	34,155,612	30,532,251	28,769,419
22,744,860		21,584,344	22,802,848	20,234,258	15,615,688	15,646,004
7,195,512		6,922,213	7,608,882	7,639,861	7,145,574	6,958,665
3,165,404		2,879,773	2,917,944	2,819,720	3,350,531	3,254,242
15,849,698		15,589,967	15,436,655	14,656,344	13,293,160	12,364,201
58,970,773	(3)	55,944,093	56,958,502	57,272,709	45,415,851	5,285,493
27,401,521		28,929,999	27,404,324	24,110,725	21,991,868	22,437,091
13,729,887		13,292,033	17,982,405	12,689,653	10,761,870	8,712,227
6,635,546	(3)	11,277,609	6,604,373	5,853,443	6,376,283	48,937,476
1,734,728		1,837,683	1,521,359	1,470,597	1,009,734	715,761
$313,406,495		$310,375,236	$313,384,446	$294,098,247	$258,199,115	$247,658,440

ORLEANS PARISH SCHOOL BOARD

Property Tax Levies and Collections - Cash Basis

School Board's Portion

Last Ten Calendar Years
(Unaudited)

	Real Estate Tax			Personal Property Tax		
Calendar Year	Amount of Tax Levied	Amount of Tax Collected	%	Amount of Tax Levied	Amount of Tax Collected	%
1999	$49,280,192	$40,782,937	82.76	$31,489,300	$25,146,940	79.86
1998	45,715,396	39,897,767	87.27	28,813,029	23,607,936	81.93
1997	41,639,085	37,672,684	90.47	25,400,878	20,416,977	80.38
1996	40,050,539	34,507,869	86.16	25,414,662	18,573,647	73.08
1995	37,329,127	33,176,476	88.88	24,329,203	18,847,965	77.47
1994	37,721,678	32,978,104	87.42	22,392,323	17,387,299	77.65
1993	38,257,787	33,611,772	87.86	22,488,656	16,370,288	72.79
1992	39,434,082	34,193,718	86.71	23,078,116	17,231,637	74.67
1991	40,006,150	33,502,350	83.74	22,242,736	16,713,022	75.14
1990	40,422,592	34,718,732	85.89	22,294,738	17,121,792	76.80

Sources: Board of Assessors, City of New Orleans, State of LA Motor Vehicle Assessments, and Orleans Parish School Board financial records,

Note: This schedule includes all current year property tax revenue for all funds.

N/A = Not Available

Table 3

Total			Delinquent Taxes	
Amount of Tax Levied	Amount of Tax Collected	%	Amount Outstanding	Percent of Total Tax Levy
$80,769,492	$65,929,877	81.63	N/A	0.0%
74,528,425	63,505,703	85.21	N/A	0.0%
67,039,963	58,089,661	86.65	N/A	0.0%
65,465,201	53,081,516	81.08	N/A	0.0%
61,658,330	52,024,441	84.38	N/A	0.0%
60,114,001	50,365,403	83.78	N/A	0.0%
60,746,443	49,982,060	82.28	N/A	0.0%
62,512,198	51,425,355	82.26	N/A	0.0%
62,248,886	50,215,372	80.67	7,154,206	11.5%
62,717,330	51,840,524	82.66	3,841,852	6.1%

ORLEANS PARISH SCHOOL BOARD

Table 4

Assessed and Estimated Market Value of Taxable Property

Last Ten Calendar Years

(Unaudited)

Calendar Year	* Net Assessed Value Real Estate	* Net Assessed Value Personal Property	* Total Net Assessed Value	Total Estimated Market Value	Ratio of Total Net Assessed to Total Estimated Market Value
1999	$964,387,310	$566,418,363	$1,530,805,673	$12,053,587,976	12.7
1998	939,168,558	534,355,772	1,473,524,330	11,571,542,010	12.7
1997	900,113,718	538,240,913	1,438,354,631	12,613,995,420	11.4
1996	885,533,225	535,898,822	1,421,432,047	12,427,991,063	11.4
1995	824,697,530	477,374,987	1,302,072,517	11,429,475,213	11.4
1994	825,668,157	454,681,962	1,280,530,119	11,287,894,650	11.3
1993	857,708,856	441,534,663	1,299,243,519	11,520,652,980	11.3
1992	896,856,403	468,537,628	1,365,394,031	11,212,538,984	12.2
1991	937,131,824	439,224,172	1,376,355,996	11,763,726,462	11.7
1990	953,587,912	525,943,330	1,479,531,242	12,593,609,773	11.7

Source : Louisiana Tax Commission Report, Board of Assessors, Orleans Parish

(*) Excludes Homestead Exemptions

ORLEANS PARISH SCHOOL BOARD

Table 5

Property Tax Rates - Direct and Overlapping Governments

Number of Mills
(per $1,000 of assessed value)

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of New Orleans		Orleans Levee Board	Orleans Sewerage & Water Board	Orleans Parish School Board	Audubon Commission	Total
1999	77.09		12.01	22.59	51.10	4.55	167.34
1998	77.09		12.01	22.59	48.80	4.55	165.04
1997	77.09		12.01	22.59	45.40	4.55	161.64
1996	77.09		12.01	22.59	45.10	4.55	161.34
1995	77.09		12.01	22.59	45.10	4.55	161.34
1994	77.09		12.01	22.59	45.10	4.55	161.34
1993	77.09		11.29	22.59	45.10	4.55	160.62
1992	76.99	(1)	12.01	22.59	45.10	4.55	161.24
1991	72.30	(2)	11.29	25.23	42.39	4.27	155.48
1990	59.40		11.29	25.23	42.39	4.27	142.58

Source : City of New Orleans

Notes : (1) Millage rates were adjusted upward to offset an approximate 6% decrease in assessment values, and generate the same level of income as fiscal year 1990-91.

(2) Effective for fiscal years beginning after June 30, 1990, the Homestead Exemption is not allowed for the new 9 - Mill Police and Fire Tax.

ORLEANS PARISH SCHOOL BOARD

Table 6

Principal Taxpayers

December 31, 1998

(Unaudited, Amounts in Thousands)

Name of Taxpayer	Type of Business	1998 Assessed Value	Percentage of Total Assessed Value
BellSouth Telecommunications	Telephone Utilities	$67,511	3.6 %
Entergy Services	Electric and Gas Utilities	78,571	4.2
Hibernia National Bank	Financial Institution	23,794	1.3
First National Bank of Commerce	Financial Institution	29,679	1.6
Whitney National Bank	Financial Institution	22,377	1.2
A T & T Communications	*Telecommunications*	16,725	0.9
Metropolitan Life Insurance Co.	Insurance	16,195	0.9
Tenetsub (Mercy Baptist Hospitals)	Medical Complex	12,603	0.7
Marriot Hotel Properties	Hotel	13,343	0.7
University Health Care System	Medical Complex	12,409	0.7
Total Assessed Value of Principal Taxpayers		$293,207	15.6 %

Source : Board of Assessors, Orleans Parish and City of New Orleans

ORLEANS PARISH SCHOOL BOARD

Table 7

State Support and
Local Support Per Student

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Number of Students	State Support	State Support per Student	Total Student Expenditures (1) (2)	Total Cost per Student	Local Support per Student
1999	79,953 (3)	$227,366,274	$2,844	$419,299,120	$5,244	$1,902
1998	81,242	217,998,249	2,683	393,132,053	4,839	1,865
1997	81,943	205,083,872	2,503	366,676,844	4,475	1,672
1996	82,285	200,032,573	2,431	350,992,385	4,266	1,599
1995	82,520	199,387,776	2,416	352,707,365	4,274	1,580
1994	82,436	188,539,470	2,287	351,571,516	4,265	1,536
1993	82,090	179,048,762	2,181	356,297,244	4,340	1,522
1992	81,523	170,725,197	2,094	331,822,459	4,070	1,528
1991	82,609	164,568,894	1,992	308,332,554	3,732	1,465
1990	82,419	160,709,629	1,950	293,008,244	3,555	1,524

Notes: (1) For comparability, bond debt service expenditures have been excluded.

(2) General Fund and Special Revenue Funds expenditures, except for Child Nutrition, have been included in total student expenditures.

(3) Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1998-99 is 83,757.

ORLEANS PARISH SCHOOL BOARD — Table 8

Computation of Legal Debt Margin

June 30, 1999

(Unaudited)

Net assessed value	$1,530,805,673 (1)
Plus exempt property	450,094,609
Total assessed value	$1,980,900,282
Debt limit : 35% of assessed value (2)	$693,315,099
Amount of general obligation bonded debt applicable to legal debt limit of Parishwide School District of Parish of Orleans	167,060,000
Legal debt margin	$526,255,099

Notes: (1) Does not include assessed valuation of motor vehicles.

(2) Source: Louisiana Revised Statutes Title 39, Section 562, as amended.

ORLEANS PARISH SCHOOL BOARD

Table 9

Schedule of Direct and Overlapping Debt

December 31, 1998

(Unaudited)

	Net Outstanding Debt	Percentage Overlapping	Overlapping Debt
Orleans Parish School Board at June 30, 1999 (*)	$359,078,682	100%	$359,078,682
Overlapping debt :			
City of New Orleans - general obligation bonds	487,676,000	100%	487,676,000
Audubon Commission	90,725,000	100%	90,725,000
Sewerage & Water Board of New Orleans	60,555,000	100%	60,555,000
Orleans Levee District at June 30, 1999 (*)	120,521,352	100%	120,521,352
Total overlapping debt	759,477,352	100%	759,477,352
Total direct and overlapping debt	$1,118,556,034	100%	$1,118,556,034

Source : City of New Orleans and Orleans Levee District

(*) The fiscal year of the Orleans Parish School Board and Orleans Levee District ends on June 30th .

ORLEANS PARISH SCHOOL BOARD

Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

Unaudited

Fiscal Year	Population	Number of Students	Net Assessed Value	Gross Bonded Debt	Less: Debt Service Funds
1999	496,938	79,953	$ 1,530,805,673	$359,078,682	$18,444,974
1998	496,938	81,242	1,473,524,330	365,475,518	16,668,828
1997	480,260	81,943	1,438,354,631	298,996,591	15,601,988
1996	496,938	82,285	1,421,432,047	265,982,765	11,605,815
1995	496,938	82,520	1,353,023,221	177,822,203	3,980,591
1994	493,021	82,436	1,322,206,950	166,816,850	4,014,249
1993	495,116	82,090	1,346,927,802	169,046,850	4,387,501
1992	497,230	81,523	1,386,079,795	170,940,618	4,630,780
1991	496,938	82,609	1,468,480,461	155,008,097	6,652,685
1990	533,564	82,419	1,479,531,242	160,750,000	7,547,360

Sources : Board of Assessors, Orleans Parish, City of New Orleans and Woods & Poole Economics, Inc.

Note: Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1998-99 is 83,757. Total student enrollment is not available for prior years.

Table 10

Net Bonded Debt	Ratio of Net Bonded Debt to Net Assessed Value	Net Bonded Debt per Capita	Net Bonded Debt per Student
$340,633,708	22.25%	$685	$4,260
348,806,690	23.67%	702	4,293
283,394,603	19.70%	590	3,458
254,376,950	17.90%	512	3,091
173,841,612	12.85%	350	2,107
162,802,601	12.31%	330	1,975
164,659,349	12.22%	333	2,006
166,309,838	12.00%	334	2,040
148,355,412	10.10%	299	1,796
153,202,640	10.35%	287	1,859

ORLEANS PARISH SCHOOL BOARD

Ratio of Annual Debt Service
Expenditures for General Bonded Debt to
General Fund Expenditures and Revenues

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures
1999	$8,668,645	$19,204,097	$27,872,742	$364,303,258
1998	6,699,566	16,562,675	23,262,241	342,975,096
1997	4,029,566	14,525,403	18,554,969	323,185,995
1996	3,090,000	7,800,085	10,890,085	310,930,934
1995	2,655,000	8,850,410	11,505,410	313,406,495
1994	2,230,000	9,005,338	11,235,338	310,375,236
1993	1,895,000	9,134,583	11,029,583	313,384,446
1992	1,522,749	9,356,770	10,879,519	294,098,247
1991	1,340,000	11,715,173	13,055,173	258,199,115
1990	1,380,000	13,406,912	14,786,912	247,658,440

Table 11

Ratio of Debt Service To General Fund Expenditures	Total General Fund Revenues	Ratio of Debt Service To General Fund Revenues
7.65%	$380,697,599	7.32%
6.79%	373,527,836	6.21%
5.74%	345,652,279	5.37%
3.50%	336,030,368	3.24%
3.67%	334,305,833	3.44%
3.62%	319,390,123	3.52%
3.52%	308,835,840	3.57%
3.70%	300,785,482	3.62%
5.06%	271,295,183	4.81%
5.97%	271,753,507	5.44%

ORLEANS PARISH SCHOOL BOARD

Table 12

Demographic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Population (1)	Total Students	Public Schools Number (2)	Public Schools %	Non-Public Schools Number	Non-Public Schools %
1999	496,938	104,577	79,953	76.45	24,624	23.55
1998	496,938	103,356	81,242	78.60	22,114	21.40
1997	480,260	106,377	81,943	77.03	24,434	22.97
1996	496,938	109,099	82,285	75.42	26,814	24.58
1995	496,938	108,691	82,520	75.92	26,171	24.08
1994	493,021	109,735	82,436	75.12	27,299	24.88
1993	495,116	110,085	82,090	74.57	27,995	25.43
1992	497,230	108,505	81,523	75.13	26,982	24.87
1991	496,938	113,059	82,609	73.07	30,450	26.93
1990	533,564	112,914	82,410	72.98	30,494	27.01

(1) 1990 and 1980 U.S. Census, Louisiana Tech University for 1986-90 population and Woods & Poole Economics, Inc.

(2) Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1998-99 is 83,757. (See note 1, page 14.) Total student enrollment is not available for all prior years.

ORLEANS PARISH SCHOOL BOARD

Table 13

Bonded Debt

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Bonded Debt
1999	$359,078,682
1998	365,475,518
1997	298,996,591
1996	265,982,765
1995	177,822,203
1994	166,816,850
1993	169,046,850
1992	170,940,618
1991	155,008,097
1990	160,750,000

ORLEANS PARISH SCHOOL BOARD

Table 14

New Construction, Bank Deposits, and Property Values

Last Ten Calendar Years

(Unaudited)

Calendar Year	New Commercial Construction (1) Number of Units	Value	New Residential Construction (1) Number of Units	Value	Bank Deposits (2) (in thousands)	Estimated Market Value of Property Values (3)
1998	127	$215,500,000	346	$43,783,000	$7,965,886	$11,571,542,010
1997	121	103,647,363	390	37,712,868	7,642,589	12,613,995,420
1996	139	76,801,363	699	53,524,815	7,011,280	12,427,991,063
1995	385	160,185,622	295	47,756,865	6,267,311	11,429,475,213
1994	349	62,145,507	200	32,367,696	6,008,343	11,287,894,650
1993	434	57,199,428	200	26,511,285	6,224,997	11,520,652,980
1992	363	69,267,396	182	20,935,541	6,154,171	11,212,538,984
1991	294	62,444,141	157	21,823,647	6,274,839	11,763,726,462
1990	345	58,375,443	204	31,344,162	6,170,174	12,593,609,773
1989	108	35,951,916	282	18,986,669	6,355,493	12,647,045,474

Sources :

(1) Department of Safety and Permits, Building Permit Report, City of New Orleans

(2) Summary of Deposits (as of June 30) - bank branches located in New Orleans, Federal Deposit Insurance Corporation

(3) Board of Assessors, Orleans Parish

Note : For the years 1990 through 1995, the amounts are on a permits issued basis, not a units issued basis as in the years 1988, 1989, 1996, and 1997.

ORLEANS PARISH SCHOOL BOARD

Table 15

Summary of Compensation Paid to School Board Members

Fiscal year ended June 30, 1999

(Unaudited)

Board Members	Amount
Bill Bowers	$10,288
J. Berengher Brechtel	7,016
Carolyn Ford	9,268
Gail M. Glapion	10,191
Cheryl E. Mills	9,637
Scott P. Shea	9,637
Tommy A. Vassel	2,695
Elliot C. Willard	6,942
TOTAL	$65,674

ORLEANS PARISH SCHOOL BOARD

Child Nutrition Program

School Lunch and Breakfast Data

	1994-95	1995-96	1996-97	1997-98	1998-99
LUNCH - STUDENT PARTICIPATION					
Number of Schools Served	120	120	120	120	120
Number of Days Served	171	173	175	175	176
Free Lunches					
Number Served	8,839,534	8,648,001	8,854,740	8,839,884	8,668,508
Average Number Served	51,693	49,988	50,599	50,514	49,252
Reduced Lunches					
Number Served	374,407	345,642	361,699	368,220	352,969
Average Number Served	2,190	1,998	2,067	2,104	2,006
Full Price Lunches					
Number Served	683,615	651,778	625,178	627,946	641,727
Average Number Served	3,998	3,768	3,572	3,588	3,648
Total Served	9,897,556	9,645,421	9,841,617	9,836,050	9,663,204
Average Number Served	57,880	55,754	56,238	56,206	54,905
Average Daily Attendance	74,632	72,558	73,892	74,442	72,099
Number Served as Percentage of Daily Attendance	77.55	76.84	76.11	75.50	76.15
Price per Lunch to Students					
Full Price - Elementary	$0.65	$0.65	$0.65	$0.65	$0.65
Full Price - Secondary	$0.75	$0.75	$0.75	$0.75	$0.75
Reduced Price - Elementary	$0.25	$0.25	$0.25	$0.25	$0.25
Reduced Price - Secondary	$0.25	$0.25	$0.25	$0.25	$0.25
Lunch - Adult Participation					
Number Served to Adults	304,385	308,140	266,462	270,744	283,693
Average Number Served	1,780	1,781	1,523	1,547	1,612
Price per Lunch to Adults	$2.25	$2.25	$2.25	$2.25	$2.25

Note: Does not include meals served for extended school year summer program.

Table 16

	1994-95	1995-96	1996-97	1997-98	1998-99
BREAKFAST - STUDENT PARTICIPATION					
Number of Schools Served	117	120	120	120	120
Number of Days Served	171	173	175	175	176
Free Breakfasts					
Number Served	3,564,675	3,618,624	3,997,073	4,057,133	4,057,133
Average Number Served	*20,846*	*20,917*	*22,840*	*23,184*	*23,052*
Reduced Price Breakfasts					
Number Served	48,405	49,270	56,851	63,720	63,692
Average Number Served	283	285	325	364	362
Full Price Breakfasts					
Number Served	45,568	78,971	53,103	55,558	55,586
Average Number Served	266	456	303	317	316
Total Served	3,658,648	3,714,313	4,107,027	4,176,411	4,176,411
Average Number Served	21,396	21,470	23,469	23,865	23,730
Average Daily Attendance	72,890	72,558	73,892	74,442	72,099
Number Served as Percentage of Daily Attendance	29.35	29.59	31.76	32.06	32.91
Price per Breakfast to Students					
Full Price - Elementary	*$0.50*	*$0.50*	*$0.50*	*$0.50*	*$0.50*
Full Price - Secondary	$0.50	$0.50	$0.50	$0.50	$0.50
Reduced Price - Elementary	$0.20	$0.20	$0.20	$0.20	$0.20
Reduced Price - Secondary	$0.20	$0.20	$0.20	$0.20	$0.20
Breakfast - Adult Participation					
Number Served to Adults	144,303	160,326	137,545	137,530	133,396
Average Number Served	844	927	786	786	758
Price per Breakfast to Adults	$1.10	$1.25	$1.25	$1.25	$1.25

ORLEANS PARISH SCHOOL BOARD

Table 17

Teachers' Retirement System of Louisiana
Analysis of Funding Progress

Last Ten Years
(in millions of dollars)
(Unaudited)

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) / (5)
1999	$10,092.1	$13,913.4	72.5	$3,821.3	$2,569.5	149%
1998	9,071.7	13,185.2	68.8	4,113.4	2,485.1	165%
1997	7,752.6	12,077.6	64.2	4,325.0	2,337.5	185
1996	7,056.6	11,232.8	62.8	4,176.2	2,253.3	185
1995	6,081.7	10,570.3	57.5	4,488.6	2,187.0	205
1994	5,694.6	9,928.5	57.4	4,233.9	2,180.3	194
1993	5,154.1	9,522.4	54.1	4,368.3	2,181.4	200
1992	4,473.6	9,046.0	49.5	4,572.4	2,155.8	212
1991	3,934.5	8,455.6	46.5	4,521.1	2,146.6	211
1990	3,587.1	7,808.0	45.9	4,220.9	2,033.5	208

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of Teachers' Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system.

Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of Teachers' Retirement System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system. For the 1991 and 1990 fiscal years, there were significant changes in the actuarial assumptions principally related to investment rate of return and utilization of more current mortality tables.

Source: Teachers' Retirement System of Louisiana Comprehensive Annual Financial Report

Orleans Parish School Board
New Orleans, Louisiana

Compliance with Single Audit Act Amendments of 1996
For the Year Ended June 30, 1999

Orleans Parish School Board
New Orleans, Louisiana

Compliance with Single Audit Act Amendments of 1996
For the Year Ended June 30, 1999

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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

Board Members
Orleans Parish School Board
New Orleans, Louisiana

We have audited the general purpose financial statements of Orleans Parish School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 12, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

Management Letter Items
We also noted certain immaterial instances of noncompliance which we have reported to management of the School Board in a separate letter dated November 12, 1999, included later in this report.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted 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-F1, 99-F2, 99-F3 and 99-F4.

Board Members
Orleans Parish School Board
New Orleans, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable conditions 99-F1, 99-F2 and 99-F4 referenced above are material weaknesses.

<u>Management Letter Items</u>
However, 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 November 12, 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
November 12, 1999

ALLEN, GREEN & COMPANY, LLP

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

Board Members
Orleans Parish School Board
New Orleans, Louisiana

Compliance

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

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 99-F5.

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

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 12, 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
November 12, 1999

Orleans Parish School Board
New Orleans, 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	Not available	$ 4,936,231
National School Lunch Program	10.555	Not available	17,646,602
Summer Food Program for Children	10.559	Not available	1,137,424
Total United States Department of Agriculture			23,720,257
United States Department of Education			
Direct Programs:			
Impact Aid (Title VIII)	84.041	Not applicable	$ 1,165
Urban Community Service (Project Achieve)	84.252A	T291R50015-96	328,304
Project Respect Peace in Action	84.184	S184D60253	230,708
Passed Through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002		468,646
Title I Grants to Local Educational Agencies	84.010	99-IASA-36-I 98-IASA-36-I 97-057-36	34,281,724
Special Education:			
Grants to States (Part B)	84.027	99-FT-36, 98-FT-36	3,141,101
Preschool Grants	84.173	99-PF-36, 98-PF-36	286,220
Part H - Infant/Toddler	84.181	98-CIT3-36	15,471
Vocational Education:			
Basic Grants to States	84.048	28-99-36-2BG 28-98-36-3PA 28-98-36-2SP 28-98-36-2BG	1,699,638
Innovative Education Program Strategies - Title VI	84.298	99-IASA-36-VI 98-IASA-36-VI	558,321
Title II (Eisenhower Professional Development)	84.281	99-IASA-36-II 98-IASA-36-II	967,654
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	99-IASA-36-IV 98-IASA-36-IV	1,388,916
Goals 2000			
State and Local Education Systematic Improvement Grants	84.276		186,221
Even Start - Family Literacy	84.314	99-IASA-36-ES	110,930
Education for Homeless Children and Youth	84.196	99-H2-36-2	99,487
Migrant Education			
Basic State Grant	84.011	99-M-26-36-1	191,491
Emergency Immigrant	84.162A	28-99-X2-36-2	72,030
Total United States Department of Education			$44,028,027

(Continued)

Orleans Parish School Board
New Orleans, 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 Health and Human Services			
Passed Through the Louisiana Department of Education:			
Child Care and Development Block Grant (Starting Points Preschool)	93.575	Not available	$ 585,062
Title XIX	93.778	Not available	1,080,468
AIDS Activities	93.118	U62/CCU602856-01	190,490
Passed Through the Office of Family Support:			
Family Support Act - Adult Education Teacher Training	93.596		13,924
Family Support Act - Project Independence	93.781		125,926
Total United States Department of Health and Human Services			1,995,870
United States Department of Defense Direct Programs			
Department of The Army			
ROTC	12.UKN	Not applicable	647,984
National Science Foundation Direct Programs			
Urban Systemic Initiative	47.076	ESR9453014	2,618,743
Total Cash Federal Awards			$73,010,881
NONCASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through the Louisiana Department of Agriculture and Forestry:			
Food Distribution (Commodities)	10.550	Not available	$ 1,561,545
TOTAL FEDERAL AWARDS			$74,572,426

(Concluded)

Orleans Parish School Board
New Orleans, 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 Orleans Parish School Board (the "School Board"). The School Board reporting entity is defined in Note 2 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, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the School Board's general purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

	Federal Sources
General Fund	$ 1,874,441
Special Revenue Funds:	
IASA Funds	36,983,484
IDEA Funds	3,691,550
Other Federal Funds	6,741,147
Child Nutrition	25,281,804
Total	$74,572,426

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.

Orleans Parish School Board
New Orleans, 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 unqualified.

ii. There were reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

Some of the reportable conditions disclosed were considered material weaknesses as defined by Government Auditing Standards.

iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

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 of major federal awards was unqualified.

vi. The audit disclosed an audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).

vii. The major federal awards are:

CFDA #84.010	Title I Grants to Local Educational Agencies
CFDA #47.076	Urban Systemic Initiative

Cluster (as defined by OMB Circular No. A-133 Provisional Compliance Supplement)

Child Nutrition Cluster

CFDA #10.553	School Breakfast Program
CFDA #10.555	National School Lunch Program
CFDA #10.559	Summer Food Program for Children

Special Education Cluster

CFDA #84.027	Grants to States (Part B)
CFDA #84.173	Preschool Grants

viii. Dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular No. A-133, Section .520(b) was $2,237,173.

ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

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

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

Reference # and title: **99-F1** **Fixed Assets**

Entity-wide or program/department-specific: This comment applies to all funds which purchase fixed assets.

Criteria or specific requirement: Louisiana Revised Statute 24:515 requires that Louisiana governments "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."

Condition found: In a haphazard sample, the following was noted:

Sixty percent of items selected from a listing of fixed assets provided by the school were accurately reflected on the listing and were located. The remaining items could not be located.

Inquiries and observation performed indicate that the value assigned to new assets is based upon a purchase order rather than the invoice. As long as the invoice agrees to the purchase order, no problem exists. When the invoice does not agree to the purchase order, a problem can occur. Invoices which exceed purchase order amounts are investigated before payment and any amount above the purchase order is approved. This change is sent to fixed assets. However, if an invoice is received for less than the purchase order amount, the invoice is paid without further investigation. No change is sent to fixed assets, which causes the amount at which the asset is placed on the list to be overstated.

Proper perspective for judging the prevalence and consequences: Eight schools were selected for testing. At each school, ten items were chosen from the fixed asset listing provided by the School Board to be located at the location. While on location, an additional ten items were selected to be traced back to the listing.

Possible asserted effect (cause and effect):

Cause: Procedures for recording fixed assets have not been followed in some instances. Additionally, the system in place could allow valuation to be incorrect.

Effect: Some locations' fixed asset listings are not complete and/or not accurate. As a result, internal control over fixed assets is weakened and financial reporting is not accurate.

Recommendations to prevent future occurrences: Each location is responsible for reporting changes, both additions and deletions, should follow procedures closely. Central office personnel responsible for inputting these should input the changes timely and accurately. The preferred method of inputting the values is from an invoice rather than a purchase order. If a purchase order is to be the source document, then a system to report any differences between the purchase order amount and the invoice amount must be implemented including proper controls.

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

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

Reference # and title: 99-F2 Bank Reconciliations

Entity-wide or program/department-specific: This comment applies to the General Fund, the Child Nutrition Special Revenue Fund, and the Workers' Compensation Internal Service Fund.

Criteria or specific requirement: Bank statements should be reconciled each month, in a timely manner, as an internal control over cash.

Condition found: Bank statements were not reconciled in a timely manner for three General Fund accounts, one Child Nutrition Program account, and three third-party Administrator Workers' Compensation accounts.

Proper perspective for judging the prevalence and consequences: The bank account reconciliations for each account were requested on July 27, 1999. At that time, reconciliations could not be provided for these accounts. After further inquiry, it was determined that each account was reconciled through the month listed below:

Bank Account	Most Current Reconciliation Available as of July 27, 1999
General Fund:	
Hibernia National Bank	December 1998
Liberty Bank	March 1999
Dryades Savings Bank	May 1999
Workers' Compensation Fund:	
Bank One Workers' Compensation - F. A. Richard	May 1998
Bank One Workers' Compensation - Crawford	May 1998
Bank One Workers' Compensation - Rosenbush	December 1998

Possible asserted effect (cause and effect):

Cause: Low priority was placed on performing these bank reconciliations. A portion of the lack of priority may have resulted from the turnover experienced by the Finance Department.

Effect: Internal control over cash was weakened by not performing these reconciliations.

Recommendations to prevent future occurrences: Each bank account which the School Board maintains should be reconciled within a few days of receiving the bank statement.

Orleans Parish School Board
New Orleans, Louisiana

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

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

Reference # and title: 99-F3 Recording of Workers' Compensation Benefit Payments

Entity-wide or program/department-specific: This is specific to the Workers' Compensation Internal Service Fund.

Criteria or specific requirement: Good internal control requires timely recording of transactions in the general ledger.

Condition found: A portion of the workers' compensation benefit costs incurred during the 1999 fiscal year were not recorded in the general ledger at June 30, 1999. Journal entries were made subsequent to year-end to adjust cash to the reconciled bank balance and to record a corresponding expense for benefits.

Proper perspective for judging the prevalence and consequences: The Workers' Compensation Fund had expenses of $3,535,064 for the year ended June 30, 1999.

Possible asserted effect (cause and effect):

Cause: Low priority placed on recording these transactions timely.

Effect: The general ledger for the Workers' Compensation Internal Service Fund was not accurate until these journal entries were made.

Recommendations to prevent future occurrences: A journal entry should be made each month to record the expense.

Orleans Parish School Board
New Orleans, Louisiana

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

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

Reference # and title: 99-F4 Trial Balance

Entity-wide or program/department-specific: This comment applies entity-wide.

Criteria or specific requirement: Internal controls require that procedures be in place to minimize the risk of inaccurate financial reporting.

Condition found: Management detected that the general ledger for the year ended June 30, 1999, contained inaccurate financial information. After extensive research and discussions with the external auditor, management suspended work on the matter, hoping that the external audit may solve the mystery that caused the inaccuracies. In the course of the audit, the inaccuracies continued to plague the completion of certain audit sections. At that time, additional work was performed by the Finance Department to identify and correct the inaccuracies.

Possible asserted effect (cause and effect):

Cause: In late June 1999, an error appears to have occurred in the posting routine for the day's transactions. The effect of the posting errors were that some transactions were included twice on both the general ledger summary accounts (the trial balance) and the general ledger detail accounts (the general ledger history). Another set of transactions appears to have been posted to the trail balance twice and to the general ledger history only once.

The posting error did generate an error report. However, Information Technology (IT) Department personnel were not familiar with the meaning of the error message. Attempts were made to interpret the error message, however, the message was misinterpreted. The IT Department believed that the summary (trial balance) posting was correct, but that some details to the general ledger history had been lost. During the audit, concerns over several areas caused further examination of the posting error message. At that time, it was determined that the original interpretation of the error message was not correct and that there truly were posting errors.

Effect: Inaccurate financial information was included in the general ledger for the year ended June 30, 1999. These inaccuracies, if not corrected, could have resulted in inaccurate financial information being reported to both internal and external users of the School Board's financial statements. In addition, there is some concern that incorrect information may have been used to complete requests for reimbursement for federal and state programs.

Recommendations to prevent future occurrences: The IT Department should examine the causes of both the misinterpretation of the error message and the error in the posting routine. Possible causes to consider include hardware malfunctions, software malfunctions and operator error. Once identified, an evaluation should be made of the new Oracle System to determine if similar errors could occur. If needed, controls in the new system should be strengthened in any areas identified as contributing to the errors.

Orleans Parish School Board
New Orleans, Louisiana

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

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

Reference # and title: 99-F5 Title I Comparability

Federal program and specific federal award identification:

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Award Year
Passed through the United States Department of Education:			
Title I - Grants to Local Educational Agencies	# 84.010	99-IASA-36-I 98-IASA-36-I	1999, 1998

Criteria or specific requirement: A School District may receive funds under Title I only if state and local funds will be used in participating schools to provide services that, taken as a whole, are at least comparable to services that the School District is providing to schools not receiving Title I. The School District must develop procedures for complying with the comparability requirements and must maintain records that are updated biennially documenting compliance with the comparability requirements.

Condition found: To determine comparability, the School Board compares the average number of students per instructional staff or the average staff salary per student in each school receiving Title I with those in schools that do not receive Title I. The comparability report prepared by the School Board was tested by tracing the number of students and faculty to supporting documentation. The documentation used for the number of faculty was not consistent. Computer-generated reports were used for some schools and staffing books were used for other schools. Also federally-funded teachers were included in the faculty numbers for some schools.

Possible asserted effect (cause and effect):

Cause: Procedures used in documenting comparability are not consistent for all schools.

Effect: The comparability report is not supported by adequate documentation.

Recommendations to prevent future occurrences: Comparability documentation should be consistent. Either computer-generated reports should be used for all schools or the staffing books should be used for all schools. If computer-generated reports are used the reports should be tested for accuracy. Federally-funded teachers should not be included in any of the schools faculty numbers.

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 Orleans 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.

Orleans Parish School Board
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings
June 30, 1999

Reference # and title: 98-F1 Fixed Assets

Initially occurred: June 30, 1998.

Condition: This item is considered unresolved and has been repeated in the current-year Schedule of Findings and Questioned Costs as item 99-F1.

Reference # and title: 98-F2 Late Filing of Audit Report

Initially occurred: June 30, 1998.

Condition: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the governments. The audit report as of and for the year ended June 30, 1998 was filed after the deadline.

Corrective action taken: Last fiscal year's late filing of the audit report was a matter that was unavoidable. In November 1998, a litigation matter arose which required the School District to change its auditing firm. Advertisement for and the selection process for a new auditing firm began immediately after receipt of notice from the previous auditing firm that it could not complete the engagement. A new firm was chosen in January 1999 and the audit was completed in March 1999. The School District has retained the new firm for the fiscal 1999 audit and the audit will be completed and accepted by the School Board and then filed with the Louisiana Legislative Auditor's office and other required agencies prior to the December 31, 1999 deadline. This is consistent with the School District's past record of diligence in submitting audited financial reports on a timely basis.

Reference # and title: 98-F3 Bank Reconciliations

Initially occurred: June 30, 1998.

Condition: This item is considered unresolved and has been repeated in the current-year Schedule of Findings and Questioned Costs as item 99-F2.

Reference # and title: **98-F4** **Recording of Workers' Compensation Benefit Payments**

Initially occurred: June 30, 1998.

Condition: This item is considered unresolved and has been repeated in the current-year Schedule of Findings and Questioned Costs as item 99-F4.

Reference # and title: **98-F5** **Semi-Annual Payroll Certifications**

Initially occurred: June 30, 1997.

Condition: OMB Circular No. A-87, "Cost Principles for State, Local and Indian Tribal Governments," Attachment B, Section 11(h)(3), which states that "Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

The required certifications described above were not obtained during the 1997-98 fiscal year.

Corrective action taken: During the past fiscal year, certification procedures were implemented. The Child Nutrition Department staff handle the verifications for employees funded by the Department of Agriculture. Budget Department staff members coordinate the verification efforts for all other externally funded programs.

Orleans Parish School Board
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings
June 30, 1999

Reference # and title: 98-F6 Unemployment Compensation Allocations

Initially occurred: June 30, 1997.

Condition: The U. S. Department of Education has reviewed the School Board's procedures for charging unemployment insurance and has questioned the support for the method of allocation for the period 1992 to 1995. The School Board received a report and has been assessing the recommendations in the report. The School Board is commercially insured for unemployment insurance and charges federal programs based on rates provided by its insurer. The School Board has maintained its method of charging unemployment insurance through June 30, 1998. The School Board has implemented a single-rate cost allocation effective July 1, 1998, as per pending agreement with the U. S. Department of Education.

Corrective action taken: Retroactive to July 1, 1998, the School District implemented a single-rate cost allocation plan for unemployment compensation costs. With this implementation, the School District has complied with the recommendation in the audit report of the U. S. Department of Education. The Louisiana Department of Education has been notified of this compliance with the audit recommendation.

Reference # and title: 98-F7 Allocation of Directors Salary

Initially occurred: June 30, 1998.

Condition:OMB No. A-87 "Cost Principles for State, Local and Indian Tribal Governments" attachment B, states "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on a federal award and a non-federal award."

The director for Child Nutrition is also the acting director of the Purchasing Department. Her salary and fringe benefits are charged 100% to the Child Nutrition program.

Corrective action taken: Based on a study of the time spent by the Child Nutrition Director with current Purchasing Department duties, it was determined that the director's salary should be allocated to the General Fund for fiscal 1999. This expense and payable to the Child Nutrition Fund has been recorded on the General Fund's general ledger for fiscal 1999.

Orleans Parish School Board
New Orleans, Louisiana

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

Reference # and title: 99-F1 Fixed Assets

Condition: In a haphazard sample, the following was noted:

Sixty percent of items selected from a listing of fixed assets provided by the school were accurately reflected on the listing and were located. The remaining items could not be located.

Eighty-one percent of items selected while on-site testing fixed assets were traced to the fixed asset listing. The remaining items could not be traced to the listing.

Inquiries and observation performed indicate that the value assigned to new assets continues to be based upon a purchase order rather than the invoice. As long as the invoice agrees to the purchase order, no problem exists. When the invoice does not agree to the purchase order, a problem can occur. Invoices which exceed purchase order amounts are investigated before payment and any amount above the purchase order is approved. This change is sent to fixed assets. However, if an invoice is received for less than the purchase order amount, the invoice is paid without further investigation. No change is sent to fixed assets, which causes the amount at which the asset is placed on the list to be overstated.

Corrective action taken/planned: Since 1996, the School District has continued to strengthen procedures and increase staffing to provide for adequate record keeping for its property and equipment. Since last year, an additional twenty Itinerant Business Managers (IBM) have been hired. This brings the total of IBMs to fifty (50). The main functions of the IBMs are to perform business related duties, principally student data accounting, fixed asset record keeping and maintain student activity fund records. As the number of available IBMs has increased from the original group of nine (9) hired in August 1996, we have relied more and more on their involvement with the fixed asset accounting. Our goal is to continue to increase the number of IBMs so that there is one for each elementary school. Under the direction of the Assistant Comptroller (a new position filled in June 1998), the Central Office staff provides training to the IBMs and other individuals responsible for fixed asset record keeping.

During late March through mid-May 1999, the District's fixed assets were bar coded. The results of the bar code process of over 50,000 items are being finalized currently. It is expected that the new inventory will be significantly adjusted to reflect the results of the bar code inventory. Ten (10) scanners loaded with the bar coding software have been purchased to facilitate future physical inventories.

Using a bar coding process, will increase the accuracy and efficiency of the physical inventory and records. The Oracle Financial Applications System, currently being installed, is compatible with the bar coding system. Shortly, we will begin a series of training classes for school and central office staff to ensure up-to-date asset records.

Additionally, a committee was formed in October 1999 to review and determine the adequacy of staffing and procedures. This committee has met several times and will be making recommendations to enhance the fixed asset accounting procedures.

Orleans Parish School Board
New Orleans, Louisiana

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

Reference # and title: 99-F1 Fixed Assets (Continued)

Person responsible for corrective action:
Mr. Anthony J. Stoltz, Comptroller
Orleans Parish School Board
3510 General DeGaulle Drive
New Orleans, LA 70114
Telephone: (504) 365-5425
Fax: (504) 365-5414

Anticipated completion date: During fiscal year ending June 30, 2000.

Reference # and title: 99-F2 Bank Reconciliations

Condition: Bank statements were not reconciled in a timely manner for three General Fund accounts, one Child Nutrition Program account, and three third-party Administrator Workers' Compensation accounts.

Corrective action planned: In past years, within thirty days of receipt of information, the Finance Department timely fulfilled its responsibility for bank reconciliations. Completion of the fiscal 1998 audit in April 1999, staff changes and attrition and the implementation of a new financial management system and chart of accounts prevented the Accounting Section staff from timely completing all bank reconciliations during fiscal 1999. To eliminate the backlog, new interim staffing brought the bank reconciliations up-to-date through June 1999 and is working on bringing the three remaining bank reconciliations up-to-date. The new financial management system has been implemented and is being utilized, and we are advertising the interim positions to be filled with regular appointments. All accounts should be current by February 29, 2000.

Person responsible for corrective action:
Mr. Anthony J. Stoltz, Comptroller
Orleans Parish School Board
3510 General DeGaulle Drive
New Orleans, LA 70114
Telephone: (504) 365-5425
Fax: (504) 365-5414

Anticipated completion date: During fiscal year ending June 30, 2000.

Orleans Parish School Board
New Orleans, Louisiana

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

Reference # and title: **99-F3** **Recording of Workers' Compensation Benefit Payments**

Condition: A portion of the workers' compensation benefit costs incurred during the 1999 fiscal year were not recorded in the general ledger at June 30, 1999. Journal entries were made subsequent to year-end to adjust cash to the reconciled bank balance and to record a corresponding expense for benefits.

Corrective action planned: Since the response in April 1999 to the fiscal 1998 audit, we have made a review of procedures employed for the Insurance Accounting. Through this review, we are implementing procedural changes to ensure up-to-date accounting for insurance benefit payments, including timely bank reconciliations. Monthly reporting capabilities within the new Oracle Financial Management System will support the new procedures.

Person responsible for corrective action:
Mr. Anthony J. Stoltz, Comptroller
Orleans Parish School Board
3510 General DeGaulle Drive
New Orleans, LA 70114
Telephone: (504) 365-5425
Fax: (504) 365-5414

Anticipated completion date: During fiscal year ending June 30, 2000.

Reference # and title: **99-F4** **Trial Balance**

Condition: The general ledger for the year ended June 30, 1999, contained inaccurate financial information. The inaccuracies went uncorrected until audit procedures were performed, highlighting the inaccurate information. At that time, additional work was performed to identify and correct the inaccuracies.

Corrective action planned: To minimize the possibility of errors during the posting and updating of files, detailed balancing and tracking procedures for operation of the new Oracle Financial Management System will be reviewed and strengthened as needed, by February 20, 2000, and used by the Finance and Information Technology Departments on a daily basis.

The problem cited concerns the old financial system. The monitoring of the old system was controlled jointly by the Accounting Manager in the Finance Department and a Quality Control staff member in the Information Technology Departments. The error occurred during the transition for several positions in the Accounting Section.

Person responsible for corrective action:
Mr. Anthony J. Stoltz, Comptroller
Orleans Parish School Board
3510 General DeGaulle Drive
New Orleans, LA 70114
Telephone: (504) 365-5425
Fax: (504) 365-5414

Anticipated completion date: During fiscal year ending June 30, 2000.

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

Reference # and title: **99-F5** **Title I Comparability**

Condition: To determine comparability the School Board compares the average number of students per instructional staff or the average staff salary per student in each school receiving Title I with those in schools that do not receive Title I. The comparability report prepared by the School Board was tested by tracing the number of students and faculty to supporting documentation. The documentation used for the number of faculty was not consistent. Computer- generated reports were used for some schools and staffing books were used for other schools. Also federally-funded teachers were included in the faculty numbers for some schools.

Corrective action planned: Comparability documentation should be consistent. The Compliance Department will make a review of its procedures and determine whether the computer-generated reports or the staffing books should be used. This review will be completed by February 29, 2000.

Person responsible for corrective action:

Mr. Anthony J. Stoltz, Comptroller
Orleans Parish School Board
3510 General DeGaulle Drive
New Orleans, LA 70114

Telephone: (504) 365-5425
Fax: (504) 365-5414

Anticipated completion date: During fiscal year ending June 30, 2000.

Management Letter Items

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Management Letter

Board Members
Orleans Parish School Board
New Orleans, Louisiana

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

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 12, 1999, on the financial statements of the School Board. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

99-M1 Student Activity Funds

Comment: *Uniform procedures and requirements for School Activity Funds accounting are described in the School Activity Funds Accounting, Auditing, and Financial Reporting* handbook issued by the Louisiana legislative auditor. The policies and controls adopted by the Orleans Parish School Board concerning School Activity Funds should be based on the information provided in this manual.

As part of our auditing procedures, ten schools were haphazardly selected to view the accounting records and internal controls at each school. At one school, no exceptions were noted. At the remaining schools, the following were noted:

School 1:
- All receipts tested were not deposited in a timely manner.
- One deposit slip did not agree to the total receipts issued.
- Six disbursements had inadequate documentation.
- One check request had only one signature.

School 2:
- One disbursement was made from a copy of the invoice.
- Two disbursements included payment of sales tax.

School 3:

- One deposit slip did not agree to the total receipts issued.
- Three disbursements had inadequate documentation.
- One disbursement included payment of sales tax.
- One recording item on bank reconciliation did not clear timely.

School 4:

- One disbursement was made without any documentation.
- Three disbursements included payment of sales tax.

School 5:

- Nine deposits were not deposited in a timely manner.
- Three disbursements were made without any documentation.

School 6:

- Four deposits were not deposited in a timely manner.
- One deposit slip did not agree to the total receipts issued.

School 7:

- Testing of receipts could not be performed because collection logs and receipt books are not used.
- Three disbursements had inadequate documentation.
- Three disbursements were paid from a copy of the invoice.
- One disbursement was not paid in a timely manner.

School 8:

- Testing of receipts was not completed because receipts were issued inconsistently throughout the year.
- Three disbursements had inadequate documentation.
- One disbursement was not approved by the principal.

School 9:

- Three disbursements were paid from a copy of the invoice.

The Internal Auditing Department of the Orleans Parish School Board also performs reviews of School Activity Funds as a portion of their normal responsibilities. The prior-year auditor noted that there have been repeated findings noted in these reports for the past several years which have not been corrected by the personnel responsible for the accounting at the schools. Our review of the reports that had been issued at the time of field work supports this conclusion. The type of findings noted in the reports issued by Internal Auditing during our review included, but were not limited to:

- Daily deposits not made
- Incomplete check requests
- Lack of sufficient documentation to trace receipts
- Financial reports not signed

Board Members
Orleans Parish School Board
New Orleans, Louisiana

- Disbursements >$1,500 not approved by area superintendent
- Checks having only one signature
- Employee sign-in sheets not signed by employees
- Employee tardy time not recorded correctly
- Fund-raising activities not having proper approval
- Problems with fixed assets

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

Recommendation: Employees responsible for accounting for School Activity Funds should be familiar with the procedures and requirements of the *School Activity Funds Accounting, Auditing, and Financial Reporting* handbook and the policies of the School Board which are based on the handbook. These should be followed at all times.

Management's response: Since the audit response in April 1999, the School District's accounting and payroll staff have continued implementation of the strategic plan for School Site Business Services. Phases completed thus far are the increase to fifty (50) in Itinerant Business Manager positions, the continued monitoring, through desk reviews, of student activity fund monthly financial reports and the hiring of additional internal auditors, including authorization for a manager level auditor.

Additionally, Finance Department staff has collaborated with principals, business managers and the Internal Audit Department to produce a draft of revised student activity fund regulations and procedures. These procedures reflect the practices recommended in the *School Activity Funds Accounting, Auditing, and Financial Reporting* handbook of the Louisiana Legislative Auditor, and also provide specific guidance to avoid the findings that have appeared in the Internal Audit Department audit reports of school Student Activity Funds. Meanwhile, staff is awaiting a management decision as to whether the optional site-based purchasing program will be continued. When that decision is made, the revised manual will be finalized and released. Also, a comprehensive training program is scheduled for school business managers and principals.

We believe that the combination of the additional business managers with bookkeeping background, more frequent auditing possible through the additional internal auditors, the new detailed and updated procedure manual and comprehensive training program will significantly improve compliance and the quality of the accounting records and financial reports.

Plans are being made to install the network version of the accounting software for the student activity fund accounting. The network version will improve monitoring ability of the Central Office staff and access to each school's records through inquiries on an instantaneous basis. It will also eliminate the need to have school send copies of their file by diskette each month. However, installation of the network version will require that schools have a computer capable of running Windows NT. This will probably require the acquisition of new computers for almost all schools.

Board Members
Orleans Parish School Board
New Orleans, Louisiana

99-M2 Due To/From Accounts

Comment: Virtually all of the funds of the School Board have due to or due from accounts from other funds. The General Fund has the most significant dollar values in these accounts for several reasons, such as its funding of the School Board's federal program needs until reimbursement is received from the federal or state pass-through agencies.

Recommendation: To better monitor the cash flow and actual cash needs, due to and due from accounts should be settled on a timely basis throughout the year.

Management's response: Implementation of the clearing of monthly due from/to activity is in progress. Three factors are involved. First, it was necessary to receive a ruling (which we have received) from the bond attorney confirming the correct allocation method to use for clearing the significant amount of activity for payments from the operating account of the General Fund for the various CIP III funds. Second, we experienced a change in three accounting staff members at fiscal year-end, just as we were converting to a new accounting software package, the Oracle Financial Management System. The Oracle System is in use and the accounting group, with the assistance of an Oracle staff member, is bringing transactions for fiscal 1999-2000 up-to-date. We project that we will be able to begin monthly transfers beginning February 2000.

99-M3 Increased Oversight of Construction Activity

Comment: With over $175 million of bond proceeds received in recent years, the School Board will have significant construction activity. With the expansion of the efforts in this function comes increased risk.

Recommendation: We recommend consideration by the Board and management to the increased involvement of the Internal Audit Department and the development of audit plans to address specific high-risk areas. As the audits are conducted, timely feedback should be provided to management to improve and strengthen construction processes and procedures and reduce the risk of non-compliance.

Management's response: Although the Internal Audit Department staff has been increased, the new staff members have been initially assigned to do student activity fund audits. Also, these new staff members need to have additional training to do a review of the construction activity. With additional training and an audit manager being hired, the review of the construction activity should be done prior to the end of fiscal 2000. Additionally, if needed, the Facility Planning Department has agreed to allocate funds for the cost of the construction activity review.

99-M4 Utility Charges to the Child Nutrition Program

Comment: A review of utility consumption and costs should be made in conjunction with the utility companies or an engineering or energy consultant to determine the appropriate portion of the cost to be charged to the Child Nutrition Program. The results of this study will be reviewed with the Louisiana Department of Education, the primary recipient.

Recommendation: This study should be updated on a periodic basis and approved by the primary recipient.

Management's response: The review of utility costs was completed during September 1999. Management is planning to implement the utility cost per meal recommendations of the energy consultant retroactive to July 1, 1999.

99-M5 Arbitrage Monitoring

Comment: The School Board recently issued several bond issues. The School Board has received current arbitrage reviews on only two of its issues.

Recommendation: The School Board should develop a time line on when arbitrage reports should be obtained for all bond issues to detect potential liabilities in a timely fashion and also to assist with cash management.

Management's response: As indicated with the response for the fiscal 1998 Management Letter, the activity of the Debt Service Fund is reviewed on a regular basis. Additionally, at the present time, the School Board bond attorney's initial calculations project a zero or minimal, contingent balance for arbitrage earnings due to the federal government. A detailed, written analysis is currently being finalized and will be available by January 10. Based on the Fund Balance of $9.3 million in the Debt Service Fund, this small liability would be easily satisfied with the existing fund balance.

99-M6 Certain Costs may be Allowable Federal Program Costs

Comment: OMB Circular No. A-87 provides guidelines concerning allowable cost under federal awards. Currently certain allowable costs are being paid by the General Fund, such as post-retirement benefits.

Recommendation: The School Board should review allowable costs that can be charged to federal programs that are currently being paid by the General Fund. Written clarification of uncertain areas should be obtained from its granting agencies.

Management's response: The School District has reviewed the list of allowable costs and determined areas that are not currently reimbursed through the statewide indirect cost program. A ruling will be requested as to the allowableness of these expenses as federal program costs.

99-M7 Filing of Reimbursement Claims Made Under Federal Grants and Awards

Comment: The School Board has approximately 75 local, state and federally funded programs. Most of the programs operate on a cost-reimbursement basis, and many of the federal programs pass through the Louisiana Department of Education (LDOE).

Two of the most important considerations in administering cost reimbursement programs are good cash management and ensuring requests are made within the grant period. In our review of the accounting for these programs, two concerns were noted:

1. LDOE recently began enforcing a requirement to have a final completion report filed with the LDOE within 90 days of the ending effective date of a federal award for programs on a cost-reimbursement basis. This requirement is based on EDGAR Subpart D, Section 80.50. Under this requirement, all funds disbursed and obligated at the ending effective date of the program will have to be liquidated and requested within 90 days. Funds not requested within 90 days may be permanently lost.

2. Considering the size of some to the School Board's state and federal awards, a second concern is idle funds. By the very nature of a cost reimbursement program, the School Board loses interest on the monies paid out by the general fund on these state and federal programs until it is reimbursed by the agency and reinvested. By not filing request timely, a significant loss of interest is occurring. A conservative estimate of the lost interest revenue could easily be several hundred thousands of dollars.

To process and file a claim, the federal accountant must receive documentation such as purchase requisitions, purchase orders, and invoices from the program directors with sufficient time left for processing and filing the claim. The current deadlines for the program directors were based on the old timelines for submitting final completion reports, which allowed the completion report to be submitted up to 12 months after the effective ending date of the program. Therefore, the federal accountants are being asked to perform the same amount of work in 90 days that they have previously been given 12 months to complete.

Recommendation: The School Board should consider a two-step approach to ensure that requests for reimbursement are submitted on a timely basis and are submitted accurately. First, we believe two additional personnel should be assigned to assist in requesting state and federal funds, either through reassignment or through hiring new personnel. Second, year-end deadlines for program directors to submit purchase orders and invoices should be adjusted to allow adequate time for processing and filing requests for reimbursement and to adequately reconcile program records to the general ledger.

Management's response: We agree with the recommendation to adjust ordering deadlines for program directors to submit requisitions and vouchers. An earlier deadline for spending grant award allocations will not only positively impact filing requests for reimbursement but result in earlier availability of resources in program activities and promote more efficient operations.

Relative to additional staffing, in May 1999, to improve the Budget Department's ability to oversee the externally funded programs, a staff member, familiar with Title I, was added. The additional staff member should assist the department in ensuring the timely filing of reimbursement requests. A review will be made to determine if one more staff member is needed, in consideration of the earlier spending deadlines and resumption of the normal timeline for filing requests for reimbursement.

Requests for reimbursement for fiscal 1998-1999 were delayed by agreement. Because of negotiations with the Louisiana Department of Education regarding the unemployment compensation insurance issue, it was agreed that all requests for reimbursement would be held until there was finalization and acceptance of the School District's revision of its unemployment compensation rate structure. Through a Request for Proposal process, the new single rate was determined in early 1999. Subsequently, the implementation (retroactive to July 1, 1998) and review of this rate were made. This was the main reason for the delay in filing requests for reimbursement.

99-M8 Procedure Manuals

Comment: During the last two fiscal years, the Finance Department has experienced some turnover. Through observation and inquiry, it is apparent that currently, there are few, if any, manuals or other documentation of accounting and budgeting procedures. Because of the lack of documentation, the Finance Department encountered several difficulties throughout the year that were at least partially a result of the new personnel learning the system. Having a thorough procedure manual may have eliminated or at least mitigated these difficulties.

It is our understanding that an effort is currently ongoing to develop procedure manuals for some areas.

Recommendation: Management has taken positive steps toward correcting this deficiency. We encourage the School Board to follow through with the process already ongoing and to extend the process to cover all departments that do not have current procedure manuals.

Management's response: We agree that there should be procedure manuals to document use of the computerized financial and payroll system and other operational matters. Actually, there are old Procedure Manuals for several areas that date back to the 1980s. Documentation of current procedures, including use of the new financial management, payroll and fixed asset system. has already started. In some cases, it is a matter of documenting the conversion of existing procedure to recognize changes in procedure permitted/required under this new system, while in other cases entirely new procedures are necessary. Many procedures for the new financial system were recorded by a consulting firm hired as part of the MIS implementation project.

Documentation and updating of the procedure manuals will be completed by June 30, 2000.

99-M9 Recording Accounts Receivable in Special Revenue Funds

Comment: Currently, year-end accounts receivables in the Special Revenue Funds are recorded by accruing revenues to match the expenditures which are recorded on the general ledger but have not been received by July 31. All funds received through July 31 are accrued in the revenue account or each federal program.

This methodology is chosen because these funds are cost reimbursement basis funds. Using this methodology, there is little control in place to help the federal program accountants to reconcile the accounts receivable at year-end to subsequent receipt of the accrued revenue. Our observations lead us to believe no such reconciliation is performed. A part of this observation involves some write-offs of accounts receivables in prior years which were not valid.

Recommendation: We believe changing the methodology used to record year-end accounts receivables will greatly improve controls. Instead of initiating an accrual solely by matching recorded expenditures, revenue accruals could be initiated by subsequent receipt of funds. If all funds are requested on a timely basis, the amounts received from July to October should equal the expenditures recorded on the general ledger as of June 30. Any deficiencies or excesses remaining after accruing all subsequent receipts would need to be analyzed by the federal program bookkeepers. If an accrual or deferral can be justified, a journal entry could be made to recognize the accrual and proper documentation justifying the accrual should be attached. If an accrual or deferral can not be justified, an appropriate write-off can be made.

This methodology requires the School Board to prove the collectibility of the receivables through either subsequent receipt or other convincing documentation. This should provide more accurate financial reporting.

Management's response: The present system of recording accounts receivable was implemented as a result of the previous external auditing firm's recommendation. Using the following comprehensive procedure, we would like to continue the system of recording accounts receivable upon filing requests for reimbursement.

To improve the oversight of the accounts receivable and other account balances, we will reinstitute and reemphasize previous monthly analytical procedures. That is, on a monthly basis, the Accounting Manager will obtain analyses of general ledger balances from the fund accountants for the various funds - General, Special Revenue, Capital Projects, Proprietary and Agency funds, and furnish these analyses to the CFO, Comptroller and Budget Director. The regularity of this routine will be supported by the increased reporting capabilities of the new financial system.

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Relative to the accounts receivable for Special Revenue funds, the following steps will be used. When recording accounts receivable in the Special Revenue Funds, the Special Revenue Program Accountant(s) will analyze, schedule and review outstanding requests for funds and payable to the School Board. This schedule will be used to support accounts receivable outstanding at the end of each period. Monthly, and annually by October 31, the Special Revenue Programs Accountant(s) must update the schedule to determine whether the outstanding requests for reimbursement and receivables have been collected, or to determine any necessary write-off. These procedures will be implemented immediately.

99-M10 Review of Information Technology Procedures

Comment: During our review of the procedures in place concerning the IT system, the following concerns were noted:

1. Physical security to computer room - Discussions with IT personnel indicate that physical security to the computer room is controlled by the third-party vendor utilized for general security at the School Board office. The two largest risks associated with this situation are as follows:

   A. The third-party vendor currently has the authority to issue security cards without the knowledge of IT staff. These cards serve as a key to the computer room housing the School Board's computer system hardware. Therefore, some personnel may have access to the computer room without knowledge and/or approval of the IT personnel.

   B. The third-party vendor not only issues cards, they also assign rights to the cards. Rights include both the ability to access the computer room and time restrictions placed upon those rights. Because requests must be routed through the third-party vendor, there is a significant time lag before changes to a user's rights may be enacted. In the event of a lost or stolen card or a termination of an IT employee, this time lag could pose a security risk. In addition, IT personnel do not have the ability to monitor the access rights to determine if the changes are even made.

2. There are no procedures in place concerning termination of IT personnel. As discussed above, security concerns exist concerning physical access to the computer room. Formal procedures over termination of IT personnel which address maintaining adequate security over access to the computer hardware and software could mitigate some of this concern.

3. Although procedures exist concerning backup and storage files, there is some concern over the storage site location. The housing of backup files is located in the adjoining building to the primary site. Although this storage site my be adequate for most purposes, any disaster which affected the primary files would very likely also affect the backup files.

4. Disaster recovery/contingency plans are not formalized and have not been tested for adequacy. Obviously, a risk exists that operations would be halted for an undetermined period of time should a disaster occur.

5. With the implementation of the new Oracle System, some staffing changes may be necessary. The School Board should evaluate the adequacy of the current organizational structure and the number of personnel. Changes may be necessary.

6. The School Board does have a limited uninterruptible power supply (UPS) in its current system configuration. A UPS provides for continuous power in the event of a spike or other type of electrical service disruption. The School Board should invest in an unlimited UPS to protect itself from unexpected power fluctuations.

Recommendation: The School Board should take steps to address each area of concern.

Management's response: We agree with the need to review and update the procedures in the Information Technology Department. As part of this review, by March 31, 2000, we will examine the areas (itemized below) as raised in the auditor's comment and make recommendations for updates or implement changes, as necessary:

1. Security to Computer Room - both access and card issuance rights and procedures;

2. Control of access for terminated employees;

3. Selection of a new, remote data storage site;

4. Adequacy of disaster recovery plans through in-depth testing;

5. Staffing levels needed for new management information system; and

6. Upgrade uninterruptible power supply needs (current system provides for approximately forty-five minutes of continuous power, in the event of a power failure).

99-M11 Board Minutes

LSA-R.S. 42:7.1(A) states that "all public bodies shall keep written minutes of all of their open meeting." LSA-R.S. 42:7.1(B) states that "the minutes shall be public records and shall be available within a reasonable time after the meeting . . ." Several requests were made to obtain the most current board minutes available. Board minutes were not up to date at each request. Board minutes for the three regular Board meetings held during the forty-five days immediately preceding the date of the auditors' report were never received.

The School Board may be in violation of LSA-R.S. 42:7.1. An illness in the Board Secretary's office and a recent malfunction of the recorder may have contributed to the delay in the board minutes.

Recommendation: Board minutes should be prepared and available in a reasonable amount of time as specified in LSA-R.S. 42:7.1. Staffing needs of the Board Secretary's office should be reviewed to ascertain whether it appears additional staffing is needed. Repair or replacement of the recorder currently in use should be considered.

Management's response: Board minutes are very important documents that must be prepared and available on a current basis. The challenge of exercising that responsibility has been increased greatly due to the length and frequency of board meetings. Nevertheless, steps will be taken to ensure that board minutes are maintained on a current basis. All board minutes through December 31, 1999 will be available within fifteen days (January 15, 2000). In the future, minutes for all board meetings will be available within seven days after the board meetings.

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99-M12 Site-Based Purchasing

Comment: Site-based purchasing is an initiative that the School Board has undertaken over the past few years. To summarize briefly, the School Board has installed a computer system and software at approximately 50 school sites, and has trained the principals or their designees at each school site. Each of the 50 schools are then given a yearly allotment of funds with which they are authorized to make purchases for supplies and small equipment without processing purchase requisitions and purchase orders through the School Board's Purchasing Department. We feel that this arrangement is undesirable for two reasons:

> First, site-based purchasing creates opportunity for weak internal control over the disbursements. As discussed in comment 99-M1, there are repeated comments in internal audit reports of the School Activity Funds, and we noted many exceptions in our review of the schools' accounting records. The personnel in charge of the School Activity Fund bookkeeping are also the personnel in charge of administering site-based purchasing. Our test work indicates that the problems noted in documentation of disbursements in the review of School Activity Funds are also present in the site-based purchasing documentation.
>
> Second, the mere fact that processing the purchases under site-based purchasing involves at least 115 more personnel means that the related costs will increase. Instead of training five to ten people in the Purchasing Department, at least one person per school would have to be trained in order to fully implement site-based purchasing. In addition, turnover would be greater with more personnel involved meaning training costs would more likely be recurring in comparison to a fairly stable smaller Purchasing Department staff. The increased level of monitoring should also be included in the related cost of site-based purchasing. Central office staff would also have to be increased and trained to allow increased monitoring capacity. Of course, these cost savings will be offset by the increased cost of processing these purchases through the Purchasing Department.

In summary, because of loss of internal control and cost concerns, we feel that discontinuing site-based purchasing will have a desirable impact on the School Board.

Recommendation: The School Board should develop a cost comparison of maintaining the site-based purchasing system versus bringing the processing of these purchases in-house. Other options to help reduce the cost of bringing the process in-house exist, such as raising the maximum amount allowed on a purchase voucher. The cost of site-based purchasing and in-house processing should be compared with the controls provided under each system to decide on the most desirable method.

Management's response: To update this comment, a perspective is needed. This management letter comment originated with the audit for the fiscal year ended June 30, 1995. At that time, we were completing the third year of automating student activity accounting for all schools as well as the use of site-based purchasing. Since that time many initiatives have been taken that have had a positive effect upon the quality of the student activity fund accounting, which is addressed in 98-M1.

While we are not satisfied with the compliance improvement rate, the results of your test of compliance for this year's audit indicate a 42% improvement in compliance testing of disbursements over the fiscal 1995 audit. More specifically, with consideration only to simple percentage change, for the fiscal 1998 test, a test of disbursements at four schools revealed an error rate of 38% in evidence of approval; whereas for the 1999 test, 100 transactions were tested at ten schools, and an error rate of only 22% was discovered.

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Further, here is a review of the accomplishments in student activity fund accounting, which ultimately impact the quality and compliance rate of site-based purchasing.

1. Automation of School Accounting and Regular Bank Reconciliations

   Prior to the automation of all schools, required semi-annual and annual financial reporting for many schools was problematic and often delinquent across the board. Now, monthly accounting with completed bank reconciliations and financial reports are the standard.

2. Timely Form 1099 Reporting to the Internal Revenue Service

   Additionally, required Form 1099 reporting to the Internal Revenue Service was incomplete; now it is handled accurately and timely for all schools.

3. Schools' Held Accountable for Improper Financial Management Practices

   Disciplinary action has been taken at several schools for failure to follow Board policy and lack of sound financial management methods.

4. More Frequent Audits of Student Activity Funds

   Internal Audit Department audits of Student Activity Funds have increased and audit methods revised to consider site-based purchasing. Based upon deficiencies cited in Internal Audit Department audit reports, training programs and ongoing support has been revised to emphasize correct accounting methods.

5. Development of Strategic Plan for School Site Business Services

   A joint collaboration of the Financial Services and the Internal Audit Department has produced a plan that has been significantly actualized in part, and implemented on an ongoing basis.

   The strategic plan for School Site Business Services incorporated the following related to Student Activity Funds, including the site-based purchasing:

   (a.) Additional resources in the Finance Department (an Assistant Comptroller - hired July 1998);
   (b.) Use of Desk Reviews by Finance Department staff (begun in October 1998);
   (c.) Hiring of additional itinerant business managers (number in place increased from nine in August1996 to forty-nine in November 1999);
   (d.) Hiring of two additional internal auditors and creation of an additional manager level auditor;
   (e.) Strengthening qualification standards for business managers and Finance Department involvement in the selection process, including addition of a testing component added to interview process; and
   (f.) Development of a comprehensive training process for business managers and principals which will be kicked off during fiscal 2000, upon completion of the revised procedure manual.

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99-M13 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 the Orleans Parish School Board for the fiscal year ending June 30, 2002.

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.

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.

In comment 99-F1 of the Schedule of Findings and Questioned Costs, problems encountered with the fixed assets listing and concerns over the valuation of the assets on the listing we discussed. The bar-coding and physical inventory project undertaken by the School Board over the summer has been completed. However, a significant number of discrepancies remain to be resolved on the new listing. Also, we feel that it is imperative to stress that many fixed assets transactions will occur in the school system in subsequent months and must be accounted for correctly for the listing to remain accurate. Furthermore, this service will not address issues such as historical cost on which the listing is based nor will it develop depreciation schedules needed in implementing the new reporting 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, comprehensive and accurate. We encourage continuation of efforts to bring the listing 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.

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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 related 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 agree that the School District should start now with planning for the impact of GASB Statement No. 34. We believe that the new financial system, with some customization, can successfully handle the requirements of GASB No. 34. (Note: Additional information for this response relative to fixed assets is outlined in 99-F1.) Completion of the initial steps to prepare for GASB No. 34 by March 31, 2000 will be delineated as follows:

1. Determine new financial reporting needs to be handled by the new system and make provision (write procedures and timeline) to generate data; the initial phase should be completed by February 15, 2000;

2. Determine methods for capturing new asset acquisition information; and perform tests of the fixed asset capabilities of the new financial management system for : a) capitalizing assets, b) tracking useful lives of assets; c) recording depreciation in an efficient manner; d) reporting accumulated depreciation: e) reporting asset information by individual fund and; f) handling rollover values each year; this phase should be completed by February 15, 2000;

3. Determine customization necessary to financial system software; utilize Oracle consultants to develop additional, customized financial reports that meet new reporting needs; this should be completed by February 29, 2000; and

4. Determine the information needs for the Management's Discussion and Analysis section of the new financial report; compare needs to content of current comprehensive annual financial report (CAFR); this should be done by March 31, 2000.

*****

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

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

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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
November 12, 1999

Status of Prior Management Letter Items
June 30, 1999

98-M1 OMB Circulars A-133 and A-87

Comment: Effective for the 1997 fiscal year, OMB's new Circular No. A-133 and OMB Circular No. A-133 Compliance Supplement, are effective for governmental entities receiving federal funds. In addition, revisions to OMB Circular No. A-87, which established allowable costs and the procedures related to those costs for governmental entities, also became effective in fiscal year 1997.

The new publications focus on compliance requirements as well as the expected controls for governmental entities receiving federal funds to have in place. No. A-87 established new requirements for costs that were previously allowable.

The School Board received approximately $70 million in federal funds in fiscal year 1998. Violations of OMB procedures and requirements could result in questioned costs and pay-back of amounts expended.

In order to better ensure compliance with key procedures and significant requirements, the Board and the Superintendent should consider requesting Internal Audit to perform compliance and control test work to identify and correct potential problems.

Corrective action taken: During fiscal 1999, Management and staff have focused a significant amount of time on OMB Circular A-133 and A-87 compliance issues, particularly in the areas of cost allocation and payroll certifications. New procedures have been added for single-rate allocation of unemployment cost and for verification of service by employees charged to federal programs. Additionally, in the near future, a Circular A-133 and A-87 seminar will be conducted by the external auditors for School District financial and external program staff. This in-depth review of the Circulars' requirements will reinforce awareness of federal program compliance issues and provide an alert as to any areas that need revisions or additions to procedures.

98-M2 School Activity Funds

Comment: This item is considered partially resolved. Therefore, it has been repeated as current-year Management Letter Item 99-M1.

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98-M3 Incurred but Not Reported Claims and Litigated Claims

Comments: Following are two concerns noted in a review of insured areas:

Item 1. All payments to third-party administrators are charged to the Workers' Compensation Fund during the year; at year-end, reclassifications of payments are made to record the appropriate amounts in the Other Insurance Fund.

Item 2. Duplication of claims existed on the third-party claims administrator's (TPA) report and the attorney letters.

Corrective action taken:

Item 1. During the fiscal year ended June 30, 1999, the School District has continued the practice initiated in fiscal 1998 of allocating applicable costs of operation of the Risk Management Department to the four insurance funds.

Item 2. Under the review of the Risk Manager and Claims Supervisor, the School District has continued to work with the new third-party administrator (TPA) and legal counsel for workers' compensation claims to produce an accurate listing of cases without duplications. Additionally, for efficiency and management control purposes, during fiscal 1999, an agreement was made for the new TPA to assume the active administration of the cases that had been handled by prior TPAs.

98-M4 Due To/From Accounts

Comment: This item is considered partially resolved. Therefore, it has been repeated as current-year Management Letter Item 99-M2.

98-M5 Increased Oversight of Construction Activity

Comment: This item is considered unresolved and has been repeated as current-year Management Letter Item 99-M3.

98-M6 Utilities Charges to the Child Nutrition Program

Comment: This item is considered unresolved and has been repeated as current-year Management Letter Item 99-M4.

98-M7 Arbitrage Monitoring

Comment: This item is considered partially resolved. Therefore, it has been repeated as current-year Management Letter Item 99-M5.

98-M8 Certain Costs May be Allowable Federal Program Costs

Comment: This item is considered partially resolved. Therefore, it has been repeated as current-year Management Letter Item 99-M6.

98-M9 Federal Project Completion Reports and Requests for Reimbursement

Comment: Federal project completion reports filed with the Louisiana Department of Education are designed to give the pass-through agency an accurate picture of funds expended under certain federal awards on a cost-reimbursement basis. The Title I project completion report for program 98-057-36 reported an incorrect amount for funds disbursed. Outstanding purchase orders were included in the figure shown as the amount disbursed, causing the amount to be overstated by the amount of purchase orders issued but not filled by September 30, 1998.

Corrective action taken: A Budget Department staff member has contacted the Louisiana Department of Education Coordinator of Externally Funded Programs to obtain the specific guidelines and verify deadlines, for requesting reimbursements and filing reports, respectively, for federally funded programs. These regulations have been put into Budget Department operating procedures for the preparation of completion reports.

98-M10 Untimely Filing of Reimbursement Claims Made Under Federal Grants and Awards

Comment: This item is considered partially resolved. Therefore, it has been repeated as current-year Management Letter Item 99-M7.

98-M11 Increase in Occurrence of Litigation

Comment: From our review of litigation claims and from discussion with the Board's attorney, it appears that occurrences of legal claims filed against the School Board have increased over the last few years. It is unclear if there are definitive reasons for the apparent increase. The effect of this trend is that the School Board is facing a large liability for litigation claims. Administering and responding to the litigation claims have required heavy staff involvement. The School Board should consider making an examination of the circumstances surrounding these claims. The School Board's policies and procedures should be a central point of this examination. Training for personnel in administrative/managerial positions should also be a consideration. If cost effective, policy and procedure changes and training should be utilized to help reduce the high occurrence rate of lawsuits.

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98-M11 Increase in Occurrence of Litigation (Continued)

Corrective action taken: This matter has received considerable attention. In recapping the factors regarding the overall liability with potential and apparent litigation claims, it is necessary to separate into three categories below:

A. "Letter claims" Written correspondences from attorneys representing plaintiffs for matters against the School District have increased with the implementation of General Liability Payment Policy #3511 and Regulations #3511.5.R. As intended, this strategy incorporates an incentive for counsel not to file suit but resolve/settle claims with our TPA in order to secure more expedient payment when clear negligence or liability is established.

B. "Tort (slip & fall) Lawsuits" Legal representation for this litigation against the School District has remained constant over the past few years and the average reserve cost per claim has declined. This appears attributable Policy #3511 and improvements with the School District's insurance arrangements. After separating the litigation claims per year, by incident type and amounts the following facts continue to support the School District's practice/action to date:

   1. The majority of all lawsuits have small reserve values and will be transferred to the TPA firm, which has $7500 contractual settlement authority for more expedient resolution and minimum attorney fees. Currently, the number of lawsuits filed per year exceeds the number resolved and the goal is to reverse this trend to reduce the backlog of outstanding litigation.

   2. Catastrophic litigation has been reduced with risk transfer to the excess insurance carrier, which has assumed defense in two most recent serious injuries. In earlier years, similar injuries have required reserve payments exceeding $2 million. This exposure is now capped at $500,000 SIR/deductible per occurrence.

   3. The mid-range litigation above $7,500 and below $100,000 represents approximately 36% of all lawsuits over the past three (3) years. The high-range of litigation above $100,000 and below the $500,000 SIR over the same three-year period has declined each year as follows: 1997 - 22%, 1998 - 6%, and 1999 - 0%. The School District will be represented for the above litigation by legal counsel that is currently mandated to provide separate legal fee budgets for more efficient control and a new evaluation tool when comparisons to reserve value.

   4. The average cost for all claims under $100,000 has declined each year as well (e. g. 1997- $22,804, 1998- $18,223, and 1999- $17,800) which is due in part to the increase in smaller claims (addressed above).

C. "Employee-related Lawsuits" This type of litigation has increased in recent years. For these legal matters, the School District is represented primarily by a different law firm than the group providing legal counsel for tort suits. The number of suits has been partially addressed through acquiring professional liability and employment practices insurance to minimize the activity/exposure associated with both liability and defense in these matters (including sexual harassment). The risk transfer has just begun to show results with the insurance carrier defending recent lawsuits limiting the School District's exposure/reserve to only $25,000 deductible per occurrence.

98-M11 Increase in Occurrence of Litigation (Continued)

In addition, the Risk Management Claim Supervisor, with the assistance of the new specialized "Stars" software will be trained by an insurance broker to monitor cases and establish strategy that will reduce lawsuits, minimize cost and/or prevent reoccurrence.

98-M12 Fixed Assets

Comment:

A. In item 98-F1 of the schedule of findings and questioned costs, problems encountered with the fixed assets listing and concerns over the valuation of the assets on the listing are discussed. As of the date of this letter, the School Board is in the process of issuing requests for proposals to have a consultant perform a complete physical inventory of the system's fixed assets, place bar code tags on each asset, and assist the School Board in resolving discrepancies between the old and new fixed asset system. This service is a positive and needed step. However, this service will only address the issues of whether the listing is complete and accurate as to the existence and location of the assets. Additionally, the list will only be accurate as of a specific date. Many fixed assets transactions will occur in the school system in subsequent months and must be accounted for correctly for the listing to remain accurate. Furthermore, this service will not address issues such as historical cost on which the listing is based.

B. This item is considered unresolved and has been repeated as current-year Management Letter Item 99-F1.

Corrective action taken: The bar coding system inventory was taken beginning in April 1999. As the implementation process is finalized, procedures will be established to update the file for new acquisitions. The bar coding system is compatible with the School District's new fixed asset accounting system from Oracle. Additionally, like the previous fixed asset system, the Oracle System is capable of tracking asset cost, accumulated depreciation, and using various depreciation methods. Therefore, the new fixed asset system will be able to handle the new fixed asset reporting and valuation methods, as will be required - effective for the year beginning July 1, 2001 - by GASB No. 34 - *Basic Financial Statements - and Management's Discussions and Analysis - For State and Local Governments.*

Orleans Parish School Board
New Orleans, Louisiana

Status of Prior Management Letter Items
June 30, 1999

98-M13 Changes to Accounting System

Comment: As of the date of this letter, the School Board is undergoing a complete overhaul of the accounting hardware and software system, replacing all hardware and software. This overhaul presents a prime opportunity for the School Board to initiate changes in areas which operate inefficiently or which pose internal control problems. Suggested improvements include:

1. The old accounting system either does not have the capability to or is not being utilized to segregate different activities into funds. For example, the School Board receives many federal, state, and local grants which are accounted for as special revenue funds. Each of these activities are restricted and accounting for each should be maintained separately. The old system does assign a unique number (source of funds) for each of these programs to allow revenues and expenditures to be segregated. However, balance sheet accounts are not included in this segregation.

   Part of the reasoning behind this is that the School Board does not view each of these individual activities as a fund. Instead, many activities (sources of funds) are grouped together and comprise what is considered a fund on the system. In actuality, the general ledger accounting is more consolidated than what the CAFR and other financial reporting of the School Board indicate. For example, the School Board only has three special revenue funds on the general ledger, but reports five in the CAFR. In addition, only one of the three funds on the general ledger actually corresponds to one of the five in the CAFR. The remaining two on the general ledger are first combined into one, and then is split into four funds on the CAFR.

   This situation is not limited to special revenue funds. The capital project funds have one fund on the general ledger, but by the same procedure of utilizing source of funds and spreadsheets break this fund into ten separate activities. These ten activities are then consolidated into five funds in the CAFR. Similarly, the debt service funds have one fund on the general ledger, seven activities, and seven funds on the CAFR while the internal service has one fund on the general ledger, ten active and several other inactive activities, and five funds in the CAFR.

   Additionally, because the segregation of balance sheet accounts is not accounted for on the general ledger for each activity (as described above), a complete trial balance cannot be generated for each of the activities. To generate a complete trial balance, the School Board must utilize a spreadsheet to break out the balance sheet accounts into each source of funds.

   We feel that this situation causes much confusion for the School Board's accountants and could lead to incorrect reporting between activities. In addition, the system is not providing information which we believe could be very beneficial to management and could help the School Board operate more efficiently. We recommend that each of these activities be set up as a separate fund on the new system. Doing so will eliminate confusion and allow the printing of a complete trial balance.

98-M13 Changes to Accounting System (Continued)

2. Currently, all cash held by the Special Revenue Funds is shown in the General Fund on the general ledger. A corresponding interfund receivable in the special revenue fund and an interfund payable in the general fund are recorded. This does not provide an accurate picture of who owns the cash and could mislead someone as the liquidity of the fund even though the interfund transaction is recorded. Recording the cash in the special revenue fund will also improve internal control. We recommend that cash be recorded on the general ledger in the fund which owns the cash.

Corrective action taken:

1. We agree that the accounting system should provide for a segregation of balance sheet accounts for each federal, state and local grant activity. With the conversion to the new financial system (referenced in 98M16), provision has been made for these balance sheet accounts. Also, complete financial statements will be available for each grant.

2. With an exception for Special Revenue Funds, we agree with the recommendation to maintain cash on the general ledger in the fund which owns the cash. Nearly all of the School District's grants operate on the premise that the School District must expend the funds initially, and then file a request for reimbursement from the cognizant authority. If a cash account was maintained for each of the Special Revenue Funds, the account balance would be in a negative position nearly 100% of the time.

98-M14 Insurance

Comment: The School Board is self-insured in several areas, with excess commercial coverage. In review of the self-insurance fund activities and accounting, the prior auditor recommended consideration of a couple of items. We agree that these items should be considered.

1. The School Board uses third-party adjusters (TPA) to process claims. Current procedures should be expanded to ensure that claim reserves are reasonable and appropriate and relate to current cases. The review of reserves provided to the TPA should include a determination that the liability reserves set by Board attorneys are not duplicated in the liability reserves set by the TPA. The TPAs should also be requested to provide electronic access of their data to assist the School Board in analyzing its claim exposure.

2. The School Board uses several insurance experts to assist it in determining incurred-but-not-reported claims as well as outstanding claims. Some of the estimates derived relate to older years. For example, for fiscal year 1998 the reserve for workers' compensation related to the years 1973-84 was $452,143. The School Board should perform a detailed review of all of these estimates, attempt to consolidate the expert services, and determine if old claims should be settled.

98-M14 Insurance (Continued)

Corrective action taken:

1. As of September 1998, Orleans Parish School Board (OPSB) has engaged the services of a new Third-Party Administrator (TPA), "Creative Risk Controls" (CRC) to format data from three (3) different vendors into one consolidated/user friendly database that accommodates OPSB's specific tracking needs. CRC allowed access to claims data, which is to be installed into Risk Management's specializing "Stars" software for independent control and secondary check and balances with analyzing claim exposure.

2. OPSB has eliminated decentralized management of claims mitigation and has separately contracted with the TPA (CRC) to examine older cases for resolve. (CRC) is examining past/current claims status as well as recent chances in rulings governing Workers' Comp and General Liability cases. In addition, (RM) will budget to annually secure an actuarial study of all open and outstanding claims including incurred but not reported updates.

98-M15 Inventory

Comment: The School Board does not have procedures to maintain perpetual records or physical counts of the auxiliary warehouse, which contains primarily obsolete and donated items.

Corrective action taken: A system for tracking the auxiliary inventory has been established. As indicated last year, the auxiliary warehouse is used for storing surplus inventory of educational periodicals, donated obsolete equipment and excess, well-used School Board furniture. The value of the items is insignificant

98-M16 Improving EDP Controls

Comment: This item is considered unresolved and has been repeated as current-year Management Letter Item 99-M10.

Corrective action taken: During the 1998-99 fiscal year, the School District made several, significant steps to handle its current and its future electronic data processing needs, resulting in the acquisition and installation of a new management information system (MIS). These included development of a three-phase project to implement new infrastructure, hardware, software and provide for data warehousing needs. This plan was built around a $19 million budget, of which $14 million was provided through certificate of indebtedness public offering issued in April 1999. Additionally, the project was supplemented by a federally funded subsidy of approximately $10 million of E-rate funds, used primarily for infrastructure wiring in schools.

The initial phase of this undertaking encompassed selection of hardware and software, which was accomplished in September 1998. Based upon a competitive bid process, vendors were selected for the various system components. Software chosen included new programs for student data, human resources/payroll and financial management.

98-M16 Improving EDP Controls (Continued)

By contract, a number of School District staff members were dedicated to the MIS project. Contractors were hired to assist with the project implementation and provide documentation and training. Additionally, staff members received training on new operating systems, hardware and software and new roles. However, the breadth of the project is so enormous that intensive, follow-up training and guidance is needed to effectuate the necessary knowledge transfer. This matter has been recently addressed at the School Board meeting on December 13, whereby the School Board approved acceleration of certain Phase II and III items into Phase I, as well as staff augmentation and additional training.

During the current fiscal year, the Information Technology Department (formed in 1998-99) is planning on refining its initial disaster recovery provision and upgrading its limited uninterruptible power supply, along with additional planning and continued identification of new staffing needs and detailed procedure development.

98-M17 Site-Based Purchasing

Comment: This item is considered unresolved and has been repeated as current-year Management Letter Item 99-M12.