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**AVOYELLES PARISH SCHOOL BOARD
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
June 30, 1998**

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

Release Date MAR 10 1998

Ducote & Company
Certified Public Accountants
P. O. Box 309
219 North Washington Street
Marksville, LA 71351

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
JUNE 30, 1998**

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**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
JUNE 30, 1998**

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INDEPENDENT AUDITORS' REPORT

To the Members of the
Avoyelles Parish School Board
Marksville, Louisiana

We have audited the accompanying general purpose financial statements of the Avoyelles Parish School Board as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the Avoyelles Parish School Board. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 1998 on our consideration of the Avoyelles Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statement of the Avoyelles Parish School Board. The accompanying schedule of expenditures of federal awards contained in Appendix A is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also 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.



Ducote & Company

Marksville, Louisiana

December 21, 1998

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

To the Members of the
Avoyelles Parish School Board
Marksville, Louisiana

We have audited the general purpose financial statements of Avoyelles Parish School Board, for the year ended June 30, 1998, and have issued our report thereon dated December 21, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Avoyelles Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 98-01 and 98-02. We also noted certain immaterial instances of noncompliance that we have reported to management of the Avoyelles Parish School board in a separate letter dated December 21, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Avoyelles Parish School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Avoyelles Parish School Board in a separate letter dated December 21, 1998.

This report is intended for the information of the School Board Members, audit agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ducote & Company
Ducote & Company
Marksville, Louisiana
December 21, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1998

	General Fund	Special Revenue Funds	Debt Service Funds	Internal Service Fund	Trust and Agency Fund	General Fixed Asset Group	General Long-Term Debt	Total Memorandum Only
ASSETS AND OTHER DEBITS								
ASSETS								
Cash and cash equivalents	\$1,960,893	\$2,153,643	\$795,302	\$92,300	\$1,578,841	\$0	\$0	\$6,580,979
Investments	219,855	0	975,196	407,700	0	0	0	1,602,751
Receivables	82,000	67,852	0	0	15,948	0	0	165,799
Interfund receivables	1,421,862	0	0	0	0	0	0	1,421,862
Intergovernmental receivables	107,864	201,289	63,000	0	0	0	0	372,153
Inventory	0	96,774	0	0	0	0	0	96,774
Land, buildings, and equipment	0	0	0	0	0	38,875,444	0	38,875,444
OTHER DEBITS								
Amount available in debt service	0	0	0	0	0	0	1,833,498	1,833,498
Amount to be provided for debt service	0	0	0	0	0	0	4,706,620	4,706,620
TOTAL ASSETS	\$3,792,475	\$2,519,557	\$1,833,498	\$500,000	\$1,594,788	\$38,875,444	\$6,540,118	\$55,655,880
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts, salaries and other payables	\$710,528	\$458,964	\$0	\$0	\$0	\$0	\$0	\$1,169,493
Interfund payables	0	310,914	0	0	1,110,949	0	0	1,421,862
Deposits due to others	0	0	0	0	430,155	0	0	430,155
Notes payable	0	0	0	0	5,147	0	0	5,147
Compensated absences payable	0	0	0	0	0	0	1,268,118	1,268,118
Bonds payable	0	0	0	0	0	0	5,272,000	5,272,000
TOTAL LIABILITIES	710,528	769,878	0	0	1,546,251	0	6,540,118	9,566,775
FUND EQUITY								
Investment in general fixed assets	0	0	0	0	0	38,875,444	0	38,875,444
Retained earnings:								
Reserved for workmans compensation claims	0	0	0	500,000	0	0	0	500,000
Fund balance:								
Reserved for contingencies	319,487	0	0	0	0	0	0	319,487
Reserved for inventory	0	96,774	0	0	0	0	0	96,774
Reserved for debt service	0	0	1,833,498	0	0	0	0	1,833,498
Unreserved/undesignated	2,762,459	1,652,906	0	0	48,537	0	0	4,463,902
TOTAL FUND EQUITY	3,081,946	1,749,679	1,833,498	500,000	48,537	38,875,444	0	46,089,105
TOTAL LIABILITIES AND FUND EQUITY	\$3,792,475	\$2,519,557	\$1,833,498	\$500,000	\$1,594,788	\$38,875,444	\$6,540,118	\$55,655,880

The accompanying notes are an integral part of this financial statement.

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
Combined Statement of Revenues, and Expenditures
And Changes in Fund Balance - All Governmental Fund Types and
Fiduciary Fund Types
For the Year Ended June 30, 1998**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Trust and Agency Funds</u>	<u>Memo. Only Current Year</u>
REVENUES					
Local sources:					
Ad valorem taxes	\$546,170	\$289,943	\$877,929	\$0	\$1,714,043
Sales tax	2,718,133	920,189	373,538		4,011,860
Casino gaming revenue	336,500	0	0	0	336,500
Summer school tuition	7,350	0	0	0	7,350
Rents, leases, and royalties	92,904	24,000	42,000	0	158,904
Earnings on investments	93,020	58,470	42,805	890	195,185
Food services	0	207,083	0	0	207,083
Miscellaneous	97,063	17,871	0	0	114,934
State sources:					
Unrestricted grants in aid	22,300,413	490,731	0	0	22,791,144
Restricted grants in aid	1,584,351	43,789	0	0	1,628,140
Revenue in lieu of taxes	0	86,151	0	0	86,151
Federal sources:					
Restricted grants in aid	239,213	5,809,503	0	0	6,048,716
Revenue for/on behalf of school board	0	198,405	0	0	198,405
TOTAL REVENUES	<u>\$28,015,117</u>	<u>\$8,146,135</u>	<u>\$1,336,272</u>	<u>\$890</u>	<u>\$37,498,414</u>

The accompanying notes are an integral part of this financial statement.

(continued)

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
Combine Statement of Revenues, and Expenditures
And Changes in Fund Balance - All Governmental Fund Types and
Fiduciary Fund Types
For the Year Ended June 30, 1998**

	General Fund	Special Revenue Funds	Debt Service Funds	Trust and Agency Funds	Memo. Only Current Year
EXPENDITURES					
<i>Instruction</i>					
Regular programs	\$13,819,023	\$24,609	\$0	\$0	\$13,843,632
Special education program	3,263,822	274,785	0	0	3,538,606
Vocational education programs	999,488	247,713	0	0	1,247,201
Other instructional program	218,458	40,573	0	0	259,031
Special programs	57,256	2,004,212	0	0	2,061,469
Adult/continuing ed programs	2,205	83,100	0	0	85,305
<i>Support services program</i>					
Pupil support services	827,867	358,072	0	0	1,185,940
Instructional staff services	1,063,412	379,687	0	0	1,443,099
General administration	325,060	15,159	29,315	0	369,533
School administration	1,830,643	27,798	0	0	1,858,441
Business services	424,511	200,731	0	0	625,243
Operation and maintenance of plant	1,085,759	1,512,995	0	0	2,598,754
Student transportation service	2,842,605	0	0	0	2,842,605
<i>Operation of non-Instructional service</i>					
Food service operations	412,122	3,080,912	0	0	3,493,034
Enterprise operations	1,656	20,994	0	0	22,650
Community service operation	1,800	38,039	0	0	39,839
<i>Debt service</i>					
Interest charge	0	0	362,100	0	362,100
Principal retirement	0	0	910,000	0	910,000
TOTAL EXPENDITURES	27,175,687	8,309,378	1,301,414	0	36,786,479
Excess (deficiency) of revenues over expenditures)	839,430	(163,243)	34,858	890	711,935
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	11,626	0	0	0	(11,626)
Operating transfers in (out)	(392,755)	300,000	0	0	(92,755)
Operating transfers of indirect cost	68,440	(64,662)	0	0	3,778
Proceeds of refunding bonds	0	0	61,000	0	61,000
Refunding bond costs	0	0	(1,474)	0	(1,474)
TOTAL OTHER FINANCING SOURCES (USES)	(312,689)	235,338	59,526	0	17,825
Excess (deficiency) of revenues over expenditures and other sources (uses)	526,741	72,095	94,384	890	694,110
Fund balances at beginning of year	2,555,206	1,677,584	1,739,114	47,647	6,019,551
Fund Balances at end of year	\$3,081,946	\$1,749,679	\$1,833,498	\$48,537	\$6,713,661

The accompanying notes are an integral part of this financial statement.

(concluded)

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA**
**Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (GAAP BASIS) and Actual
General and Special Revenue Fund Type
For the Year Ended June 30, 1998**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Local sources						
Ad valorem taxes	\$510,040	\$546,170	\$36,130	\$351,211	\$289,943	\$(61,268)
Sales tax	2,531,947	2,718,133	186,186	840,299	920,189	79,890
Casino gaming revenue	280,000	336,500	56,500	0	0	0
Summer school tuition	26,121	7,350	(18,771)	0	0	0
Rents, leases, and royalties	89,816	92,904	3,088	24,000	24,000	0
Earnings on investments	84,000	93,020	9,020	57,722	58,470	748
Food services	0	0	0	199,792	207,083	7,291
Miscellaneous	66,879	97,063	30,184	0	17,871	17,871
State sources						
Unrestricted grants in aid	22,300,413	22,300,413	0	490,731	490,731	0
Restricted grants in aid	1,576,140	1,584,351	8,211	43,789	43,789	0
Revenue sharing	0	0	0	0	0	0
Revenue in lieu of taxes	0	0	0	0	86,151	86,151
Federal sources						
Restricted grants in aid	239,214	239,213	(1)	5,634,490	5,809,503	175,013
Revenue for/on behalf of school board	0	0	0	177,341	198,405	21,064
TOTAL REVENUES	\$27,704,570	\$28,015,117	\$310,547	\$7,819,375	\$8,146,135	\$326,761

The accompanying notes are an integral part of this financial statement.

(continued)

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA**
**Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget (GAAP BASIS) and Actual
General and Special Revenue Fund Type
For the Year Ended June 30, 1998**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	EXPENDITURES					
Instruction						
Regular programs	\$14,232,584	\$13,819,023	\$413,561	\$24,000	\$24,609	\$(609)
Special education program	3,366,055	3,263,822	102,233	274,785	274,785	0
Vocational education programs	1,028,186	999,488	28,698	247,713	247,713	0
Other instructional program	216,145	218,458	(2,313)	40,573	40,573	0
Special programs	109,448	57,256	52,192	2,004,212	2,004,212	0
Adult/continuing ed programs	2,410	2,205	205	83,100	83,100	0
Support services program						
Pupil support services	857,959	827,867	30,092	305,961	358,072	(52,112)
Instructional staff services	1,093,056	1,063,412	29,644	379,687	379,687	0
General administration	337,863	325,060	12,803	14,414	15,159	(745)
School administration	1,833,950	1,830,643	3,307	22,628	27,798	(5,170)
Business services	439,709	424,511	15,198	199,935	200,731	(797)
Operation and maintenance of plant	1,162,050	1,085,759	76,291	2,514,979	1,512,995	1,001,984
Student transportation service	2,935,408	2,842,605	92,803	0	0	0
Operation of non-instructional service						
Food service operations	418,149	412,122	6,027	2,935,358	3,080,912	(145,554)
Enterprise operations	2,484	1,656	828	23,173	20,994	2,179
Community service operation	1,800	1,800	0	38,039	38,039	0
TOTAL EXPENDITURES	<u>28,037,256</u>	<u>27,175,687</u>	<u>861,569</u>	<u>9,108,556</u>	<u>8,309,378</u>	<u>799,178</u>
Excess (deficiency) of revenues over expenditures	<u>(332,686)</u>	<u>839,430</u>	<u>1,172,116</u>	<u>(1,289,182)</u>	<u>(163,243)</u>	<u>1,125,939</u>
OTHER FINANCING SOURCES (USES)						
Sale of fixed assets	0	11,626	11,626	0	0	0
Operating transfers in (out)	(480,000)	(392,755)	87,245	300,000	300,000	0
Operating transfers of indirect cost	87,063	68,440	(18,623)	(64,662)	(64,662)	0
Miscellaneous	10,000	0	(10,000)	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(382,937)</u>	<u>(312,689)</u>	<u>70,248</u>	<u>235,338</u>	<u>235,338</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(715,623)</u>	<u>526,741</u>	<u>1,242,364</u>	<u>(1,053,844)</u>	<u>72,095</u>	<u>1,125,939</u>
Fund balances at beginning of year		<u>2,555,206</u>			<u>1,677,584</u>	
Fund Balances at end of year		<u>\$3,081,946</u>			<u>\$1,749,679</u>	

The accompanying notes are an integral part of this financial statement.

(concluded)

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA
Statement of Revenues, Expenses, and Changes in
Retained Earnings - Proprietary Fund Type
For the Year Ended June 30, 1998**

OPERATING REVENUES	
School Board Contributions	<u>\$92,755</u>
Total operating revenues	<u>92,755</u>
OPERATING EXPENSES	
Insurance claims, premiums, and fees	<u>123,374</u>
Total operating expense	<u>123,374</u>
Operating income	<u>(30,619)</u>
NON OPERATING REVENUES (EXPENSES)	
Local sources	
Earnings on investments	<u>18,079</u>
Total nonoperating revenues (expenses)	<u>18,079</u>
NET INCOME	<u>(12,539)</u>
Retained Earnings beginning of year	<u>512,539</u>
Retained Earnings end of year	<u>\$500,000</u>

The accompanying notes are an integral part of this financial statement.

**AVOYELLES PARISH SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE-
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1998**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from school board contributions	\$ 92,755
Cash payments for claims, premiums etc	<u>(123,373)</u>
Net Cash Provided (Used) By Operating Activities	<u>(30,618)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>18,079</u>
Net Cash Provided By Investing Activities	<u>18,079</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (12,539)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 512,539

CASH AND CASH EQUIVALENTS AT THE END OF YEAR \$ 500,000

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
Notes to the Financial Statements
June 30, 1998**

INTRODUCTION

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

The school board operated twelve schools within the parish with a total enrollment of 7,432 pupils for the year ended June 30, 1998. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the school board provides transportation and school food services for the students.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

C. FUND ACCOUNTING

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

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Funds of the school board are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

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

1. General Fund-the general operating fund of the school board and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds-account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Debt service funds-account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The school board has one proprietary fund, which is an internal service fund. The internal service fund accounts for operations that provide services to the other funds of the school board, on a cost reimbursement basis. These operations provided for the self-insured workman's compensation program.

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fiduciary Funds

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

1. Expendable trust funds-accounted for in essentially the same manner as governmental funds. The resources, including both principal and earning, may be expended.
2. School Activity Agency Fund-accounts for assets held by the school board as an agent for the individual schools and school organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

D. BASIS OF ACCOUNTING

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

Revenues

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

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

Sales taxes, interest earnings, revenues from rentals, leases and royalties, food service revenues and other revenues are recorded when available and measurable.

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Expenditures

Expenditures are recognized under the accrual basis of accounting, when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized when due in the debt service funds.

Entitlement and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other Financing Sources (Uses)

Transfers between fund that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as recognized at the time the underlying events occur.

All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds and non-expendable trust funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGETS

The school board uses the following practices:

1. The proposed budget, for the fiscal year ending June 30, 1998, was made available for public inspection, and comments for taxpayers, at the School Board office on August 18, 1997. The proposed budget was legally adopted by the School Board on September 2, 1997. The budget, which included proposed expenditures and the means of financing them, was published in the official journal 15 days prior to the public hearing.
2. The budget is prepared on the modified accrual basis of accounting. At year-end, all appropriations lapse. Encumbrances are not recognized within the accounting records for budgetary control purposes.
3. Formal budgetary integration (within the accounting records) is employed as a management control device. The superintendent of schools is authorized to transfer amounts between line items within any fund. However, when actual revenues within a funds fail to meet budgeted revenues and/or actual expenditures within a fund exceed budgeted expenditures by five per cent or more, a budget amendment is adopted by the School Board in an open meeting.

AVOUELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. ENCUMBRANCES

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

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the school board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the school board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

I. INVENTORIES

Warehouse inventories of supplies in the special revenue funds are valued at cost. A reserve for inventory has been established in the Special Maintenance Tax Special Revenue Fund.

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the school board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received (issued); however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are valued at the lower of cost (first-in, first-out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture. A reserve for inventory has been established in the School Lunch Special Revenue Fund.

AVOUELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

K. COMPENSATED ABSENCES

The school board has the following policies relating to vacation and sick leave:

All 12-month employees earn from 12 to 24 days of cumulative vacation leave each year, depending on length of service with the School Board. Upon separation, all unused vacation leave is paid at a rate of not less than two-thirds of accrued benefits.

All 12-month employees earn from 12 to 18 days of sick leave each year, depending on length of service with the School Board, and 9-month employees earn 10 days of sick leave each year. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Teachers Retirement System of Louisiana, the total unused accumulated sick leave, including the 25 days paid, is used in the retirement benefit computation as earned service.

Under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

Sabbatical leave may be granted for rest and recuperation and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the school board, to one semester or sabbatical leave after six or more years of continuous service.

The school board's recognition and measurement criteria for compensated absences follows:

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

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

AVOUELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. COMPENSATED ABSENCES (CONTINUED)

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

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

The accounting for sabbatical leave depends on whether the compensation during the sabbatical is for service during the period of the leave or instead, for past service. Sabbatical leave for service during the period of the leave should be accounted for in the period the service is rendered; a liability should not be reported in advance of the sabbatical. Sabbatical leave for past service should be accrued during the periods the employees earn the right to the leave if it is probable that the school board will compensate the employees for the benefit through paid time off or some other means.

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

L. LONG-TERM OBLIGATIONS

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

M. FUND EQUITY

Reserves

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

Designated Fund Balances

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

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

N. INTERFUND TRANSACTIONS

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

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

O. SALES TAXES

The School Board collects a one per cent sales tax and a one-half per cent sales tax, as authorized by LSA-R.S. 33:2737. The net proceeds of the one percent sales tax are dedicated to supplement salaries of teachers and other school employees and for expenses of operating the schools. This tax was approved by the voters on August 29, 1967, and has no expiration date. The proceeds from the one-half per cent sales tax are dedicated to making capital improvements and maintaining and operating the public school system of Avoyelles Parish. This tax was approved by the voters on April 9, 1977, and expires after 25 years.

P. TOTAL COLUMNS ON COMBINED STATEMENTS

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

NOTE 2. AD VALOREM TAXES

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

Ad valorem taxes attached as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 1998, taxes were levied by the School Board in October 1997, and were billed to taxpayers by the Assessor in November 1997. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Avoyelles Parish and are collected by the Sheriff. The taxes are remitted to the School Board net of the deductions for Pension Fund contributions.

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 2. AD VALOREM TAXES (CONTINUED)

For the year ended June 30, 1998 taxes levied on property were dedicated as follows:

Constitutional school tax	3.46 mills		
Maintenance tax	9.50 mills		
	<u>Low</u>	<u>High</u>	
Various district taxes	4.00	29.00	
	mills		

Taxes levied for the year ended June 30, 1998 totaled \$1,662,824.

NOTE 3. CASH AND CASH EQUIVALENTS

At June 30, 1998 the school board has cash and cash equivalents (book balances) totaling \$8,183,662 as follows:

Demand deposits	\$ 6,580,979
Time deposits	<u>1,602,751</u>
Total	<u>\$ 8,183,730</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties at June 30, 1998. The school board has \$11,890,749 in deposits (collected bank balances) including time deposits-investments (see note 4). These deposits are secured from risk by \$2,417,366 of federal deposit insurance and \$8,741,136 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$318,497 is not secured by the pledge of securities at June 30, 1998 and is a violation of state law.

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

NOTE 4. INVESTMENTS

At June 30, 1998, the school board holds investments totaling \$1,602,751 in 91-365 day certificates of deposit. These investments are stated at cost, which approximating market, and are secured from risk by federal deposit insurance (see note 3).

AVOUELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 5. RECEIVABLES

The receivables of \$165,799 at June 30, 1998, are as following:

	General Fund	Special Revenue Funds	Fiduciary Funds	Totals
Accounts Receivables	<u>\$ 82,000</u>	<u>\$ 67,852</u>	<u>\$ -</u>	<u>\$149,851</u>
Student Loans	<u>-</u>	<u>-</u>	<u>15,948</u>	<u>15,948</u>
Totals	<u><u>\$ 82,000</u></u>	<u><u>\$ 67,852</u></u>	<u><u>\$ 15,948</u></u>	<u><u>\$165,799</u></u>

NOTE 6. FIXED ASSETS

The changes in general fixed assets follow:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 6,727,296	\$ -	\$ -	\$ 6,727,296
Buildings	23,041,368	-	-	23,041,368
Furniture and equip	<u>7,944,496</u>	<u>1,951,814</u>	<u>789,529</u>	<u>9,106,780</u>
Total	<u><u>\$37,713,160</u></u>	<u><u>\$1,951,814</u></u>	<u><u>\$ 789,529</u></u>	<u><u>\$38,875,444</u></u>

The School Board has a minimum capitalization policy which provides that all fixed assets below \$300 in cost are not capitalized. Such items are otherwise tagged as school board property but not retained on fixed asset listing.

NOTE 7. RETIREMENT SYSTEMS

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

AVOUELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 7. RETIREMENT SYSTEMS, CONTINUED

A. Teachers' Retirement System of Louisiana (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report and includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The school board is required to contribute at an actuarially determined rate. The current rate is 16.3 percent of annual covered payroll for all three membership plans. Member contributions and employers contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school boards' employer contribution for the TRS, as provided by state law, are funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the school board.

The school board's contributions to the TRS for the years ending June 30, 1998, 1997, and 1996, were \$2,676,217, \$2,656,641 and \$2,404,420 respectively, equal to the required contributions for each year.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits.

Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (504) 925-6484.

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

The school boards' contributions to the LSERS for the years ending June 30, 1998, 1997, and 1996, were \$124,848, \$120,458, and and \$119,088 respectively, equal to the required contributions for each year.

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$1,169,492 at June 30, 1998, are as follows:

	<u>General Fund</u>	<u>Special Rev Fund</u>	<u>Totals</u>
Salaries & related benefits	\$ 600,077	\$ 451,739	\$ 1,051,817
Accounts payable	<u>110,451</u>	<u>7,225</u>	<u>117,676</u>
Totals	<u>\$ 710,528</u>	<u>\$ 458,964</u>	<u>\$ 1,169,493</u>

NOTE 9. COMPENSATED ABSENCES

At June 30, 1998, employees of the school board have accumulated and vested \$1,268,118 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This accrued amount of compensated absences represents the total of \$838,668 in sick leave and \$429,450 in 12-month employee vacation leave.

NOTE 10. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Agency funds:				
School activity accounts	<u>\$433,142</u>	<u>\$1,668,635</u>	<u>\$1,689,622</u>	<u>\$430,155</u>

NOTE 11. LEASES

On March 13, 1996, the school board entered into an operating lease with Century Telephone Company of Central Louisiana, Inc. for telephone equipment located primarily in the Central Office. Monthly lease payments are \$864.47 for the first twelve months under the contract and \$614.47 per month thereafter for a period of up to 60 months. After the expiration of the initial term, the lease shall automatically renew itself for successive one month periods under the same terms and conditions until either party gives written notice at least thirty days prior to the anniversary date of its intent not to renew. The lease contains a provision that in the event that sufficient funds are not appropriated for rental payments, the lessee may cancel the lease after thirty-day advance written notice.

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 12. CHANGES IN LONG-TERM OBLIGATIONS

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

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Notes Payable</u>	<u>Totals</u>
Long-term obligations at July 1, 1996	\$6,121,000	\$ 828,527	\$7,494	\$ 6,957,021
Additions	61,000	439,591	-	500,591
Deletions	<u>(910,000)</u>	<u>-</u>	<u>(7,494)</u>	<u>(917,494)</u>
Long-term obligations at June 30, 1998	<u>\$5,272,000</u>	<u>\$1,268,118</u>	<u>\$ -</u>	<u>\$ 6,540,118</u>

All school board bonds outstanding at June 30, 1998, for \$5,272,000, are general obligation bonds with maturities from 1997 to 2012 and interest from 4.5 to 10.00 percent. Bond principal and interest payable in the next fiscal year are \$888,000 and \$300,478 respectively. The individual issues are as follows:

<u>Bond Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Payment Due</u>	<u>Interest To Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Ward 1:						
October 1, 1977	\$ 926,000	5.10-5.80%	4/01/2002	\$ 40,600	\$ 270,000	Ad Valorem
March 1, 1979	133,000	6.00-6.20%	3/01/2004	10,230	46,000	Ad Valorem
Ward 2:						
June 1, 1979	2,100,000	6.00-6.75%	6/01/2004	191,378	835,000	Ad Valorem
February 1, 1992	605,000	6.30-9.00%	2/01/2012	295,873	515,000	Ad Valorem
Ward 3:						
February 1, 1995	530,000	5.00-6.20%	2/01/2005	97,720	390,000	Ad Valorem
Ward 4:						
February 1, 1978	543,000	5.00-5.50%	2/01/2003	32,175	190,000	Ad Valorem
March 1, 1979	62,000	6.00-6.20%	3/01/2004	5,146	23,000	Ad Valorem
Ward 5:						
October 1, 1977	451,000	5.00-6.00%	4/01/2002	20,700	135,000	Ad Valorem
March 1, 1979	58,000	6.00-6.20%	3/01/2004	5,022	22,000	Ad Valorem
Ward 6:						
August 1, 1978	346,000	6.00-6.40%	2/01/2003	11,520	80,000	Ad Valorem
Ward 7:						
October 1, 1977	480,000	5.00-6.00%	4/01/2002	21,900	140,000	Ad Valorem
March 1, 1979	73,000	6.00-6.20%	3/01/2004	6,324	28,000	Ad Valorem
March 30, 1998	314,000	10%	4/01/2006	4,508	61,000	Ad Valorem
Ward 8:						
January 31, 1996	325,000	5.04%	2/01/2005	55,440	265,000	Ad Valorem
Ward 10:						
October 1, 1977	2,110,000	5.20-6.00%	4/01/2002	88,635	605,000	Ad Valorem
March 1, 1979	153,000	6.00-6.20%	3/01/2004	12,958	57,000	Ad Valorem
Parishwide Sales Tax						
February 1, 1978	4,551,000	5.00-5.50%	8/01/2002	<u>221,650</u>	<u>1,610,000</u>	Sales Tax
				<u>\$1,121,779</u>	<u>\$5,272,000</u>	

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 12. CHANGES IN LONG-TERM OBLIGATIONS, CONTINUED

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property or a sales tax levy within the parish. At June 30, 1998, the school board has accumulated \$1,833,498 in the debt service funds for future debt requirements. The bonds are due as follows:

	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments Due</u>
1999	888,000	300,478	1,188,478
2000	934,000	248,597	1,182,597
2001	961,000	194,271	1,155,271
2002	1,001,000	137,550	1,138,550
2003	706,000	70,359	776,359
2004-2012	<u>782,000</u>	<u>170,524</u>	<u>952,524</u>
	<u>\$5,272,000</u>	<u>\$1,121,779</u>	<u>\$6,393,779</u>

In accordance with Louisiana Revised Statute 39:562, the school board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property. At June 30, 1998, the statutory limit is \$21,295,421 and outstanding bonded debt payable from property taxes totals \$3,662,000.

In addition, the school board is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75 percent of the avails of the tax. The school board was within this 75 percent limitation in 1978, when the sales tax bonds were issued.

The school board's obligation under notes payable consist of the following notes for school activity accounts for which the Avoyelles Parish School Board is ultimately responsible:

\$20,000 note dated March 28, 1991; bearing interest at 7% per annum; maturing May 21, 1998	<u>\$ 5,147</u>
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AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 12. CHANGES IN LONG TERM OBLIGATIONS, CONTINUED

Under the terms of the 1978 issue of \$4,551,000 of Public Improvement Bonds all proceeds derived from the levy and collection of the one-half of one per-cent (1/2%) sales and use tax are to be deposited in a separate "Sales Tax Fund 1978" bank account. The money in this account is to be disbursed as follows:

1. To pay all reasonable and necessary costs and expenses of collecting the tax.
2. To establish and maintain a Sales Tax Bond Sinking Fund sufficient in amount to pay promptly and fully the principal of and interest on the Bonds, as they become due and payable, by transferring thereto, on or before the 20th day of each month, a sum equal to 1/6 of the interest falling due on the next interest payment date and a sum equal to 1/2 of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. During the fiscal year ended June 30, 1998, the Avoyelles Parish School Board made all the required transfers to this fund.
3. To establish and maintain a Sales Tax Bond Reserve Fund by transferring thereto, on or before the 20th day of each month, the sum of \$6,500 until such time as there has been accumulated a sum equal to the highest combined principal and interest requirements for any succeeding fiscal year on the Bonds (\$369,900). The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Bonds which cannot be paid from the Sinking Fund noted in preceding paragraph. At June 30, 1998, the Sales Tax Bond Reserve Fund totaled \$395,830.

The 1992 issue of \$605,000 General Obligation School Bonds requires the establishment of a special Sinking Fund for payment of the principal and interest on the Bonds, into which the proceeds of a special property tax will be deposited to pay promptly the principal and interest falling due on such date. During the fiscal year ended June 30, 1998, the Avoyelles Parish School Board complied with these requirements.

The 1995 issue of \$530,000 General Obligation School Bonds requires the establishment of a special Sinking Fund for payment of the principal and interest on the Bonds, into which the proceeds of a special property tax will be deposited to pay promptly the principal and interest falling due on such date. During the fiscal year ended June 30, 1998, the Avoyelles Parish School Board complied with this requirement.

NOTE 13. CURRENT YEAR REFUNDINGS

On March 30, 1998, the School Board issued \$61,000 in general obligation refunding bonds with an interest rate of 4.51% for a current refunding of the July 1, 1981 \$314,000 of general obligation bonds with an average interest rate of 10%. The refunding was undertaken to benefit from declines in interest rates and the refunding resulted in an economic gain of \$7,595. The outstanding balance of the 1981 bonds on the date of the refunding was \$80,000. The refunding bond proceeds of \$61,000 and an additional \$19,000 from the 1981 sinking fund were used to pay out the 1981 bonds.

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 14. INTERFUND ASSETS/LIABILITIES

Individual balances due from/to other funds at June 30, 1998 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,421,862	\$ -
Special Revenue Funds:		
IASA Title I	-	79,602
IEPS Title VI	-	33,000
Special Education	-	6,408
Adult Education	-	20,000
Tech-Prep Voc Fund	-	62,711
Voc Ed Home Ec Fund	-	72,599
Goals 2000	-	21,903
Drug Free	-	14,691
Agency Fund:		
Sales Tax Fund	-	<u>1,110,949</u>
Totals	<u>\$ 1,421,862</u>	<u>\$1,421,862</u>

NOTE 15. INTERGOVERNMENTAL RECEIVABLE/PAYABLE

The following is a summary of the intergovernmental receivable from other governmental at June 30, 1998:

<u>Receivable From:</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Totals</u>
Avoyelles Parish Sheriff	\$ -	\$ -	\$ 63,000	\$ 63,000
State of Louisiana	<u>107,864</u>	<u>201,289</u>	<u>-</u>	<u>309,153</u>
Totals	<u>\$107,864</u>	<u>\$ 201,289</u>	<u>\$ 63,000</u>	<u>\$ 372,153</u>

NOTE 16. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

The following is a summary of reservations and/or designations of fund balance at June 30, 1998:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Internal Service Fund</u>
Inventory	\$ -	\$ 96,774	\$ -	\$ -
Contingency	319,487	-	-	500,000
Debt Service	<u>-</u>	<u>-</u>	<u>1,833,498</u>	<u>-</u>
Totals	<u>\$319,487</u>	<u>\$ 96,774</u>	<u>\$1,833,498</u>	<u>\$ 500,000</u>

AVOYELLES PARISH SCHOOL BOARD
Notes to the Financial Statements, Continued

NOTE 17. LITIGATION AND CLAIMS

At June 30, 1998, the School Board is involved in several lawsuits seeking damages from the School Board for various alleged injuries. In all cases, legal counsel for the School Board has indicated that the outcome of the litigation is uncertain at the present time and, hence, the potential claims against the School Board not covered by insurance is uncertain at the present time.

NOTE 18. COMMITMENTS AND CONTINGENCIES

Several suits have been filed by retired 12-month employees of the Avoyelles Parish School Board regarding payment of accrued, unused annual vacation leave due to retired 12-month employees. As of June 30, 1998, the Board acknowledge that such benefits are cumulative and are not forfeited upon separation from service; however, the exact amount due to employees separated from service and the amount accrued by 12-month employees still employed has not yet been determined. The Board is currently seeking a legal opinion to determine what payments are required in accordance with School Board policy and state statutes governing payments for accrued leave. Also, amendments to the vacation leave policy for 12-month employees are being considered and will be presented for adoption at a future Board meeting.

As of June 30, 1998, management's estimate of accrued, unused annual vacation leave due to 12-month employees separated from service and those still employed is \$429,450. This estimate is based on benefits accrued since August 18, 1991, and payable on a two for three basis. This amount is included in compensated absences as reported in the general long-term debt group. The Board has also designated and transferred \$300,000 into a contingency fund for payment of these benefits, as represented in the reserved fund balance in the general fund.

NOTE 18. SUBSEQUENT EVENTS

Refunding Bond Issue

On December 15, 1998, the Avoyelles Parish School Board adopted a resolution for preliminary approval to issue up to \$500,000 General Obligation School Refunding Bonds for Ward 2 School District. The refunding bonds shall bear interest at a rate not to exceed 6% and shall mature no later than February 1, 2012. The refunding bonds would refinance a portion of the Ward 2 School Districts outstanding 1992 General Obligation Bonds.

NOTE 20. YEAR 2000 RESOLUTION

The stages identified by the Governmental Accounting Standards Board as being necessary to implement a year 2000-compliant system are: Awareness Stage, Assessment Stage, Remediation Stage, and Validation/Testing Stage. The Board is currently in the Awareness Stage of the implementation of a Year 2000 compliant system. The progress to date by the Board with regards to Y2000 compliance is:

Awareness Stage: The Finance Director is proceeding with the assessment of the problem and plans to appoint a supervisor in charge of developing a budget and plan of action for Y2000 compliance.

Assessment Stage: The Board will begin the assessment stage by February 1999.

Remediation and Validation/Testing Stages: These stages are likely to be complete in mid to late 1999.

SUPPLEMENTAL INFORMATION

**INDIVIDUAL FUND COMBINING AND
ACCOUNT GROUP STATEMENTS**

SPECIAL REVENUE FUNDS

IMPROVING AMERICA'S SCHOOLS ACT I OF 1994

Title I of the Improving America's School Act 1994 (IASA) accounts for the funds from a federally financed program for educationally deprived school children in areas having a high concentration of children from low-income families. The Chapter 1 services are provided through various projects that are designed to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

Title II of the Improving America's School Act 1994 (IASA) accounts for the funds from a program by which the federal government provides block grant funds to the school system based on a per pupil allocation for audio-visual material and equipment and for library resources.

INNOVATIVE EDUCATION PROGRAM STRATEGIES - TITLE VI

Title VI of the Innovative Education Program Strategies - Title VI accounts for the funds from a program by which the federal government provides funds to the school system based on a per pupil allocation to improve the teaching of mathematics and science.

PUBLIC HEALTH SERVICE ACT - TITLE XIX FUND

The School Nurse Program - Title XIX Fund accounts for the funds from a program to provide school nurse services to students of the school system.

SPECIAL EDUCATION FUND

The Special Education Fund accounts for the funds from a federally financed program of free education in the least restrictive environment to children with exceptionalities.

ADULT EDUCATION FUND

The Adult Education Fund accounts for the funds from a federally and state financed, state-administered, and locally operated program to provide adult instruction leading to high school diploma.

VOCATIONAL EDUCATION/HOME ECONOMICS FUND

The Vocational Education/Home Economics Fund accounts for funds from a federal program which provides vocational education programs.

DRUG FREE SCHOOLS FUNDS

The Drug Free Schools Fund accounts for the funds from a federal program used to develop a drug education program.

TECH-PREP EDUCATION FUND

The Tech-Prep Education Fund accounts for the federal funds granted under the Carl D. Perkins Vocational and Applied Technology Education Act for the development and operation of four-year programs designed to provide a tech-prep education program.

SPECIAL REVENUE FUNDS (continued)

GOALS 2000 PROFESSIONAL DEVELOPMENT FUND

The Goals 2000 Professional Development Fund accounts for the state funds to provide substitute teachers to allow teachers to obtain professional development.

FOOD PRESERVATION UNIT FUND

The food Preservation Unit Fund accounts for the food preservation centers that are financed through user fees and state funds. The centers provide educational skills for students as well as providing a community service.

SCHOOL FOOD SERVICE FUND

The School Food Service Fund accounts for the provision of meals for school children. All activities necessary to provide such meals are accounted for in this fund including, but not limited to, administration, operations and maintenance.

SPECIAL MAINTENANCE TAX FUND

The Special Maintenance Tax Fund accounts for the avails of a 10-year, five mill. parishwide property tax dedicated to maintain, construct, and remodel school buildings and grounds.

SPECIAL SALES TAX FUND

The Special Sales Tax Fund accounts for a special sales and use tax of one-half of one per cent. The proceeds of the sales and use tax are used for capital improvements, maintenance, and operating expenses of the public school system.

CAPITAL OUTLAY FUND

The Capital Outlay Fund accounts for monies designated by the school board for improvements to various school facilities.

WARD NO. 2 SCHOOL DISTRICT FUND

The Ward No. 2 School District Fund accounts for the balance remaining from the related capital projects fund of the district. These funds are used for maintenance purposes in the district.

WARD NO. 4 SCHOOL DISTRICT FUND

The Ward No. 4 School District Fund accounts for the balance remaining from related capital projects fund of the district. These funds are used for maintenance purposes in the district.

WARD NO. 9 SCHOOL DISTRICT FUND

The Ward No. 9 School District Fund accounts for the sales proceeds from assets sold from that district. These funds are to be used toward capital improvements to other facilities in that district.

AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 1998

	IASA Title I Fund	IASA Title II Fund	IEPS Title VI Fund	Public Health Serv. Act Title XIX	Special Education	Adult Education Fund	Vocational Ed Home Ec Fund	Drug Free Schools Fund	Tech- Prep Fund	Goals 2000 Prof. Dev. Fund
ASSETS										
Cash and cash equivalents	\$220,746	\$0	\$1,924	\$91,415	\$5,698	\$21,326	\$6,187	\$6,797	\$22,505	\$0
Receivables	0	0	0	0	0	0	67,852	0	0	0
Interfund receivables	0	0	0	0	0	0	0	0	0	0
Intergovernmental receivables	79,602	0	31,077	0	6,408	7,403	0	14,691	40,206	21,903
Inventory	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	\$300,347	\$0	\$33,000	\$91,415	\$12,106	\$28,729	\$74,038	\$21,488	\$62,711	\$21,903
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Accounts, salaries, and other payables	\$220,746	\$0	\$0	\$5,601	\$5,698	\$8,729	\$1,439	\$6,797	\$0	\$0
Interfund payables	79,602	0	33,000	0	6,408	20,000	72,599	14,691	62,711	21,903
TOTAL LIABILITIES	300,347	0	33,000	5,601	12,106	28,729	74,038	21,488	62,711	21,903
FUND EQUITY										
Fund Balance:										
Reserved for inventory	0	0	0	0	0	0	0	0	0	0
Unreserved/undesignated	0	0	0	85,814	0	0	0	0	0	0
TOTAL FUND BALANCE	0	0	0	85,814	0	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCE	\$300,347	\$0	\$33,000	\$91,415	\$12,106	\$28,729	\$74,038	\$21,488	\$62,711	\$21,903

(continued)

AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA
Combining Balance Sheet
Special Revenue Funds
June 30, 1998

	Food Preservation Fund	School Food Service Fund	Special Maintenance Fund	Special Sales Tax Fund	Capital Outlay Fund	Ward 2 School Dist. Fund	Ward 4 School Dist. Fund	Ward 9 School Dist. Fund	Memo Total Only
ASSETS									
Cash and cash equivalents	\$27,624	\$299,809	\$147,332	\$571,401	\$548,014	\$31,360	\$83,393	\$68,114	\$2,153,643
Receivables	0	0	0	0	0	0	0	0	67,852
Interfund receivables	0	0	0	0	0	0	0	0	0
Intergovernmental receivables	0	0	0	0	0	0	0	0	201,289
Inventory	0	47,987	48,786	0	0	0	0	0	96,774
TOTAL ASSETS	\$27,624	\$347,796	\$196,118	\$571,401	\$548,014	\$31,360	\$83,393	\$68,114	\$2,519,557
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Accounts, salaries, and other payables	\$0	\$192,603	\$0	\$14,953	\$2,398	\$0	\$0	\$0	\$458,964
Interfund payables	0	0	0	0	0	0	0	0	310,914
TOTAL LIABILITIES	0	192,603	0	14,953	2,398	0	0	0	769,878
FUND EQUITY									
Fund Balance:									
Reserved for inventory	0	47,987	48,786	0	0	0	0	0	96,774
Unreserved/undesignated	27,624	107,205	147,332	556,448	545,616	31,360	83,393	68,114	1,652,906
TOTAL FUND BALANCE	27,624	155,192	196,118	556,448	545,616	31,360	83,393	68,114	1,749,679
TOTAL LIABILITIES AND FUND BALANCE	\$27,624	\$347,796	\$196,118	\$571,401	\$548,014	\$31,360	\$83,393	\$68,114	\$2,519,557

(concluded)

**AVOUELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA**
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Special Revenue Funds

	IASA Title I		IASA Title II		IEPS Title VI		Public Health		Adult Education		Vocational Ed		Drug Free Schools		Tech-Prep		Goals 2000	
	Fund		Fund		Fund		Title XIX	Serv. Act	Special Education	Fund	Home Ec	Fund	Schools	Fund	Prof. Dev.	Fund		
REVENUES																		
Local sources																		
Ad valorem taxes	\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	
Sales tax	0		0		0		0		0		0		0		0		0	
Rents, leases and royalties	0		0		0		0		0		0		0		0		0	
Earning on investments	0		0		0		1,871		0		1,165		0		0		0	
Food Services	0		0		0		0		0		0		0		0		0	
Miscellaneous	0		0		0		0		0		0		0		0		0	
State sources																		
Unrestricted grants in aid	0		0		0		0		0		0		0		0		0	
Restricted grants in aid	0		0		0		0		0		43,789		0		0		0	
Revenue in lieu of taxes	0		0		0		0		0		0		0		0		0	
Federal sources																		
Restricted grants in aid	2,595,839		57,542		51,211		70,682		351,299		40,050		53,181		181,881		146,948	
Revenue for/on behalf of school board	0		0		0		0		0		0		0		0		0	
TOTAL REVENUES	\$2,595,839		\$57,542		\$51,211		\$72,553		\$351,299		\$85,004		\$53,181		\$181,881		\$146,948	

(continued)

AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Special Revenue Funds
For the Year Ended June 30, 1998

EXPENDITURES	IASA Title I		IASA Title II		IEPS Title VI		Public Health		Adult Education		Vocational Ed		Drug Free Schools		Tech-Prep		Goals 2000		
	Fund	Fund	Fund	Fund	Title VI	Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	IEPS Title VI	
instruction																			
Regular programs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special education programs	0	0	0	0	0	0	0	274,785	0	0	0	0	0	0	0	0	0	0	0
Vocational education programs	0	0	0	0	0	0	0	0	0	0	126,771	0	0	0	120,794	0	148	0	0
Other instructional programs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40,573	0	0
Special programs	1,898,693	56,271	48,463	0	0	0	0	0	0	0	0	0	0	0	0	0	786	0	0
Adult/continuing ed programs	0	0	0	0	0	0	0	0	83,100	0	0	0	0	0	0	0	0	0	0
Support services program																			
Pupil support service	178,770	0	0	0	0	0	53,299	36,452	0	0	0	0	47,591	0	0	66	0	0	0
Instructional staff services	204,601	0	0	0	0	0	0	20,308	0	0	0	532	52,026	102,218	0	0	0	0	0
General administration	5,468	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
School administration	0	0	0	0	0	0	0	27	374	0	0	3,882	400	0	0	0	0	0	0
Business services	168,319	0	1,616	0	0	0	0	0	0	6,339	0	0	8,661	0	0	0	0	0	0
Operation and maintenance of plant	49,661	0	0	0	0	0	0	14,803	898	0	0	0	0	0	0	0	0	0	0
Operation of non-instructional service																			
Food service operation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enterprise operation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community service operations	38,039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	2,543,552	56,271	50,079	53,299	346,375	84,372	19,254	4,925	631	133,110	52,006	181,881	143,791	3,157	0	0	0	0	0
Excess (deficiency) of revenues over exp.	52,288	1,271	1,132	19,254	4,925	631	1,175	0	0	0	0	0	0	0	0	0	0	0	0
OTHER FINANCING SOURCES (USES)																			
Sale of fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating transfers in (out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating transfers of indirect cost	(52,288)	(1,271)	(1,132)	0	(4,925)	(715)	0	0	0	(1,175)	0	0	(3,157)	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(52,288)	(1,271)	(1,132)	0	(4,925)	(715)	0	(1,175)	0	(1,175)	0	(3,157)	0	0	0	0	0	0	0
Excess (deficiency) of revenues over expenditures and other sources (uses)	0	0	0	19,254	0	(84)	0	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balances at beginning of year	0	0	0	66,560	0	84	0	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balances at end of year	\$0	\$0	\$0	\$85,814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(continued)

**AVOUELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA**
**Combing Statement of Revenues, Expenditures,
And Changes in Fund Balances - Special Revenue Funds**

	Food Preservation Fund	School Food Service Fund	Special Maintenance Fund	Special Sales Tax Fund	Capital Outlay Fund	Ward 2 School Dist. Fund	Ward 4 School Dist. Fund	Ward 9 School Dist. Fund	Memo. Only Curr Year
REVENUES									
Local sources									
Ad valorem taxes	\$0	\$0	\$289,943	\$0	\$0	\$0	\$0	\$0	\$289,943
Sales tax	0	0	0	920,189	0	0	0	0	920,189
Rents, leases and royalties	0	0	0	0	0	0	24,000	0	24,000
Earning on investments	620	4,921	3,099	37,001	5,598	783	1,733	1,680	58,470
Food services	0	207,083	0	0	0	0	0	0	207,083
Miscellaneous	17,642	229	0	0	0	0	0	0	17,871
State sources									
Unrestricted grants in aid	0	490,731	0	0	0	0	0	0	490,731
Restricted grants in aid	0	0	0	0	0	0	0	0	43,789
Revenue in lieu of taxes	0	0	86,151	0	0	0	0	0	86,151
Federal sources									
Restricted grants in aid	0	2,127,761	0	0	0	0	0	0	5,809,503
Revenue for/on behalf of school board	0	198,405	0	0	0	0	0	0	198,405
TOTAL REVENUES	\$18,262	\$3,029,129	\$379,193	\$957,190	\$5,598	\$783	\$25,733	\$1,680	\$8,146,135

(continued)

AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA
Combing Statement of Revenues, Expenditures,
And Changes in Fund Balances - Special Revenue Funds
Year Ended June 30, 1998

	Food	School	Special	Capital	Ward 2	Ward 4	Ward 9	Memo.
	Preservation Fund	Food Service Fund	Maintenance Fund	Outlay Fund	School Dist. Fund	School Dist. Fund	School Dist. Fund	Only Curr Year
EXPENDITURES								
Instruction								
Regular programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,609
Special education programs	0	0	0	0	0	0	0	274,785
Vocational education programs	0	0	0	0	0	0	0	247,713
Other instructional programs	0	0	0	0	0	0	0	40,573
Special programs	0	0	0	0	0	0	0	2,004,212
Adult/continuing ed programs	0	0	0	0	0	0	0	83,100
Support services program								
Pupil support service	0	0	0	0	0	0	0	358,072
Instructional staff services	0	0	0	0	0	0	0	379,687
General administration	0	0	9,691	0	0	0	0	15,159
School administration	0	0	0	23,115	0	0	0	27,798
Business services	0	0	0	15,797	0	0	0	200,731
Operation and maintenance of plant	0	0	336,106	154,190	0	9,115	0	1,512,995
Operation of non-instructional service								
Food service operations	0	3,080,912	0	0	0	0	0	3,080,912
Enterprise operation	16,658	0	0	4,336	0	0	0	20,994
Community service operations	0	0	0	0	0	0	0	38,039
TOTAL EXPENDITURES	<u>16,658</u>	<u>3,080,912</u>	<u>345,797</u>	<u>154,190</u>	<u>0</u>	<u>9,115</u>	<u>0</u>	<u>8,309,378</u>
Excess (deficiency) of revenues over exp.	<u>1,604</u>	<u>(51,783)</u>	<u>33,396</u>	<u>(148,591)</u>	<u>783</u>	<u>16,618</u>	<u>1,680</u>	<u>(163,243)</u>
OTHER FINANCING SOURCES (USES)								
Sale of fixed assets	0	0	0	0	0	0	0	0
Operating transfers in (out)	0	0	0	300,000	0	0	0	300,000
Operating transfers of indirect cost	0	0	0	0	0	0	0	(64,662)
Miscellaneous	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>235,338</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>1,604</u>	<u>(51,783)</u>	<u>33,396</u>	<u>151,409</u>	<u>783</u>	<u>16,618</u>	<u>1,680</u>	<u>72,095</u>
Fund Balances at beginning of year	<u>26,019</u>	<u>206,975</u>	<u>162,723</u>	<u>394,208</u>	<u>30,577</u>	<u>66,775</u>	<u>66,434</u>	<u>1,677,584</u>
Fund Balances at end of year	<u>\$27,624</u>	<u>\$155,192</u>	<u>\$196,118</u>	<u>\$545,616</u>	<u>\$31,360</u>	<u>\$83,393</u>	<u>\$68,114</u>	<u>\$1,749,679</u>

(concluded)

DEBT SERVICE FUNDS

WARDS NO. 1 THROUGH NO. 8 AND NO. 10 FUNDS

These debt service funds accumulate monies for payment of the 16 remaining bond issues. The debt was incurred by the respective Wards to construct or improve school buildings and other school facilities. The bond issues are financed by special tax levies on the property within the territorial limits of the respective Wards. The balances of the individual ward debt issued at June 30, 1998 are as follows:

	<u>Ward</u>
No. 1	\$ 316,000
No. 2	1,350,000
No. 3	390,000
No. 4	213,000
No. 5	157,000
No. 6	80,000
No. 7	229,000
No. 8	265,000
No. 10	662,000

\$4.551 BOND ISSUE DEBT SERVICE FUND

The 4.551 Bond Issue Debt Service Fund accumulates monies for payment of the insurance of \$4,551,000 of Public Improvement Bonds, Series ST-1(1978). The debt was incurred to make capital improvements to the public schools of the parish. The debt is financed from the proceeds of a special one-half of one per cent sales and use tax. The balance on this issue is \$1,610,000 at June 30, 1998.

**AVOYELLES PARISH SCHOOL BOARD
 MARKSVILLE LOUISIANA
 Combining Balance Sheet
 Debt Service Funds
 June 30, 1998**

	Wards	Special Sales Tax Bonds	Memorandum Only Current Year
ASSETS			
Cash and cash equivalents	\$399,472	\$395,830	\$795,302
Investments	610,196	365,000	975,196
Intergovernmental receivables	63,000	0	63,000
TOTAL ASSETS	\$1,072,668	\$760,830	\$1,833,498
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payables	0	0	0
TOTAL LIABILITIES	0	0	0
FUND EQUITY			
Fund Balance:			
Reserved for debt service	1,072,668	760,830	1,833,498
TOTAL FUND BALANCE	1,072,668	760,830	1,833,498
TOTAL LIABILITIES AND FUND BALANCE	\$1,072,668	\$760,830	\$1,833,498

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE LOUISIANA
Combing Statement of Revenues, Expenditures,
And Changes in Fund Balances
Debt Service Funds
Year Ended June 30, 1998**

	<u>Wards</u>	<u>Special Sales Tax Bonds</u>	<u>Memorandum Only Current Year</u>
REVENUES			
Local sources			
Ad valorem	\$877,929	\$0	\$877,929
Sales tax	0	373,538	373,538
Rents, leases, and royalties	42,000	0	42,000
Earnings on investments	<u>38,729</u>	<u>4,076</u>	<u>42,805</u>
TOTAL REVENUES	<u>958,658</u>	<u>377,614</u>	<u>1,336,272</u>
EXPENDITURES			
Support services program			
General administration	29,315	0	29,315
Debt service			
Principal retirement	640,000	270,000	910,000
Interest and bank charges	<u>265,468</u>	<u>96,632</u>	<u>362,100</u>
TOTAL EXPENDITURES	<u>934,783</u>	<u>366,632</u>	<u>1,301,414</u>
Excess (deficiency) of revenues over expenditures	<u>23,876</u>	<u>10,982</u>	<u>34,858</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of refunding bonds	61,000	0	61,000
Refunding bond costs	<u>(1,474)</u>	<u>0</u>	<u>(1,474)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>59,526</u>	<u>0</u>	<u>59,526</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	83,402	10,982	94,384
Fund Balances at beginning of year	<u>989,266</u>	<u>749,848</u>	<u>1,739,114</u>
Fund Balances at end of year	<u>\$1,072,668</u>	<u>\$760,830</u>	<u>\$1,833,498</u>

FIDUCIARY FUNDS

SCHOOL ACTIVITY FUND

The activities of the various individual school accounts are accounted for in the School Activity Agency Fund. While the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and is not available for use by the School Board.

SALES TAX FUND

The Sales Tax Fund accounts for the collection and distribution of a one and one-half percent sales and use tax levied by the School Board and a one percent sales and use tax levied by the Avoyelles Parish Police Jury.

STUDENT LOAN EXPENDABLE TRUST FUND

The Student Loan Expendable Trust Fund accounts for transactions involving loans to area students entering college.

AVOUELLES PARISH SCHOOL BOARD
Combining Balance Sheet
Fiduciary Fund Types
June 30, 1998

	Agency Fund Sales Tax Fund	Expendable Trust Student Loan Fund	Agency Fund School Activity Funds	Memorandum Only Current Year
ASSETS				
Cash and cash equivalents	\$1,110,949	\$32,590	\$435,302	\$1,578,841
Receivables	0	15,948	0	\$15,948
TOTAL ASSETS	\$1,110,949	\$48,537	\$435,302	\$1,594,788
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Interfund payables	\$1,110,949	\$0	\$0	\$1,110,949
Deposits due to others	0	0	430,155	430,155
Notes payable	0	0	5,147	5,147
TOTAL LIABILITIES	1,110,949	0	435,302	1,546,251
FUND EQUITY				
Fund balance				
Unreserved/undesignated	0	48,537	0	48,537
TOTAL FUND BALANCE	0	48,537	0	48,537
TOTAL LIABILITIES AND FUND BALANCE	\$1,110,949	\$48,537	\$435,302	\$1,594,788

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

SCHOOL	BALANCE JULY 1, 1997	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1998
Avoyelles High	\$ 88,313	\$ 222,466	\$ 233,766	\$ 77,013
Bunkie Elementary	16,111	87,196	98,895	4,412
Bunkie Middle	15,374	92,875	91,990	15,259
Bunkie High	19,112	207,511	206,528	20,095
Cottonport Elementary	38,054	62,079	62,400	37,733
Lafargue Elementary	8,639	77,078	78,300	7,417
Mansura Middle	10,919	120,622	110,648	20,893
Marksville Elementary	19,264	100,202	110,851	8,615
Marksville Middle	18,424	99,117	101,400	16,141
Marksville High	65,175	354,446	339,439	80,182
Plaucheville Elementary	37,934	89,411	80,644	46,701
Riverside Elementary	17,804	74,619	72,977	19,446
FFA Federation	67,721	21,168	24,741	64,148
Student Incentive	2,080	5,568	4,623	3,025
Bunkie High Gaming	457	0	457	0
Special Olympics	0	0	0	0
Bunkie Quarterback Club	3,463	72,700	70,647	5,516
Future Arts	4,298	577	1,316	3,559
	<u>4,298</u>	<u>577</u>	<u>1,316</u>	<u>3,559</u>
Totals	<u>\$433,142</u>	<u>\$1,686,635</u>	<u>\$1,689,622</u>	<u>\$ 430,155</u>

**AVOYELLES PARISH SCHOOL BOARD
Sales Tax Agency Fund
Schedule of Changes in Deposit Balances
For the Year Ended June 30, 1998**

DEPOSIT BALANCE AT BEGINNING OF YEAR		\$ 964,159
Additions:		
Sales tax collections	\$ 9,616,943	
Interest earnings	<u>47,273</u>	
 Total additions		 <u>9,664,216</u>
Total beginning balance and additions		10,628,375
Reductions:		
Transfers to:		
General Fund:		
Sales tax	2,487,291	
Sales tax administration allowance	84,054	
Special Sales Tax Fund:		
Sales tax	1,293,727	
Municipalities:		
Avoy Parish Police Jury	2,094,303	
City of Marksville	1,561,610	
City of Bunkie	573,145	
Town of Simmesport	153,638	
Town of Cottonport	78,366	
Village of Moreauville	32,341	
Town of Mansura	62,018	
Village of Plaquemine	13,669	
Avoy Parish Sheriff's Dept	1,006,642	
Others:		
Revenue Recovery Group	<u>76,622</u>	
Total reductions		<u>\$(9,517,426)</u>
DEPOSIT BALANCE AT END OF YEAR		<u>\$ 1,110,949</u>

AVOUELLES PARISH SCHOOL BOARD
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 1998

The schedule of compensation paid to school members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana legislature. The compensation of school board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the school board members have elected the monthly payment method of compensation. Under this method, each member of the school board receives \$540 per month, and the president receives \$630 per month for performing the duties of his office.

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1998

<u>Board Member</u>	<u>Amount</u>
Armand, Leonard	\$ 6,000
Bordelon, Linda	6,480
Dubroc, Darrell	6,480
Dupas, Sheila	6,660
Ford, Freeman	6,480
Gremillion, Kenneth	6,480
Laborde, Roland	6,480
Lacombe, Steve	6,840
Lacour, Duane	6,480
Lemoine, John	6,480
Moreau, Melanie	6,840
Williford, Royce	7,560
Wilson, Albert, Sr.	<u>6,480</u>
	<u>\$85,740</u>

APPENDIX A

REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

The following pages contain reports on the Schedule of Expenditures of Federal Awards and on compliance with requirements applicable to each Major Program and internal control over compliance in accordance with OMB Circular A-133

**REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

To the Members of the
Avoyelles Parish School Board
Marksville, Louisiana

We have audited the general-purpose financial statements of the Avoyelles Parish School Board, for the year ended June 30, 1998, and have issued our report thereon dated December 21, 1998. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



Ducote & Company
Marksville, Louisiana
December 21, 1998

AVOYELLES PARISH SCHOOL BOARD
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 1998

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Program Expenditures</u>
U. S. Department of Agriculture		
Passed through Louisiana Dept of Education:		
School Breakfast Program	10.553	\$ 582,731
National School Lunch Program	10.555	1,545,030
Passed through Louisiana Dept of Agriculture:		
Food Distribution	10.550	<u>198,405</u>
Total Department of Agriculture		<u>2,326,166</u>
United States Department of Defense		
ROTC – Troops to Teachers		
Payments in Lieu of Real Estate Taxes	12.112	15,642
		<u>63,007</u>
Total Department of Defense		<u>78,649</u>
U. S. Department of Labor		
Job Training Partnership Act	17.250	<u>48,681</u>
United States Department of Education		
Passed through Louisiana Dept of Education:		
Adult Education-State Administered Basic Grant Program	84.002	40,050
IASA Title I Programs for Local Educational Agencies	84.010	2,595,839
Special Education	84.027	351,299
Vocational Education-Basic Grants to States	84.048	133,110
Special Education-Preschool Grants	84.173	45,060
Safe & Drug Free School-State Grants	84.186	57,865
Tech-Prep Education	84.243	181,881
Eisenhower Professional Development Grants	84.281	57,542
Title VI-Innovative Education Program Strategies	84.298	51,211
Even Start-Statewide Family Literacy Program	84.314	62,139
Goals 2000	84.276	<u>146,948</u>
Total Department of Education		<u>3,772,944</u>
U. S. Department of Health & Human Services		
Passed through Louisiana Dept of Health & Hospitals:		
Preventative Health and Health Services Block Grant-Early Childhood	93.991	<u>53,299</u>
Total Federal Expenditure Awards		<u><u>\$6,229,739</u></u>

AVOYELLES PARISH SCHOOL BOARD
Notes to the Schedule of Expenditures of Federal Awards
For Year Ended June 30, 1998

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the School Board provided no federal awards to subrecipients.

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

To the Members of the
Avoyelles Parish School Board
Marksville, Louisiana

Compliance

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

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

As described in item 98-03 in the accompanying schedule of findings and questioned costs, the Avoyelles Parish School Board did not comply with requirements regarding specific requirements that are applicable to the Special Education Program. Compliance with such requirements is necessary, in our opinion, for the Avoyelles Parish School Board to comply with requirements applicable to that program.

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

Internal Control Over Compliance

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

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

This report is intended solely for the use of the Board Members, audit agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


Ducote & Company
Marksville, Louisiana
December 21, 1998

AVOUELLES PARISH SCHOOL BOARD
Schedule of Audit Results, Findings, and Questioned Costs
For the Year Ended June 30, 1998

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified not
 Considered to be material weakness(es) _____ yes x no

Noncompliance material to financial statements noted? x yes _____ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified not
 Considered to be material weakness(es) _____ yes x none reported

Type of auditors' report issued on compliance
 For major programs: Qualified

Any audit findings disclosed that are required
 To be reported in accordance with
 Circular A-133, Section .510(a) _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
84.027	Special Education
84.243	Tech-Prep Education

Dollar threshold used to distinguish between
 Type A and Type B programs \$100,000

Auditee qualified as low-risk auditee x yes _____ no

AVOUELLES PARISH SCHOOL BOARD
Schedule of Audits Results, Findings, and Questioned Costs (continued)
For the Year Ended June 30, 1998

Section II-Financial Statement Findings

There are no findings applicable to internal control.

Compliance:

Finding 98-01

Purchases were made during the fiscal year ended June 30, 1998 for materials and supplies from vendors with whom employees in a managerial position of the School Board hold an interest. In accordance with LRS 42:1102 and LRS 42:1112, an employee of the School Board shall not participate in a transaction in which he has a personal substantial economic interest.

We recommend that the School Board request a legal opinion to determine if the transactions referred to above are in violation of LRS 42:1102 and LRS 42:1112.

Finding 98-02

At June 30, 1998, bank deposits (collected bank balances) were undercollateralized by \$318,497. Pursuant to the fiscal agency agreement, participating balances are allocated amongst four local banks based on their respective capital ratios. Each participating bank is responsible for pledging securities sufficient to collateralize its allocable balances over and above FDIC insurance coverage.

On a monthly basis, the banks review average balances to determine the level of collateralization required by each participating bank. Due to a peak in cash balances at June 30, 1998, the average monthly balance fell significantly below the actual bank balances on that date resulting in insufficient collateral being pledged at three of the four participating banks.

We recommend that the banks not only monitor average monthly balances but also allow for excess collateralization to cover unusually high balances that may occur from time to time. Management should work with the participating banks to more closely monitor required collateralization in order to avoid any exposure of the Board's funds on deposit.

Section III – Federal Award Findings and Questioned Costs

There are no findings related to internal controls applicable to federal awards and there are no questioned costs.

Compliance:

Finding 98-03

During the testing of the Special Education Program, the following items of noncompliance with regards to specific program requirements were noted:

1. In three cases, no current Individual Evaluation Plans (IEP) were found in the case files maintained in the supervisor's central office files. Current IEP's were located in the respective school's files, but they had not been forwarded to the central filing system which is maintained and reviewed by the Special Education Program Supervisor.

**AVOUELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 1998**

Section III – Federal Award Findings and Questioned Costs (continued)

2. In one case, the 3 day rule for parental/guardian notification of the annual IEP conference was not met.

We recommend that the supervisor maintain a current tickler system and review it on a monthly basis to ensure that central office files are current and properly maintained.

**AVOYELLES PARISH SCHOOL BOARD
 MARKSVILLE, LOUISIANA
 Summary Schedule of Prior Audit Findings
 For the Year Ended June 30, 1998**

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/ Partial Corrective Action Taken</u>
Section I -- Internal Control and Compliance Material to the Financial Statements				
None				
Section II -- Internal Control and Compliance Material to Federal Awards				
None				
Section III -- Management Letter				
97-01	June 30, 1996	Tagging and tracking of fixed assets	Partially	Management plans to continue updating listing and take actual inventory and update fixed asset listings to agree to actual inventory of fixed assets.

**AVOYELLES PARISH SCHOOL BOARD
MARKSVILLE, LOUISIANA
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 1998**

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements				
98-01	Related party purchases	Management will request a legal opinion and will resolve the matter in accordance with such opinion.	Coral Mayeux	6/30/99
98-02	Undercollateralized bank deposits	Management will request each participating bank provide additional collateral and attempt to monitor bank balances more closely	Coral Mayeux	1/31/99
Section II – Internal Control and Compliance Material to Federal Awards				
98-03	Special education specific program requirements	The program supervisor will utilize tracker program more effectively and will more closely monitor central office files	Donna Bordelon	1/31/99
Section III -- Management Letter Comments				
ML98-01	Updating of fixed asset records	Management plans to take a physical inventory of fixed assets and adjust fixed asset records to reflect the inventory	Coral Mayeux	8/31/99
ML98-02	Updating policy and procedures manuals	Management plans to review minutes since the last update and update policy and procedure to reflect current policy	Howard Jeansonne	8/31/99
ML98-03	Documentation of time and attendance	Management plans to revisit current policy and enforce adherence to the policy	Coral Mayeux	6/30/99
ML98-04	Untimely filing of annual audit report due to late response from attorney	Management plans to discuss timeliness of attorney's response to prevent situation from occurring again	Coral Mayeux	1/31/99

Ducote & Company

Certified Public Accountants

Aloysia C. Ducote, CPA, PC
Joan S. Ducote, CPA, PC

98-11100 11/2/12

December 21, 1998

To the Members of the Avoyelles
Parish School Board
Marksville, Louisiana

In planning and performing our audit of the general purpose financial statements of the Avoyelles Parish School Board for the year ended June 30, 1998, we considered the School Board's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated December 21, 1998, contains our report on the internal control structure and compliance and notes any reportable conditions found in the School Board's internal control and compliance. This letter does not affect our report dated December 21, 1998, on the financial statements of the Avoyelles Parish School Board.

The status of these comments will be reviewed during the next audit engagement. We have already discussed these comments and suggestions with various School Board personnel, and we will be pleased to discuss them in further detail at your convenience and to assist you in implementing these recommendations.

We wish to thank school board personnel and management for the courtesy and cooperation extended to us during the course of the audit engagement.



DUCOTE & COMPANY
Marksville, Louisiana

**Memorandum Re: Comments to Improve the
Avoyelles Parish School Board's Operations**

Item ML98-01 - Updating of fixed asset records

Finding:

As commented in previous audits, it was noted that not all fixed assets were tagged and not all tag numbers agreed to the fixed asset listing. The School Board needs to continue its process of updating the fixed asset listings. Also, management needs to continue emphasizing the importance of centralized receiving of all orders and the coordination of this function with the fixed asset clerk.

Management's Response:

The School Board is continuing to update its records. Management plans to have each location conduct a physical inventory at the end of the 98-99 school year and will update the fixed asset accounting records to properly reflect the actual inventory. Also, the finance committee of the State's Minimum Foundation Program plans to meet in January or February 1999 to discuss a change in state policy to increase the threshold for capitalization of fixed assets. The School Board will adjust its policy in conjunction with the policy changes (if any) that are made by the State of Louisiana.

Item ML98-02 - Updating of policy and procedures manuals

Finding:

As noted in prior year audits, the Avoyelles Parish School Board policy and procedure manuals have not been properly updated and in some areas do not reflect current school board policy. This leads to situations where the most recent policy is not known or understood by all personnel. Also, potential compliance violations with regards to current policy may occur due to noncurrent policies being adhered to.

Management's Response:

The Superintendent is in the process of having the minute book reviewed for the last several years (all years since the policy and procedure manual was last updated) for all policy and procedure changes. These changes will be recapped and used to update the policy and procedure manuals to properly reflect current policies.

**Memorandum Re: Comments to Improve the
Avoyelles Parish School Board's Operations
(continued)**

Item ML98-03 – Documentation of Time and Attendance

Finding:

It came to our attention during the course of this year's audit, that on occasion there were delays in submitting leave request by personnel within the central office. These delays were in excess of the timeframe for submission per the time and attendance policies. Excessive delays may result in improper recordation of time and attendance.

Recommendation:

We recommend management revisit the current policy regarding documentation of time and attendance and enforce time limitations for turning in proper leave requests and approvals.

Management's Response:

Management plans to revisit current policy and suggest to the administration any recommended policy changes. Subsequently, management will enforce adherence to the policy.

Item ML98-04 – Timely filing of annual audit report

Finding:

The annual audit for the year ended June 30, 1998 was submitted to the Legislative Auditor's office in mid January 1999, approximately two weeks after the six month after year end deadline of December 31, 1998.

The report could not be submitted earlier as the auditors were awaiting response from the attorney in reference to their request for information regarding cases on which the attorney had represented the Avoyelles Parish School. The response was received on January 15, 1999. While awaiting the attorney's response, and subsequent to December 31, 1998, a subsequent event came to the auditors' attention, which had to be incorporated into the audit report footnotes.

Recommendation:

We recommend to management that they impress upon the attorney the importance of a timely response to the auditors' request.

Management's Response:

Management will discuss this situation with the attorney and ask that in future years the response be submitted to the auditors in a more timely manner.