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Richland Parish School Board  
Rayville, Louisiana

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

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1-19-2000



**Richland Parish School Board**  
**Rayville, Louisiana**  
**Annual Financial Report**  
**As of and for the Year Ended June 30, 1999**

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**Richland Parish School Board  
Rayville, Louisiana**

**Annual Financial Report  
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**Richland Parish School Board**  
**Rayville, Louisiana**  
  
**Annual Financial Report**  
**As of and for the Year Ended June 30, 1999**

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## INDEPENDENT AUDITORS' REPORT

Board Members  
Richland Parish School Board  
Rayville, Louisiana

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

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

In our opinion the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the School Board, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The year 2000 information on page 34 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 99-1, *Disclosures About Year 2000 Issues - an amendment of Technical Bulletin 98-1*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the School Board is or will become year 2000 compliant, that the School Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the School Board does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 1999, on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Board Members  
Richland Parish School Board  
Rayville, Louisiana

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

*Allen, Green & Company, LLP*  
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
November 5, 1999

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

	*****GOVERNMENTAL FUNDS*****			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
<b>ASSETS AND OTHER DEBITS</b>				
Assets				
Cash and cash equivalents	\$ 2,700,395	\$ 327,088	\$ 255,114	\$ 8,726
Investments	2,396,470	179,977	430,140	0
Receivables	462,979	209,219	0	0
Interfund receivable	143,568	0	0	0
Inventory	0	33,081	0	0
Land, buildings and equipment	0	0	0	0
Other Debits				
Amount available in Debt Service Funds	0	0	0	0
Amount to be provided for retirement of of general long-term obligations	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 5,703,412</b>	<b>\$ 749,365</b>	<b>\$ 685,254</b>	<b>\$ 8,726</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
Liabilities:				
Accounts, salaries and other payables	\$ 1,539,836	\$ 195,675	\$ 0	\$ 0
Interfund payable	0	143,568	0	0
Deposits due others	0	0	0	0
Deferred revenues	0	12,504	0	0
Workers' compensation claims payable	0	0	0	0
Compensated absences payable	0	0	0	0
Bonds payable	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 1,539,836</b>	<b>\$ 351,747</b>	<b>\$ 0</b>	<b>\$ 0</b>
Equity and other credits:				
Investment in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Reserved for debt service	0	0	685,254	0
Reserved for inventory	0	20,577	0	0
Reserved for contingencies	873,121	0	0	0
Unreserved:				
Undesignated	3,290,455	377,041	0	8,726
<b>Total Equity and other credits</b>	<b>\$ 4,163,576</b>	<b>\$ 397,618</b>	<b>\$ 685,254</b>	<b>\$ 8,726</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 5,703,412</b>	<b>\$ 749,365</b>	<b>\$ 685,254</b>	<b>\$ 8,726</b>

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



Statement A

\*\*\*\*\*ACCOUNT GROUPS\*\*\*\*\*

FIDUCIARY FUNDS - AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTAL (MEMORANDUM ONLY)
\$ 573,498	\$ 0	\$ 0	\$ 3,864,821
0	0	0	3,006,587
0	0	0	672,198
0	0	0	143,568
0	0	0	33,081
0	44,159,036	0	44,159,036
0	0	685,254	685,254
0	0	4,320,384	4,320,384
<u>\$ 573,498</u>	<u>\$ 44,159,036</u>	<u>\$ 5,005,638</u>	<u>\$ 56,884,929</u>
\$ 0	\$ 0	\$ 0	\$ 1,735,511
0	0	0	143,568
573,498	0	0	573,498
0	0	0	12,504
0	0	36,969	36,969
0	0	759,669	759,669
0	0	4,209,000	4,209,000
<u>\$ 573,498</u>	<u>\$ 0</u>	<u>\$ 5,005,638</u>	<u>\$ 7,470,719</u>
\$ 0	\$ 44,159,036	\$ 0	\$ 44,159,036
0	0	0	685,254
0	0	0	20,577
0	0	0	873,121
0	0	0	3,676,222
<u>\$ 0</u>	<u>\$ 44,159,036</u>	<u>\$ 0</u>	<u>\$ 49,414,210</u>
<u>\$ 573,498</u>	<u>\$ 44,159,036</u>	<u>\$ 5,005,638</u>	<u>\$ 56,884,929</u>

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>					
Local sources:					
Taxes:					
Ad valorem	\$ 653,254	\$ 0	\$ 920,878	\$ 0	\$ 1,574,132
Sales and use	2,245,659	0	0	0	2,245,659
Interest earnings	283,958	16,523	25,031	259	325,771
Food services	0	153,719	0	0	153,719
Other	146,549	4,481	0	0	151,030
State sources:					
Unrestricted	13,393,618	281,582	0	0	13,675,200
Restricted	1,078,287	25,597	0	0	1,103,884
Federal sources	380,778	3,128,692	0	0	3,509,470
Total Revenues	\$ 18,182,103	\$ 3,610,594	\$ 945,909	\$ 259	\$ 22,738,865
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular programs	\$ 7,903,528	\$ 142,903	\$ 0	\$ 0	\$ 8,046,431
Special programs	2,720,494	1,114,332	0	0	3,834,826
Other instructional programs	1,523,402	2,072	0	0	1,525,474
Support services:					
Student services	624,046	195,261	0	0	819,307
Instructional staff support	367,888	295,672	0	0	663,560
General administration	264,133	41,577	153,383	0	459,093
School administration	1,085,775	39,925	0	0	1,125,700
Business services	367,141	12,161	0	166	379,468
Plant services	1,781,494	41,858	0	0	1,823,352
Student transportation services	1,179,882	0	0	0	1,179,882
Central services	28,968	0	0	0	28,968
Food services	47,978	1,818,938	0	0	1,866,916
Community service programs	6,403	0	0	0	6,403
Debt service:					
Principal retirement	97,500	0	775,000	0	872,500
Interest and bank charges	6,378	0	327,622	0	334,000
Advance refunding escrow	0	0	53,357	0	53,357
Total Expenditures	\$ 18,005,010	\$ 3,704,699	\$ 1,309,362	\$ 166	\$ 23,019,237
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 177,093	\$ (94,105)	\$ (363,453)	\$ 93	\$ (280,372)

(CONTINUED)

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL (MEMORANDUM ONLY)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$ 0	\$ 43,741	\$ 0	\$ 0	\$ 43,741
Operating transfers out	(43,741)	0	0	0	(43,741)
Proceeds from refunding of bonds	0	0	2,816,469	0	2,816,469
Payment to refunded bond escrow agent	0	0	(2,703,697)	0	(2,703,697)
Total Other Financing Sources (Uses)	<u>\$ (43,741)</u>	<u>\$ 43,741</u>	<u>\$ 112,772</u>	<u>\$ 0</u>	<u>\$ 112,772</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					
	\$ 133,352	\$ (50,364)	\$ (250,681)	\$ 93	\$ (167,600)
FUND BALANCES AT BEGINNING OF YEAR					
	<u>4,030,224</u>	<u>447,982</u>	<u>935,935</u>	<u>8,633</u>	<u>5,422,774</u>
FUND BALANCES AT END OF YEAR					
	<u>\$ 4,163,576</u>	<u>\$ 397,618</u>	<u>\$ 685,254</u>	<u>\$ 8,726</u>	<u>\$ 5,255,174</u>

(CONCLUDED)

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

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Local sources:			
Taxes:			
Ad valorem	\$ 632,185	\$ 632,185	\$ 0
Sales and use	2,269,510	2,270,508	998
Interest earnings	223,055	259,109	36,054
Other	143,043	146,549	3,506
State sources:			
Unrestricted	13,956,783	13,393,618	(563,165)
Restricted	1,042,184	1,013,979	(28,205)
Federal sources	465,839	445,086	(20,753)
Total Revenues	<u>\$ 18,732,599</u>	<u>\$ 18,161,034</u>	<u>\$ (571,565)</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular programs	\$ 8,142,449	\$ 7,903,528	\$ 238,921
Special programs	2,722,007	2,720,494	1,513
Other instructional programs	1,531,933	1,523,402	8,531
Support services:			
Student services	630,761	624,046	6,715
Instructional staff support	429,368	367,888	61,480
General administration	255,559	243,064	12,495
School administration	1,013,163	1,085,775	(72,612)
Business services	375,264	367,141	8,123
Plant services	1,691,388	1,781,494	(90,106)
Student transportation services	1,208,412	1,179,882	28,530
Central services	30,934	28,968	1,966
Food services	47,978	47,978	0
Community service programs	6,445	6,403	42
Debt service:			
Principal retirement	97,500	97,500	0
Interest and bank charges	6,378	6,378	0
Total Expenditures	<u>\$ 18,189,539</u>	<u>\$ 17,983,941</u>	<u>\$ 205,598</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 543,060</u>	<u>\$ 177,093</u>	<u>\$ (365,967)</u>

(CONTINUED)

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 2,166,854	\$ 2,166,855	\$ 1
Operating transfers out	<u>(2,233,674)</u>	<u>(2,210,596)</u>	<u>23,078</u>
Total Other Financing Sources (Uses)	<u>\$ (66,820)</u>	<u>\$ (43,741)</u>	<u>\$ 23,079</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 476,240	\$ 133,352	\$ (342,888)
FUND BALANCE AT BEGINNING OF YEAR	<u>3,788,808</u>	<u>4,030,224</u>	<u>241,416</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,265,048</u>	<u>\$ 4,163,576</u>	<u>\$ (101,472)</u>

(CONTINUED)

**RICHLAND PARISH SCHOOL BOARD**  
Rayville, Louisiana

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

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Local sources:			
Interest earnings	\$ 16,341	\$ 16,523	\$ 182
Food services	153,719	153,719	0
Other	4,481	4,481	0
State sources:			
Unrestricted	281,582	281,582	0
Restricted	25,597	25,597	0
Federal sources	3,126,275	3,128,692	2,417
 Total Revenues	\$ 3,607,995	\$ 3,610,594	\$ 2,599
 <b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular programs	\$ 142,903	\$ 142,903	\$ 0
Special programs	1,122,095	1,114,332	7,763
Other instructional programs	2,072	2,072	0
Support services:			
Student services	195,261	195,261	0
Instructional staff support	285,491	295,672	(10,181)
General administration	41,578	41,577	1
School administration	39,925	39,925	0
Business services	12,161	12,161	0
Plant services	41,858	41,858	0
Food services	1,820,415	1,818,938	1,477
 Total Expenditures	\$ 3,703,759	\$ 3,704,699	\$ (940)
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (95,764)	\$ (94,105)	\$ 1,659
 OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 43,741	\$ 43,741	\$ 0
 Total Other Financing Sources (Uses)	\$ 43,741	\$ 43,741	\$ 0
 EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (52,023)	\$ (50,364)	\$ 1,659
 FUND BALANCE AT BEGINNING OF YEAR	447,982	447,982	0
 FUND BALANCE AT END OF YEAR	\$ 395,959	\$ 397,618	\$ 1,659

(CONCLUDED)

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

**Richland Parish School Board  
Rayville, Louisiana**

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

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**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The Richland Parish School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 to provide public education for the children within Richland 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 nine members who are elected from nine districts for terms of four years.

The School Board operates twelve schools within the parish with a total enrollment of approximately 3,884 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

**B. FUNDS AND ACCOUNT GROUPS**

The accounts of the School Board are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

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



**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FUNDS AND ACCOUNT GROUPS (Continued)**

**Governmental Funds**

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

**General fund** — the primary operating fund of the School Board. It accounts for all financial resources of the School Board, except those required to be accounted for in another fund.

**Special revenue funds** — account for revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

**Debt service funds** — account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

**Capital project funds** — account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

**Fiduciary Funds**

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the School Board. Trust funds account for assets held by the government under the terms of a formal trust agreement.

*Agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

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

**Account Groups**

The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds.

The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Governmental Funds**

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

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

**Revenues**

Ad valorem taxes and sales taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid 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 receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

**Expenditures**

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

**Other Financing Sources (Uses)**

Transfers between funds 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 other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

**Fiduciary Funds**

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the *modified accrual basis of accounting*. This fund is used to account for assets that the School Board holds for others in an agency capacity.

**D. BUDGETS**

**General Budget Policies**

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

State Statute requires budgets be adopted for the General Fund and all Special Revenue Funds.

Each year prior to September 15, the Superintendent submits to the Board proposed annual budgets for the General Fund and Special Revenue Funds' budgets that are not grant-oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in Special Revenue Funds and their budgets are adopted at the time the grant applications are approved by the grantor. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

**Encumbrances**

Encumbrance accounting (e.g., purchase orders, contracts) is not recognized within the accounting records for budgetary control purposes.

**Budget Basis of Accounting**

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. BUDGETS (Continued)**

**Budget Basis of Accounting (Continued)**

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Board. All budget revisions are approved by the Board.

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest-bearing demand 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, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**F. INVESTMENTS**

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

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

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

**Definitions:**

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

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

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

**H. INVENTORY**

Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when consumed; however, all inventory items are recorded as expenditures when purchased. Unused commodities at June 30 are reported as deferred revenues. *All purchased inventory items are valued at cost using first-in, first-out (FIFO) method, and commodities are assigned values based on information provided by the U. S. Department of Agriculture.*

**I. FIXED ASSETS**

Fixed assets used in governmental fund types of the School Board are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. *Interest during construction is not capitalized on general fixed assets.*

Fixed assets valued at estimated historical cost where no historical records exist was \$38,170,293 at year-end.

Public domain (infrastructure) general fixed assets (e.g. roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

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

**J. DEFERRED REVENUES**

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. COMPENSATED ABSENCES**

All 12-month employees earn from twelve to eighteen days of vacation leave each year, depending on their length of service with the School Board. Vacation leave can be accumulated. However, upon separation, all unused vacation leave is forfeited.

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

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

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

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

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

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

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. LONG-TERM OBLIGATIONS**

The School Board reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

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

**M. FUND EQUITY**

**Reserves**

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

**Designated Fund Balances**

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

**N. INTERFUND TRANSACTIONS**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine 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 has the following two sales tax ordinances:

The School Board has a one cent parish-wide sales and use tax as authorized in a special election held February 6, 1968. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is to be dedicated and used solely for the purpose to provide funds for the payment of salaries of school employees in the School System and for benefits of the retirees of the School System.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. SALES TAXES (Continued)**

The School Board has a one-half cent parish-wide sales and use tax as authorized in a special election held September 21, 1996. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is to be dedicated and used solely to maintain and operate the public schools of Richland Parish.

**P. USE OF ESTIMATES**

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

**Q. MEMORANDUM ONLY - TOTAL COLUMNS**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Excess of Expenditures Over Appropriations in Individual Funds**

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

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Funds			
Special Education	\$343,021	\$345,439	\$2,418

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



**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 3 - BUDGET/GAAP RECONCILIATION**

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — (Non-GAAP) Budget and Actual to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances:

	<u>General Fund</u>
Fund balances, end of the year (budget)	\$ 4,163,576
Revenues	
Local sources:	
Taxes:	
Ad valorem	21,069
Sales and use	( 24,849)
Interest earnings	24,849
State sources:	
Restricted	64,308
Federal sources	( 64,308)
Expenditures	
Current:	
Support services:	
General administration	( 21,069)
Other financing uses	
Operating transfers in	(2,166,855)
Operating transfers out	<u>2,166,855</u>
Fund balances, end of the year (GAAP)	<u>\$ 4,163,576</u>

The budget/GAAP reporting differences are a result of reclassification.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 4 - LEVIED TAXES**

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

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

Property Tax Calendar

Millage rates adopted	October 7, 1998
Levy date	September 1, 1998
Tax bills mailed	December 1, 1998
Due date	December 31, 1998
Lien date	January 1, 1999

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1996. Total assessed value was \$67,342,710 in calendar year 1998. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$19,081,360 of the assessed value in calendar year 1998.

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

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 4 - LEVIED TAXES (Continued)**

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the 1999 property taxes occurs in December, and January and February of the next year. As a result, no property taxes receivable for 1999 taxes is included on the accompanying balance sheet because it is not available within 60 days of the School Board's year-end.

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

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Parish-wide taxes:		
Constitutional	6.37	6.37
Maintenance	6.81	6.81
District taxes:		
School District #2	32.00	20.00
School District #3	34.50	24.00
School District #4	96.00	58.00

**NOTE 5 - DEPOSITS AND INVESTMENTS**

At June 30, 1999, the School Board has cash and cash equivalents (book balances) totaling \$3,864,821 as follows:

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

At year-end, the School Board's carrying amount of deposits was \$6,871,408 (which includes \$3,006,587 of time deposits) and the bank balance was \$7,570,510. Of the bank balance, \$423,929 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GASB Category 1). \$6,841,878 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 3). The remaining balance of \$304,703 is not secured by the pledge of securities and is a violation of state law.

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

Investments are categorized into these three categories of credit risk:

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

At year end, the School Board investment balances included the following:

	Category			Carrying Amount		Total Carrying Amount
	1	2	3	Fair Value	Cost	
	Time deposits	\$ -	\$ -	\$3,006,587	\$ -	
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,006,587</u>	<u>\$ -</u>	<u>\$3,006,587</u>	<u>\$3,006,587</u>

**NOTE 6 - RECEIVABLES**

The receivables of \$672,198 at June 30, 1999, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes:			
Sales and use	\$223,719	\$ -	\$223,719
Intergovernmental - grants:			
Federal	75,588	207,637	283,225
State	163,373	-	163,373
Local accounts	<u>299</u>	<u>1,582</u>	<u>1,881</u>
Total	<u>\$462,979</u>	<u>\$209,219</u>	<u>\$672,198</u>

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 7 - FIXED ASSETS**

The changes in fixed assets is as follows:

	Beginning Balance <u>June 30, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 1999</u>
Land and buildings	\$38,160,893	\$ -	\$ -	\$38,160,893
Furniture and equipment	<u>5,672,231</u>	<u>463,158</u>	<u>137,246</u>	<u>5,998,143</u>
Total	<u>\$43,833,124</u>	<u>\$463,158</u>	<u>\$137,246</u>	<u>\$44,159,036</u>

**NOTE 8 - RETIREMENT SYSTEMS**

**Plan description**

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

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

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Under the Teachers' Retirement System Plan A, normal retirement is generally at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service and at age 60 with at least 10 years of creditable service. The retirement benefit formula is generally three percent times the years of creditable service times the average salary of the 36 highest successive months plus \$24 per year of service.

Employees participating in the School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55 or after 10 years of service at age 60. The maximum retirement allowance is computed at 2.5 percent times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 8 - RETIREMENT SYSTEMS (Continued)**

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

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

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

**Funding Policy**

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

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

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

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

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

**NOTE 8 - RETIREMENT SYSTEMS (Continued)**

**Funding Policy (Continued)**

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan A, and LSERS for the year ended June 30, 1999, amounted to \$10,870,575, \$114,756, and \$1,326,273, respectively. Employer contributions for the year ended June 30, 1999, and each of the two preceding years are as follows:

<u>Fiscal Year Ended</u>	.....TRS.....		.....LSERS.....	
	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution Paid	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution Paid
June 30, 1997	\$1,713,764	90.57	\$71,220	100.36
June 30, 1998	1,901,066	87.55	77,924	96.32
June 30, 1999	2,026,817	88.28	82,617	96.32

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

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

The Richland Parish School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through the State Employees' Group Benefits Programs whose monthly premiums are paid jointly by the employee and the School Board. The cost of retiree benefits totaled \$631,426 for approximately 261 retirees.

**NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES**

The payables of \$1,735,511 at June 30, 1999, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Salaries	\$1,506,987	\$192,640	\$1,699,627
Accounts	<u>32,849</u>	<u>3,035</u>	<u>35,884</u>
Total	<u>\$1,539,836</u>	<u>\$195,675</u>	<u>\$1,735,511</u>

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 11 - COMPENSATED ABSENCES**

At June 30, 1999, employees of the School Board have accumulated and vested \$759,669 of employee leave benefits, including \$91,534 of salary-related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

**NOTE 12 - AGENCY FUND DEPOSITS DUE OTHERS**

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

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
Agency Funds:				
School Activity Accounts	<u>\$513,358</u>	<u>\$1,258,893</u>	<u>\$1,198,753</u>	<u>\$573,498</u>

**NOTE 13 - GENERAL LONG-TERM OBLIGATIONS**

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

	<u>Workers' Compensation Claims Payable</u>	<u>Compensated Absences</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Total</u>
Balance, beginning of year	\$13,606	\$636,330	\$97,500	\$4,684,000	\$5,431,436
Additions	77,966	186,984	-	2,835,000	3,099,950
Deductions	54,603	63,645	97,500	775,000	990,748
Defeased	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,535,000</u>	<u>2,535,000</u>
Balance, end of year	<u>\$36,969</u>	<u>\$759,669</u>	<u>\$-</u>	<u>\$4,209,000</u>	<u>\$5,005,638</u>

All School Board bonds outstanding at June 30, 1999, in the amount of \$4,209,000, are general obligation bonds (or other as indicated). 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>
General Obligation: School District #2 July 28, 1993	\$ 430,000	5%	Mar. 1, 2005	\$ 42,950	\$ 249,000
School District #3 July 1, 1991	4,065,000	6.3%	Mar. 1, 2000	40,005	635,000
School District #4 February 1, 1992	3,790,000	6.9%-10.0%	Feb. 1, 2012	77,625	490,000
April 1, 1999	2,820,000	3.20%-4.25%	Feb. 1, 2012	<u>972,865</u>	<u>2,835,000</u>
Total				<u>\$1,133,445</u>	<u>\$4,209,000</u>



**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 13 - GENERAL 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 within the parish and general operating funds of the School Board. At June 30, 1999, the School Board has accumulated \$685,254 in the debt service funds for future debt requirements. The notes and bonds are due as follows:

<u>Year Ending June 30</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal Payments</u>	<u>Interest Payments</u>	
2000	\$ 874,000	\$ 188,238	\$1,062,238
2001	253,000	148,855	401,855
2002	261,000	132,085	393,085
2003	351,000	122,418	473,418
2004	235,000	101,643	336,643
Thereafter	<u>2,235,000</u>	<u>440,206</u>	<u>2,675,206</u>
Total	<u>\$4,209,000</u>	<u>\$1,133,445</u>	<u>\$5,342,445</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, 1999, the statutory limit is \$23,569,949 and net outstanding bonded debt totals \$3,523,746.

**NOTE 14 - INTERFUND TRANSACTIONS**

Due from/to others:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I	\$133,101
	Title VI	3,600
	Special Education	<u>6,867</u>
Total		<u>\$143,568</u>

Operating transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$43,741
Special Revenue Funds: School Food Service	<u>43,741</u>	<u>-</u>
Totals	<u>\$43,741</u>	<u>\$43,741</u>

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 15 - RESERVATIONS OF FUND BALANCE**

**Workers' Compensation**

This amount represents the portion of fund balance relating to the security interest established with the State of Louisiana Office of Workers' Compensation and is therefore unavailable to be expended for other purposes.

**Sales tax**

This amount represents the portion of fund balance relating to sales tax collections dedicated to paying salaries, retirement, and other benefits.

At June 30, 1999, a portion of the fund balance of the general fund was reserved as follows:

Workers' compensation	\$100,000
Sales tax	<u>773,121</u>
Total	<u>\$873,121</u>

**NOTE 16 - RISK MANAGEMENT**

The School Board initiated a self-insured program for workers' compensation in 1991. It joined a pool of school boards in Northeast Louisiana in order to share workers' compensation costs. The School Board's share of risk is determined by calculating its percentage of the total manual premium of the group. The risk allocated to the School Board for the year ended June 30, 1999 was 45%. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds.

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

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>Ending of Fiscal Year Liability</u>
1997 - 1998	\$22,135	\$54,152	\$62,681	\$13,606
1998 - 1999	13,606	77,966	54,603	36,969

In addition, the School Board is at risk for property damage, liability and theft which are covered by insurance policies.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 16 - RISK MANAGEMENT (Continued)**

During the fiscal year 1999, a total of \$54,603 was paid in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$175,000. Maximum retention exposure for aggregate claims amounts to \$1,000,000. Claims payable of \$36,969 as of June 30, 1999, have been accrued as liability in the general long-term debt account group.

**NOTE 17 - LITIGATION AND CLAIMS**

**Litigation**

At June 30, 1999, the School Board is involved in various litigations. It is the opinion of the legal advisor for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.

**Self-Insurance**

The School Board initiated a risk management program for workers' compensation in 1991. During fiscal year 1999, a total of \$54,603 was paid in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$175,000. Maximum retention exposure for aggregate claims amounts to \$1,000,000. An amount for self-insurance losses of \$100,000 was reserved for year ending June 30, 1999. Claims payable of \$36,969 as of June 30, 1999, have been accrued as a liability in the general long-term obligations account group.

**Grant Disallowances**

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

**NOTE 18 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES**

On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$21,423. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 19 - SUBSEQUENT EVENTS**

The current Superintendent will retire effective December 31, 1999. The School Board has appointed a new Superintendent who will take office effective January 1, 2000.

**NOTE 20 - DEFEASANCE OF DEBT**

The School Board defeased in the current year certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. On June 30, 1999, \$2,535,000 of bonds outstanding are considered defeased.

**NOTE 21 - ADVANCE REFUNDING**

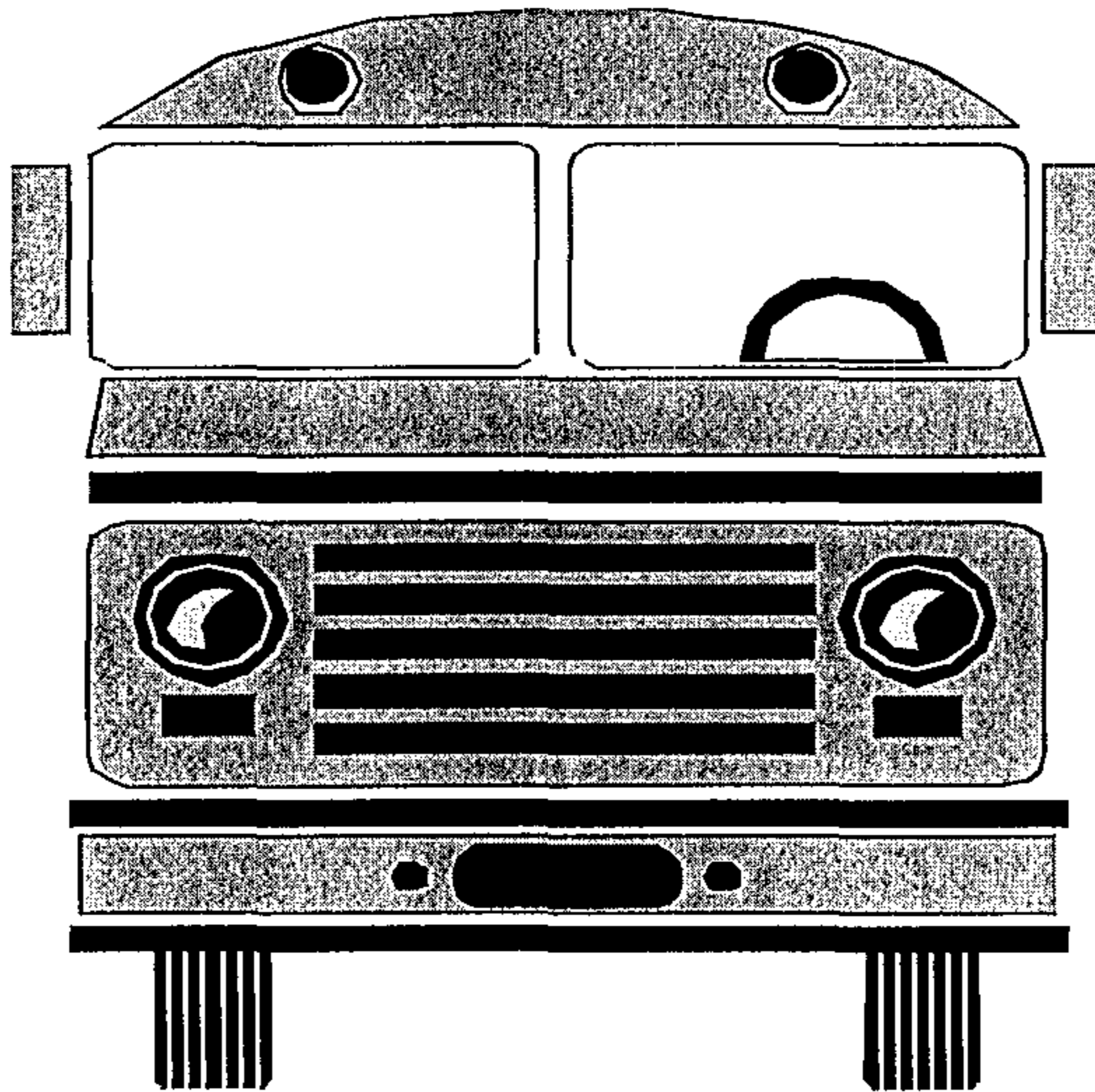
On April 1, 1999, the Board issued \$2,835,000 in general obligation bonds with an interest rate of 3.20 to 4.25 percent to advance refund the following outstanding general obligation bonds.

<u>Date Issued</u>	<u>General Obligation Bonds</u>	<u>Amount</u>	<u>Interest Rate</u>
February 1, 1992	School District #4	\$2,535,000	6.9 - 10.0%

The net proceeds of \$2,703,697 (after payment of \$131,303 in underwriting fees, insurance, and other issuance costs) plus an additional \$53,357 of sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the School District #4 bonds. As a result, the School District #4 bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The School Board advance refunded the general obligation bonds to reduce its total debt service payments over the next 13 years by approximately \$772,302 and to obtain an economic gain of \$255,327. (Difference between the present values of the debt service payments on the old and new debt.)

**Richland Parish School Board  
Rayville, Louisiana**



**Richland Parish School Board  
Rayville, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION**

**Richland Parish School Board  
Rayville, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION  
June 30, 1999**

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

**Year 2000 Information**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operation.

As of March 1, 1999, the School Board replaced the computer systems and software in the business office. The systems replaced were the financial reporting and payroll processing systems. As of November 29, 1999, the systems have been assessed by the vendor to be year 2000 compliant to the best of their knowledge.

The state of Louisiana distributes a substantial sum of money to the Board in the form of "foundation" and federal and state grant payments. The foundation payments are based on student and financial data that is collected from the School Board and its schools. As of December 1, 1999, the school activity accounting systems and educational statistical computers and software (PAMS) were replaced or upgraded at each school. The systems have been assessed by the vendor to be year 2000 compliant, to the best of their knowledge. Further, the state processes a significant amount of financial and non-financial information about the Board through the state's Department of Education management information system. The state is responsible for the compliance of those systems.

As of July 1, 1999, the IBM PC computer, formerly known as the Superlink Computer, was replaced with a new computer with Internet capabilities. We are now online with the state Department of Education.

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

The Richland Parish School Board receives sales tax collections from the Richland Parish Tax Commission, which is the parish wide collection agency. Property taxes are collected and distributed to the School Board by the Sheriff's Office. Although each agency is responsible for actions necessary to assure year 2000 readiness, each agency has assured the board that their hardware and software are year 2000 compliant as of November 1, 1999. Vendor testing has occurred and each agency is confident that operations will continue as usual.

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

**Richland Parish School Board  
Rayville, Louisiana**

**SUPPLEMENTAL INFORMATION**



**Richland Parish School Board  
Rayville, Louisiana**

**SPECIAL REVENUE FUNDS**

**TITLE I**

To improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Primarily for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

**TITLE VI**

To assist state and local educational agencies to improve elementary and secondary education.

Funds may be used for: innovative assistance in the acquisition and use of instruction materials; technology related to the implementation of school bus reforms; promising education reform projects; promoting higher order thinking skills of disadvantaged students; and reform activities associated with Goals 2000.

**SPECIAL EDUCATION**

**STATE GRANTS**

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

**PRESCHOOL GRANTS**

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

**TITLE II**

To improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

**DRUG FREE SCHOOLS**

To establish state and local programs of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

**SCHOOL FOOD SERVICE**

To assist through cash grants and food donations in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 1999

	TITLE I	TITLE VI	SPECIAL EDUCATION
<b>ASSETS</b>			
Cash and cash equivalents	\$ 43,942	\$ 0	\$ 1,473
Investments	0	0	0
Receivables	191,936	3,600	12,101
Inventory	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u>\$ 235,878</u>	<u>\$ 3,600</u>	<u>\$ 13,574</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts, salaries and other payables	\$ 102,777	\$ 0	\$ 6,707
Interfund payable	133,101	3,600	6,867
Deferred revenues	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>\$ 235,878</u>	<u>\$ 3,600</u>	<u>\$ 13,574</u>
<b>Fund Equity</b>			
<b>Fund Balances:</b>			
Reserved for inventory	\$ 0	\$ 0	\$ 0
Unreserved and undesignated	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Equity</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 235,878</u>	<u>\$ 3,600</u>	<u>\$ 13,574</u>

Exhibit 1

TITLE II	DRUG FREE SCHOOLS	SCHOOL FOOD SERVICE	TOTAL
\$ 0	\$ 0	\$ 281,673	\$ 327,088
0	0	179,977	179,977
0	0	1,582	209,219
0	0	33,081	33,081
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 496,313</u>	<u>\$ 749,365</u>
\$ 0	\$ 0	\$ 86,191	\$ 195,675
0	0	0	143,568
0	0	12,504	12,504
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 98,695</u>	<u>\$ 351,747</u>
\$ 0	\$ 0	\$ 20,577	\$ 20,577
0	0	377,041	377,041
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 397,618</u>	<u>\$ 397,618</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 496,313</u>	<u>\$ 749,365</u>

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

	TITLE I	TITLE VI		SPECIAL EDUCATION
<b>REVENUES</b>				
Local sources:				
Interest earnings	\$ 0	\$ 0	\$	0
Food services	0	0		0
Other	0	0		0
State sources:				
Unrestricted	0	0		0
Restricted	0	0		8,004
Federal sources	1,443,793	41,002		341,065
 Total Revenues	\$ 1,443,793	\$ 41,002	\$	349,069
 <b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	\$ 134,899	\$ 0	\$	8,004
Special Programs	732,307	36,699		328,484
Other Instructional Programs	0	0		0
Support services:				
Student services	164,937	0		2,400
Instructional staff support	281,704	0		10,181
General administration	40,002	303		0
School administration	39,925	0		0
Business services	12,161	0		0
Plant services	37,858	4,000		0
Food services	0	0		0
 Total Expenditures	\$ 1,443,793	\$ 41,002	\$	349,069
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$	0

Exhibit 2

TITLE II	DRUG FREE SCHOOLS	SCHOOL FOOD SERVICE	TOTAL
\$ 0	\$ 0	\$ 16,523	\$ 16,523
0	0	153,719	153,719
0	0	4,481	4,481
0	0	281,582	281,582
0	0	17,593	25,597
23,212	28,685	1,250,935	3,128,692
<u>\$ 23,212</u>	<u>\$ 28,685</u>	<u>\$ 1,724,833</u>	<u>\$ 3,610,594</u>
\$ 0	\$ 0	\$ 0	\$ 142,903
16,842	0	0	1,114,332
2,072	0	0	2,072
0	27,924	0	195,261
3,787	0	0	295,672
511	761	0	41,577
0	0	0	39,925
0	0	0	12,161
0	0	0	41,858
0	0	1,818,938	1,818,938
<u>\$ 23,212</u>	<u>\$ 28,685</u>	<u>\$ 1,818,938</u>	<u>\$ 3,704,699</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (94,105)</u>	<u>\$ (94,105)</u>

(CONTINUED)

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

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

	TITLE I	TITLE VI	SPECIAL EDUCATION
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 0	\$ 0	\$ 0
TOTAL OTHER FINANCING SOURCES (USES)	\$ 0	\$ 0	\$ 0
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

Exhibit 2

<u>TITLE II</u>	<u>DRUG FREE SCHOOLS</u>	<u>SCHOOL FOOD SERVICE</u>	<u>TOTAL</u>
\$ 0	\$ 0	\$ 43,741	\$ 43,741
\$ 0	\$ 0	\$ 43,741	\$ 43,741
\$ 0	\$ 0	(50,364)	(50,364)
0	0	447,982	447,982
\$ 0	\$ 0	\$ 397,618	\$ 397,618

(CONCLUDED)

**Richland Parish School Board  
Rayville, Louisiana**

**DEBT SERVICE FUNDS**

School District No. 1  
School District No. 2  
School District No. 3  
School District No. 4

The debt service funds are used to accumulate monies to pay outstanding bond issues. The bonds were issued by the respective school districts to acquire lands for building sites and to purchase, erect, and improve school buildings, equipment, and furnishings. The bond issues are financed by an ad valorem tax on property within the territorial boundaries of the respective wards.



RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

DEBT SERVICE FUNDS  
Combining Balance Sheet  
June 30, 1999

Exhibit 3

	SCHOOL DISTRICT #1	SCHOOL DISTRICT #2	SCHOOL DISTRICT #3	SCHOOL DISTRICT #4	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,332	\$ 57,281	\$ 39,817	\$ 134,684	\$ 255,114
Investments	0	0	270,140	160,000	430,140
<b>TOTAL ASSETS</b>	<b>\$ 23,332</b>	<b>\$ 57,281</b>	<b>\$ 309,957</b>	<b>\$ 294,684</b>	<b>\$ 685,254</b>
<b>FUND EQUITY</b>					
Fund Balances:					
Reserved for debt service	\$ 23,332	\$ 57,281	\$ 309,957	\$ 294,684	\$ 685,254
<b>Total Equity</b>	<b>\$ 23,332</b>	<b>\$ 57,281</b>	<b>\$ 309,957</b>	<b>\$ 294,684</b>	<b>\$ 685,254</b>
<b>TOTAL FUND EQUITY</b>	<b>\$ 23,332</b>	<b>\$ 57,281</b>	<b>\$ 309,957</b>	<b>\$ 294,684</b>	<b>\$ 685,254</b>

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

DEBT SERVICE FUNDS  
Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1999

Exhibit 4

	SCHOOL DISTRICT #1	SCHOOL DISTRICT #2	SCHOOL DISTRICT #3	SCHOOL DISTRICT #4	TOTAL
<b>REVENUES</b>					
Local sources:					
Taxes:					
Ad valorem	\$ 18	\$ 63,137	\$ 503,836	\$ 353,887	\$ 920,878
Interest earnings	317	1,730	10,977	12,007	25,031
<b>Total Revenues</b>	<b>\$ 335</b>	<b>\$ 64,867</b>	<b>\$ 514,813</b>	<b>\$ 365,894</b>	<b>\$ 945,909</b>
<b>EXPENDITURES</b>					
Current:					
General administration	\$ 15	\$ 2,141	\$ 17,537	\$ 133,690	\$ 153,383
Debt service:					
Principal retirement	0	45,000	590,000	140,000	775,000
Interest and bank charges	0	14,810	76,585	236,227	327,622
Advance refunding escrow	0	0	0	53,357	53,357
<b>Total Expenditures</b>	<b>\$ 15</b>	<b>\$ 61,951</b>	<b>\$ 684,122</b>	<b>\$ 563,274</b>	<b>\$ 1,309,362</b>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 320</b>	<b>\$ 2,916</b>	<b>\$ (169,309)</b>	<b>\$ (197,380)</b>	<b>\$ (363,453)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from refunding of bonds	\$ 0	\$ 0	\$ 0	\$ 2,816,469	\$ 2,816,469
Payment to refunded bond escrow agent	0	0	0	(2,703,697)	2,703,697
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 112,772</b>	<b>\$ 112,772</b>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>\$ 320</b>	<b>\$ 2,916</b>	<b>\$ (169,309)</b>	<b>\$ (84,608)</b>	<b>\$ (250,681)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>23,012</b>	<b>54,365</b>	<b>479,266</b>	<b>379,292</b>	<b>935,935</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 23,332</b>	<b>\$ 57,281</b>	<b>\$ 309,957</b>	<b>\$ 294,684</b>	<b>\$ 685,254</b>

**Richland Parish School Board  
Rayville, Louisiana**

**CAPITAL PROJECT FUNDS**

School District No. 2  
School District No. 3  
School District No. 4

The capital project funds are used to acquire and improve sites for school buildings and playgrounds; to purchase, erect and/or improve school buildings and other school-related facilities and to acquire the necessary equipment and furnishings for these facilities.

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

CAPITAL PROJECT FUNDS  
Combining Balance Sheet  
June 30, 1999

Exhibit 5

	SCHOOL DISTRICT #2	SCHOOL DISTRICT #3	SCHOOL DISTRICT #4	TOTAL
ASSETS				
Cash and cash equivalents	\$ 3,164	\$ 2,883	\$ 2,679	\$ 8,726
TOTAL ASSETS	\$ 3,164	\$ 2,883	\$ 2,679	\$ 8,726
Fund Equity				
Fund Balances:				
Unreserved and undesignated	\$ 3,164	\$ 2,883	\$ 2,679	\$ 8,726
Total Equity	\$ 3,164	\$ 2,883	\$ 2,679	\$ 8,726
TOTAL FUND EQUITY	\$ 3,164	\$ 2,883	\$ 2,679	\$ 8,726

**RICHLAND PARISH SCHOOL BOARD**  
Rayville, Louisiana

**CAPITAL PROJECT FUNDS**  
Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1999

Exhibit 6

	SCHOOL DISTRICT #2	SCHOOL DISTRICT #3	SCHOOL DISTRICT #4	TOTAL
<b>REVENUES</b>				
Local sources:				
Interest earnings	\$ 93	\$ 86	\$ 80	\$ 259
Total Revenues	\$ 93	\$ 86	\$ 80	\$ 259
<b>EXPENDITURES</b>				
Current:				
Business services	\$ 0	\$ 86	\$ 80	\$ 166
Total Expenditures	\$ 0	\$ 86	\$ 80	\$ 166
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	\$ 93	\$ 0	\$ 0	\$ 93
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	3,071	2,883	2,679	8,633
<b>FUND BALANCES AT END OF YEAR</b>	\$ 3,164	\$ 2,883	\$ 2,679	\$ 8,726

**Richland Parish School Board  
Rayville, Louisiana**

**AGENCY FUND**

**SCHOOL ACTIVITY AGENCY FUND**

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

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

Exhibit 7

SCHOOL ACTIVITY AGENCY FUND  
Schedule of Changes in Deposits Due Others  
For the Year Ended June 30, 1999

<u>School</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Delhi Elementary	\$ 30,501	\$ 105,266	\$ 102,237	\$ 33,530
Delhi Junior High	58,933	64,816	59,922	63,827
Delhi High	22,583	127,109	116,212	33,480
Holly Ridge	14,064	82,717	82,343	14,438
Mangham Elementary	54,477	81,091	84,687	50,881
Mangham Junior High	55,208	69,726	60,492	64,442
Mangham High	20,502	192,390	172,387	40,505
Rayville Elementary	130,968	91,369	82,842	139,495
Rayville Junior High	20,174	80,460	94,023	6,611
Rayville High	25,085	249,790	239,410	35,465
Richland Special	808	8,393	7,007	2,194
Start Elementary	<u>80,055</u>	<u>105,766</u>	<u>97,191</u>	<u>88,630</u>
Total	<u>\$ 513,358</u>	<u>\$ 1,258,893</u>	<u>\$ 1,198,753</u>	<u>\$ 573,498</u>

RICHLAND PARISH SCHOOL BOARD  
Rayville, Louisiana

Exhibit 8

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
For the Year Ended June 30, 1999

GENERAL

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$440 per month, and the president receives \$545 per month for performing the duties of this office.

Mr. James Hough, President	\$ 5,910
Mr. Robert Adams	2,640
Mr. David Barton	2,640
Mr. Robert L. Boughton	2,640
Mr. William Burgess	2,640
Mr. Albert Christman	5,280
Mr. David Knight	2,640
Ms. Gloria Lawson	5,280
Mr. Doyal McDade	5,280
Mr. Claude Minor, Sr.	5,910
Mrs. Ginger Pierce	5,280
Mr. Shelton Sharbono	<u>2,640</u>
Total	<u>\$ 48,780</u>



**Richland Parish School Board  
Rayville, Louisiana**

**Other Report Required by  
Government Auditing Standards**

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

**Other Report Required by  
Office of Management and Budget (OMB) Circular No. A-133**

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



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

Board Members  
Richland Parish School Board  
Rayville, Louisiana

We have audited the financial statements of Richland Parish School Board, Rayville, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 5, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

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

### Management Letter Items

However, we noted a certain immaterial instance of noncompliance which we have reported to management of the School Board in a separate letter dated November 5, 1999, included later in this report.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-F1.

Board Members  
Richland Parish School Board  
Rayville, Louisiana

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

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

*Allen, Green + Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
November 5, 1999



# ALLEN, GREEN & COMPANY, LLP

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

Board Members  
Richland Parish School Board  
Rayville, Louisiana

### Compliance

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

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

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

### Internal Control Over Compliance

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

Board Members  
Richland Parish School Board  
Rayville, Louisiana

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of Richland Parish School Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 5, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

*Allen, Green & Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
November 5, 1999

**Richland Parish School Board  
Rayville, Louisiana**

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
<b>CASH FEDERAL AWARDS</b>			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
School Breakfast Program	10.553	N/A	\$ 322,733
National School Lunch Program	10.555	N/A	<u>820,111</u>
Total United States Department of Agriculture			<u>1,142,844</u>
United States Department of Education			
Direct Programs			
Title VIII - Impact Aid	84.041	N/A	2,905
Passed Through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	99-AE-42F	24,606
Title I - Grants to Local Educational Agencies	84.010	99-IASA-42-I 2899TI-42-I	1,443,793
Special Education:			
Grants to States (IDEA Part B)	84.027	98-FT-42	307,164
Preschool Grants (IDEA Preschool)	84.173	98-PF-42	33,901
Vocational Education:			
Basic Grants to States	84.048	99-VE-42-2B/BG	61,129
Title VI - Federal, State and Local Partnerships for Educational Improvement	84.151	99-IASA-42-VI 98-IASA-42-VI C/O	41,002
Title II - Eisenhower Mathematics and Science Education State Grants	84.164	99-IASA-42-II 98-IASA-42-II C/O	23,212
Title IV - Drug Free Schools and Communities State Grant GOALS 2000	84.186	99-IASA-42-IV	28,685
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants Louisiana LEARN for the 21st Century)	84.276	N/A	91,472
Technology Literacy Challenge	84.318	99-LCF-42-F	40,242
Passed Through Morehouse Parish School Board: School-to-Work	84.UKN	N/A	<u>5,802</u>
Total United States Department of Education			<u>2,103,913</u>
United States Department of Health and Human Services			
Passed Through the Louisiana Department of Education:			
Child Care and Development Block Grant (Starting Points Preschool)	93.575	N/A	<u>49,409</u>

(Continued)

**Richland Parish School Board  
Rayville, Louisiana**

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
<b>CASH FEDERAL AWARDS</b>			
United States Department of Labor Passed Through the Private Industry Council: Job Training Partnership Act (JTPA)	17.250	N/A	\$ <u>40,177</u>
United States Department of Defense Direct Programs: Department of the Army JROTC	12.609	N/A	<u>65,036</u>
TOTAL CASH FEDERAL AWARDS			<u>3,401,379</u>
<b>NONCASH FEDERAL AWARDS</b>			
United States Department of Agriculture Passed Through Louisiana Department of Agriculture and Forestry: Food Distribution (Commodities)	10.550	N/A	<u>108,091</u>
TOTAL FEDERAL AWARDS			<u>\$3,509,470</u>
			(Concluded)

**Richland Parish School Board  
Rayville, Louisiana**

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

**NOTE 1 - GENERAL**

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

**NOTE 2 - BASIS OF ACCOUNTING**

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

**NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**

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

	<u>Federal Sources</u>
General Fund	\$ 380,778
Special Revenue Funds:	
Title I	1,443,793
Title VI	41,002
Special Education	341,065
Title II	23,212
Drug Free Schools	28,685
School Food Service	<u>1,250,935</u>
	<u>\$3,509,470</u>

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**NOTE 5 - NONCASH PROGRAMS**

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



**Richland Parish School Board  
Rayville, Louisiana**

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

**PART I - Summary of the auditors' results**

**Financial statement audit**

- i. The type of audit report issued was unqualified.
- ii. There was one reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.  
  
The reportable condition was not considered to be a material weakness as defined by the Government Auditing Standards.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

**Audit of Federal Awards**

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance of major federal awards was unqualified.
- vi. The audit did not disclose audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal awards are:  
  
CFDA #84.010                      Title I Grants to Local Education Agencies  
  
Special Education Cluster (as defined by OMB Circular No. A-133 Compliance Supplement)  
  
CFDA #84.027                      Grants to States (IDEA Part B)  
CFDA #84.173                      Preschool Grants (IDEA Preschool)
- viii. The dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Richland Parish School Board  
Rayville, Louisiana**

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

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

**Reference # and title:      99-F1                      Student Activity Funds**

**Criteria or specific requirement:** The Legislative Auditor has issued a School Activity Funds handbook which contains guidelines from which school boards are to develop policies and procedures for control of student activity funds. These policies and procedures are considered necessary to have adequate internal controls over student activity funds.

**Condition found:** Agreed-upon procedures were performed at six of the schools by another auditing firm. The following conditions were noted at the schools:

It appears that some schools do not maintain complete documentation such as receipt books or collection logs for the original source items that make up individual deposits.

According to LSA-R.S. 17:414.3, all requests for withdrawal of funds should be authorized by two signatures, one of which should be the principal and the other an authorized personnel, such as a faculty advisor, coach, or school secretary. Two of the schools tested appeared to have had exceptions to this law.

Two of the schools appeared to have made disbursements with no or incomplete documentation. This was prevalent at two of the schools.

Three schools appeared to have invoices for which disbursements were not made timely.

Funds collected by schools should be deposited on a timely basis, usually within three business days. One school appeared to have receipts which were not deposited timely.

Schools should not directly employ personnel or supplement salaries of personnel. Should a school need to employ or supplement salaries of personnel this must be done with the approval of the School Board. The payment should be made by the School Board with the school reimbursing the School Board. One school directly paid substitutes employees for extra services.

**Proper perspective for judging the prevalence and consequences:** At each of the six schools tested, the auditor performing the agreed-upon procedures tested 15 receipts, 25 disbursements, and the bank reconciliation for June 30, 1999.

**Possible asserted effect (cause and effect):**

**Cause:** School administrators were either unaware of or did not employ the controls set forth by the Legislative Auditor.

**Effect:** The schools had little or no internal control over certain areas of student activity funds.

**Recommendations to prevent future occurrences:** The School Board should ensure all school administrators have a copy of the Legislative Auditor's handbook on student activity funds and that they are familiar with its contents.

**Richland Parish School Board  
Rayville, Louisiana**

## **Other Information**

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

**Richland Parish School Board  
Rayville, Louisiana**

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

**Finding reference # and title:**                      **98-F1**              **Unsecured Deposits**

**Initially occurred:** Fiscal year ended June 30, 1997.

**Condition:** At June 30, 1998, the School Board had \$5,507,225 on deposit with one depository. Collateral pledged by the depository as of June 30, 1998, totaled \$4,250,767. This left \$1,256,458 of the School Board's deposits with the depository uncollateralized.

**Corrective action taken:** The balances at each bank and the securities pledged to secure these balances were monitored more closely to ensure the balances were adequately secured.

The bank balances were monitored and the bank was requested to pledge additional collateral to cover the School Board's deposits.

**Richland Parish School Board  
Rayville, Louisiana**

**Corrective Action Plan For Current-Year Audit Findings  
June 30, 1999**

**Reference # and title:      99-F1              Student Activity Funds**

**Condition:** Agreed-upon procedures were performed at six of the schools by another auditing firm. The following conditions were noted at the schools:

It appears that some schools do not maintain complete documentation such as receipt books or collection logs for the original source items that make up individual deposits.

According to LSA-R.S. 17:414.3, all requests for withdrawal of funds should be authorized by two signatures, one of which should be the principal and the other an authorized personnel, such as a faculty advisor, coach, or school secretary. Two of the schools tested appeared to have had exceptions to this law.

Two of the schools appeared to have made disbursements with no or incomplete documentation. This was prevalent at two of the schools.

Three schools appeared to have invoices for which disbursements were not made timely.

Funds collected by schools should be deposited on a timely basis, usually within three business days. One school appeared to have receipts which were not deposited timely.

Schools should not directly employ personnel or supplement salaries of personnel. Should a school need to employ or supplement salaries of personnel this must be done with the approval of the School Board. The payment should be made by the School Board with the school reimbursing the School Board. One school directly paid substitutes employees for extra services.

**Corrective action planned:** The School Board will schedule three to four meetings each year with new clerks to ensure they are aware of and are implementing policies and procedures correctly.

**Contact person responsible for corrective action:**

Harold Gallman, Business Manager	Telephone: (318) 728-5964
Richland Parish School Board	Fax: (318) 728-6366
P. O. Box 599	
Rayville, Louisiana 71269-0599	

**Anticipated completion date:** June 30, 2000.

**Richland Parish School Board  
Rayville, Louisiana**

**Management Letter Items**

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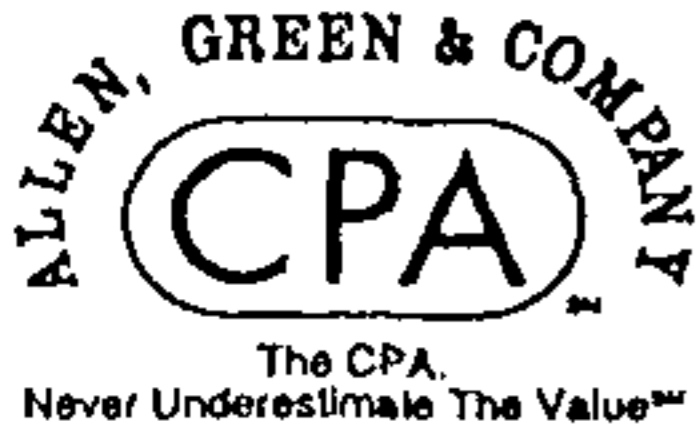
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## Management Letter

Board Members  
Richland Parish School Board  
Rayville, Louisiana

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

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 5, 1999, on the financial statements of the School Board. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### 99-M1 Unsecured Deposits

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

**Condition found:** At June 30, 1999, the School Board had \$5,723,162 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$5,318,459 at June 30, 1999. The remaining \$304,703 was uncollateralized.

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

**Management's response:** The bank balances were monitored and the bank was requested to pledge additional collateral to cover School Board deposits.

Board Members  
Richland Parish School Board  
Rayville, Louisiana

### **99-M2 Impact of GASB Statement No. 34**

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

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

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

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

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

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

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



Board Members  
Richland Parish School Board  
Rayville, Louisiana

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

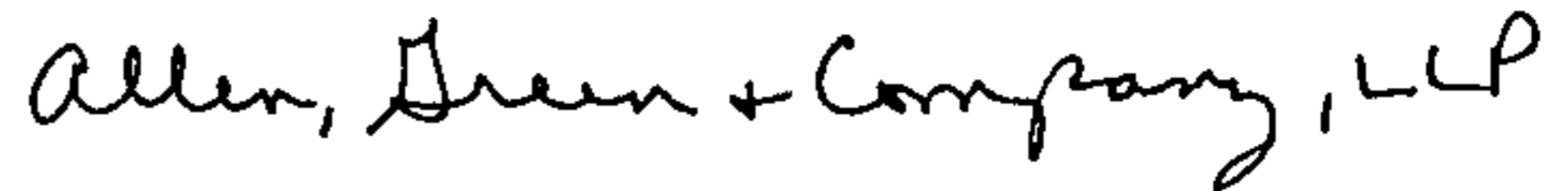
**Management's response:** The School Board is aware of the new reporting model and will plan accordingly.

\* \* \* \* \*

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

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

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



ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
November 5, 1999

**Richland Parish School Board  
Rayville, Louisiana**

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

**Finding reference # and title:**                      **98-M1**      **Title I Comparability**

**Initially occurred:** Fiscal year ended June 30, 1997.

**Condition:** A school district may receive Title I funds only if state and local funds will be used in participating schools to provide services that, taken as a whole, are at least comparable to services that the school district is providing in schools not receiving Title I funds. One measure to determine comparability is to complete a comparability report. This report dated November 12, 1997, was reviewed and tested as part of our auditing procedures. This report revealed one school, Rayville Elementary, which did not meet the comparability requirements.

**Corrective action taken:** The Title I comparability report was reviewed to determine possible causes for having a school which was not comparable. Necessary changes were made to ensure all Title I schools were comparable for the year ended June 30, 1999.

**Finding reference # and title:**                      **98-M2**      **New Year 2000 Compliance Disclosures Required**

**Initially occurred:** Fiscal year ended June 30, 1998.

**Condition:** The Governmental Accounting Standards Board (GASB) recently issued Technical Bulletin No. 98-1 (TB No. 98-1). TB No. 98-1 is effective for Richland Parish School Board for the current year and for the fiscal year ending June 30, 1999.

The School Board will be required to make disclosures about several aspects of the year 2000 compliance issue.

These disclosures will include:

- a. Any significant amount of resources committed (contracts outstanding) for purposes of making the School Board's computer systems year 2000 compliant.
- b. A general description of the year 2000 issue as related to the School Board including a description of the stages of work in progress or completed in regards to making the School Board's computer systems year 2000 compliant and any additional stages of work that will be necessary to make the computer system year 2000 compliant. GASB has defined several stages which will need to be examined including:
  - awareness stage
  - assessment stage
  - remediation stage
  - validation/testing stage

The School Board may need to dedicate a significant amount of resources to this issue in order to comply with the new disclosure requirements.

**Corrective action taken:** We will review the year 2000 disclosure requirements and will provide the auditors the necessary information for the 1998-1999 audit report.