

**Comprehensive  
Annual Financial Report  
of the  
DeSoto Parish School Board  
Mansfield, Louisiana**

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**For The Year Ended June 30, 1999**

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

of the

DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

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.

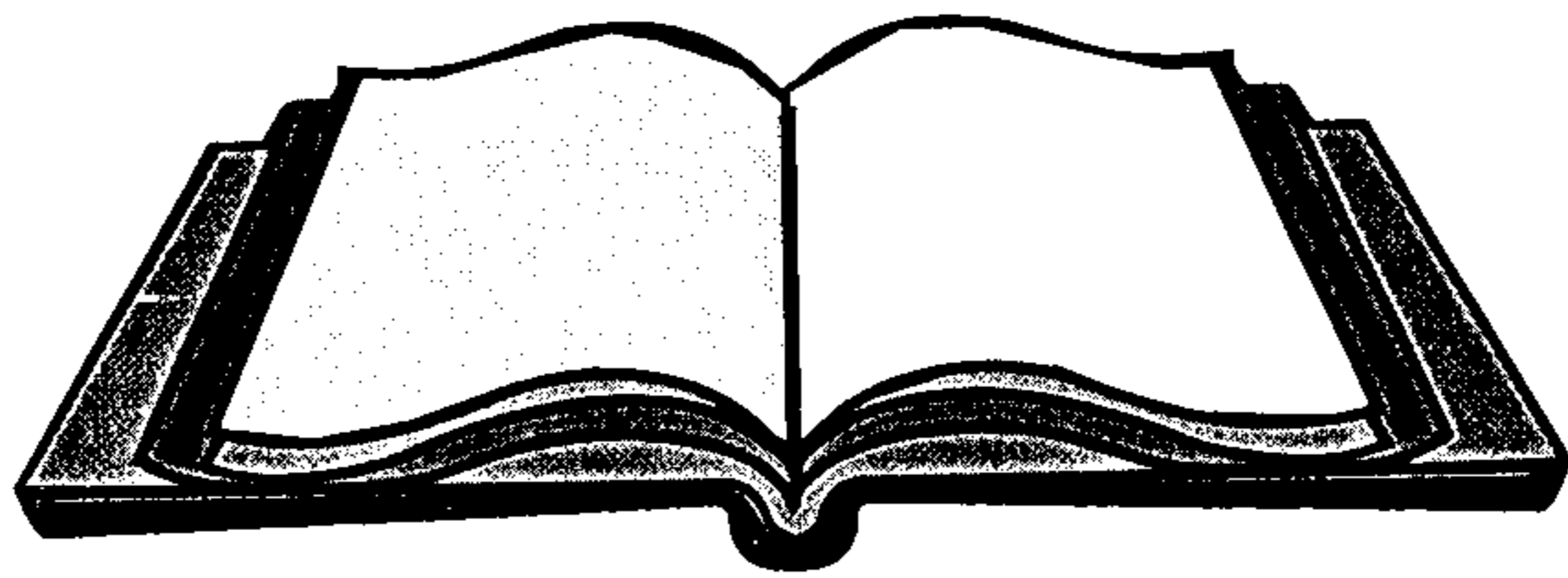
Release Date \_\_\_\_\_

Mr. Dudley Glenn  
President

Mr. Walter C. Lee  
Superintendent

Mr. Steven Stanfield  
Director of Business Services

Prepared by the Business Department



**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Comprehensive Annual Financial Report  
Year Ended June 30, 1999

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Mansfield, Louisiana

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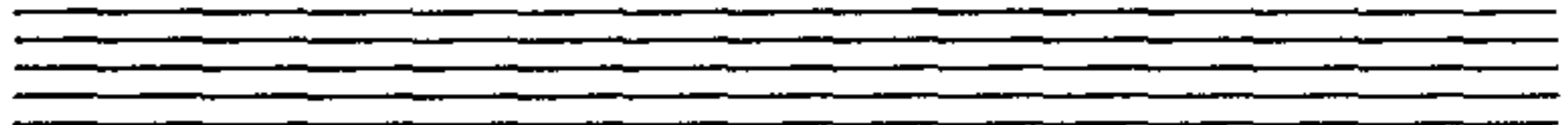
# INTRODUCTORY SECTION

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- ORGANIZATIONAL STRUCTURE
- ELECTED OFFICIALS
- SELECTED ADMINISTRATIVE OFFICIALS







# DeSoto Parish School Board

201 Crosby Street - Mansfield, Louisiana 71052 - (318) 872-2836 - FAX (318) 872-1324



**WALTER C. LEE**  
Superintendent

October 8, 1999

DeSoto Parish School Board Members  
201 Crosby Street  
Mansfield, Louisiana 71052

RE: Financial Statement Transmittal Letter  
for the Fiscal Year Ended June 30, 1999

Dear Board Members:

The Comprehensive Annual Financial Report of the DeSoto Parish School Board (Board) for the year ended June 30, 1999, is hereby submitted. This report has been prepared by the Business Department following the guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada. Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Administration and the Board. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three parts:

1. The Introductory Section - This section includes a transmittal letter, the Board's organizational structure, and recognition of the elected School Board.
2. The Financial Section - The independent auditors' report and the Board's complete financial operations are depicted in the financial section. The combined financial statements, individual Fund Statements and Account Group Statements are presented along with the Combining Statements. Combining Statements are presented when the Board has more than one fund of a given fund type.
3. The Statistical Section - This section includes a number of tables of unaudited data depicting the financial history, demographics, and other miscellaneous information of the Board for the past ten years.

## CREATION AND PURPOSE OF BOARD

The DeSoto Parish School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 to provide public education for the children within DeSoto Parish. The 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 Board is comprised of 11 members who are elected from 11 districts for terms of four years.

The Board operates 12 schools within the parish with a total enrollment exceeding 5,100 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the Board provides transportation and school food services for the students.

The report includes all entities or organizations that are required to be included in the Board's reporting entity. The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a governmental unit's reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

## **ECONOMIC CONDITION AND OUTLOOK**

DeSoto Parish is located in northwest Louisiana approximately 40 miles south of Shreveport, which is the largest metropolitan area of the region. The unemployment rate in DeSoto Parish has ranged from 6.2% to 10.7% since 1990, and is at 6.7% in 1999. The parish economy, even though sluggish at this time, is balanced among agriculture, mining, timber, and manufacturing.

One of the largest private employers is International Paper Company (IP) which has approximately 550 employees, including 50 permanent private contractors employed at its linerboard facility. IP completed a \$498 million facility in 1981 and entered the DeSoto Parish tax rolls in 1992. In 1996, IP completed a \$300 million expansion to add a new paper machine and a recycled fiber plant. This expansion created approximately 1,000 construction jobs and 100 permanent positions.

The Central Louisiana Electric Company (CLECO) and Southwestern Electric Power Company (SWEPCO) entered into a joint venture to complete a \$468 million lignite power plant in 1986. CLECO/SWEPCO employs approximately 250 employees, including 100 permanent employees at Dolet Hills Mining Venture.

## **MAJOR INITIATIVES**

### **For the Year**

The Board opened an Alternative School on November 1, 1998. The construction and equipping costs for this school exceeded \$356,000. The school was opened to help students who have been expelled from the regular school setting. Expelled students in the 6<sup>th</sup> grade through the 12<sup>th</sup> grade can apply to attend this school. Operating costs for each year after construction are expected to cost the Board \$480,000 per year.

Internet connections for all schools were completed. Wiring costs exceeded \$132,000 and additional equipment was purchased totaling \$200,000. Reimbursements of 80% of these costs were possible through the federal government's E-rate program.

For the fifth straight year, the Board approved a pay raise for all employees. Teachers and administrators received \$1,200 annually while support employees received \$600 annually. The total cost of the raise exceeded \$750,000.

The Board added 5 ½ new employees in fiscal 1999. Four teachers, one aide and a part-time secretary were added to the three schools at North DeSoto. The total cost of these positions exceeded \$215,000.

The Board completed a major capital improvement at North DeSoto High School. The school, which was built in 1982, replaced 55 rooftop heating and cooling units with a central system, replaced the fire alarm system, and installed a new metal roof. The project was completed in November 1998 and cost approximately \$2 million.

### **For the Future**

As we approach the turn of the century, DeSoto Parish schools will continue to face significant issues and concerns that will require effective and timely planning and leadership. Some of those items will be included in future budgets as additional funds become available. Listed in nonpriority order, they are as follows:

- (1) Salary updates to attract and keep competent teachers and support staff.
- (2) More teachers to lower the pupil teacher ratio.
- (3) More pre-kindergarten classes for all children.
- (4) Counselors for all schools that do not have counselor services.
- (5) Schools that meet Southern Association Accreditation Standards.
- (6) Keeping computer hardware and software up-to-date with current technology.

## **FINANCIAL INFORMATION**

### **Internal Control**

Management is responsible for establishing and maintaining internal control designed to ensure that the assets of the Board are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

We believe that the Board's accounting controls provide reasonable assurance that errors or irregularities to the financial statements are prevented or would be detected within a timely period by employees in the normal course of performing their assigned functions.

### **Single Audit**

The Board is required to undergo an annual single audit or a biennial audit, to include transactions of both years, in conformity with the provisions of both (1) Louisiana Revised Statute 24:513(K) and (2) the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, include the schedule of federal awards, findings and recommendations, and independent auditors' reports on internal control over financial reporting and compliance with applicable laws, regulations, contracts and grants. The single audit report is issued separately from this Comprehensive Annual Financial Report.

As a part of the Board's single audit, tests are made to determine the adequacy of the internal control over financial reporting, including that portion related to federal award programs as well as to determine that the Board has complied with applicable laws, regulations, contracts and grants. The results of the Board's single audit for the fiscal year ended June 30, 1999, provided no instances of material weaknesses in internal control over financial reporting or significant violations of applicable laws, regulations, contracts and grants.

### **Budgeting Controls**

Formal budget integration within the accounting records is employed as a management control device. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the General Fund and the Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

The Board does not formally approve budgetary data for Debt Service Funds and Capital Projects Funds. Debt Service Funds are budgeted within the Business Department on an annual basis before millage assessments are approved by the Board, and Capital Projects Funds are budgeted before bids for facility acquisition and construction projects are approved.

As demonstrated by the statements and schedules included in the financial section of this report, the Board continues to meet its responsibility for sound fiscal management.

### **General Educational Programs**

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

Governmental funds include:

(1) General Fund - General educational activities are accounted for in the General Fund and are supported primarily by local taxes and state entitlements. General Fund revenues are as follows:

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1998</u>
Local	\$ 10,452,620	38%	\$ (500,918)
State	17,160,708	62	299,211
Federal and Other	<u>9,569</u>	<u>-</u>	<u>3,469</u>
	<u>\$ 27,622,897</u>	<u>100%</u>	<u>\$ (198,238)</u>

General Fund revenues decreased by \$198,238 from the prior year amount of \$27,821,135. Changes were primarily due to the following:

- Local sources decreased as a result of the decrease in 16<sup>th</sup> Section land timber sales.
- State sources increased as a result of the increase in Minimum Foundation Program (MFP) funding.

General Fund expenditures by function were as follows:

<u>Item</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1998</u>
Instruction Services	\$ 17,905,769	62%	\$ 1,666,167
Support Services	10,510,742	37	763,715
Capital Outlay	<u>383,229</u>	<u>1</u>	<u>290,719</u>
	<u>\$ 28,799,740</u>	<u>100%</u>	<u>\$ 2,720,601</u>

General Fund expenditures increased by \$2,720,601 from the prior year amount of \$26,079,139. This increase was primarily due to the following:

- Instruction services expenditures were primarily impacted by increases in salaries.
- Support services expenditures were also primarily impacted by increases in salaries.

The unreserved fund balance in the General Fund was maintained at an adequate level. The unreserved fund balance, which includes designations for future claims and contingencies, equipment replacement, and specific projects of \$1,514,318, \$364,948, and \$470,504, respectively, at June 30, 1999, decreased from \$6,197,923 to \$5,094,490 or 21.7%. The unreserved fund balance represents 17.7% of 1998-99 General Fund expenditures.

(2) Special Revenue Funds - The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Shown below are the names of the programs, the purpose of the program, and the expenditures, including transfers, made during the fiscal year 1998-99.

**Educational Consolidation and Improvement Act:**

<ul style="list-style-type: none"> <li>• Title I Program - is a federally funded program for educationally deprived children from low income families. Improving skills in reading and math are the primary objectives.</li> </ul>	\$ 1,382,215
<ul style="list-style-type: none"> <li>• Drug-Free Schools Program - is a program by which the federal government provides money to educate children to prevent drug abuse.</li> </ul>	34,133
<ul style="list-style-type: none"> <li>• Title VI Program - is a program by which the federal government provides money to purchase library reference and instructional materials.</li> </ul>	29,004
<p>Education for Economic Security Act - Title II Program - is a federally funded program designated to strengthen the skills of teachers in math and science.</p>	18,484
<p>School Lunch Fund - accounts for the expenditure of funds for the operation of the school breakfast and lunch programs in the school cafeterias.</p>	2,516,389
<p>7 Mill Maintenance Tax - accounts for a parishwide 7 mill property tax levy that is used to fund the costs of maintaining and operating the school facilities.</p>	980,778
<p>Special Education - consists of federally funded programs to provide education to all handicapped children ages four through twenty-one as well as preschool children.</p>	426,982
<p>Head Start - is a program by which the federal government provides money to give economically deprived children a head start in school before they enter kindergarten.</p>	52,264
<p>Adult Basic Education - is a program to develop knowledge and skills to meet immediate and long-range educational objectives of adults who have completed or interrupted formal schooling, having accepted adult roles and responsibilities.</p>	68,983
<p>Vocational Education - is a federally funded program that provides students with the opportunity to develop the knowledge, skills, and attitudes needed for employment in agriculture, home economics, industrial arts, business, etc.</p>	91,033



Starting Points - is a federally funded preschool program designed to provide quality early childhood education to children whose parent(s) or guardians work or are enrolled in a job training or educational program. \$ 49,531

Goals 2000 - is a federally funded program that attempts to build community support and a true community partnership to: (1) restructure the local educational system, (2) engage in long term systemic change to better address the individual needs of students, teachers, administrators, parents, employers, and citizens within its community, and (3) address the National Educational Goals, especially goals related to high academic achievement for all children. 83,009

America Reads -- is a national program to improve the reading skills of students in grades kindergarten through the third grade. Funding is provided with federal AmeriCorps funds. 4,438

Literacy Challenge - is a federal program to improve the skills and knowledge of teachers using computers, the Internet, and technology. 35,709

(3) Debt Service Funds - Debt Service Funds are used to accumulate monies for the payment of outstanding debt issues. The debt was issued by the respective school districts for the purpose of acquiring lands for building sites, erecting and improving school buildings, and acquiring the necessary equipment and furnishings thereof. The debt issues are financed by a special property tax levy on property within the respective school districts and sales taxes.

The ratio of net bonded debt (which includes general obligation bonds, certificates of indebtedness and sales tax bonds) to assessed valuation and the amount of bonded debt per capita are useful indicators of the Board's debt position. This data as of June 30, 1999, is as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
Net bonded debt	\$ <u>23,577,586</u>	<u>12.3%</u>	\$ <u>953</u>

The changes in long-term debt are as follows:

	<u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1999</u>
General Obligation Bonds	\$ 23,050,000	-	1,445,000	21,605,000
Certificates of Indebtedness	4,380,000	2,795,000	3,025,000	4,150,000
Sales Tax Bonds	202,000	191,000	181,000	212,000
Compensated Absences	989,686	65,344	59,186	995,844
	\$ <u>28,621,686</u>	<u>3,051,344</u>	<u>4,710,186</u>	<u>26,962,844</u>

(4) Capital Projects Funds - The Capital Projects Funds account for financial resources used for facilities acquisition, construction, and improvements of public school facilities in the respective districts. As a result of debt issues, funds are currently available for the planned projects. During the year ended June 30, 1999, capital expenditures were made totaling \$1,304,259. The total costs associated with these additional improvements are as follows:

	Cost Incurred as of <u>June 30, 1999</u>
District No. 1 - Logansport	\$ 14,071
District No. 2 - North DeSoto	859,944
District No. 3 - Stanley	240,661
District No. 4 - Mansfield	180,502
District No. 5 - Pelican	9,081

All major construction projects were substantially complete as of June 30, 1999.

**Fiduciary Funds**

Fiduciary funds include the School Activity Agency Fund which accounts for assets held by the individual schools of the Board. These funds support school activities such as athletic and other student organizations. All School Activity Funds are audited periodically by the Business Department.

**Cash Management**

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by instruments issued by the United States Government or Federal Government agencies created by an act of Congress or insured by the Federal Deposit Insurance Corporation. The total amount of interest earned was \$647,778 for the year ended June 30, 1999. This was distributed as follows:

General Fund	\$ 418,907
Special Revenue Funds	39,217
Debt Service Funds	107,858
Capital Projects Funds	<u>81,796</u>
	<u>\$ 647,778</u>

**Risk Management**

The Board maintains a combination of self-insurance and stop-loss coverage to manage its risks of loss from property damage, theft, and claims against employees. In addition, the Board is partially self-insured for health insurance and workmen's compensation. A list of insurance in force is included in Table 15. The General Fund balance includes \$1,514,318 designated for contingencies established in anticipation of possible losses related to insurance coverage and other risks.

## **OTHER INFORMATION**

### **Service Efforts And Accomplishments**

During 1999, the schools of DeSoto Parish served an average of 5,200 students daily. In 1999 the average daily attendance decreased as a percentage of average daily students by 2.36%.

The graduating classes of 1999 remained consistent with previous years, with a total of 249 students graduating from DeSoto Parish schools. The average American College Test (ACT) scores of graduates also remained consistent with past years, as well as with state scores. The average ACT scores of DeSoto Parish students was 18.4.

DeSoto Parish has been increasing the number of classroom teachers to a total of 367 in 1999. With the number of students declining by 57 in 1999, the ratio of students per teacher decreased from 14.38 in 1998 to 13.9 in 1999. Reducing the ratio of students to teachers to increase classroom learning continues to be an area of emphasis for the schools.

### **Significant Budget Changes for 1998-1999**

The Board took action to stabilize the group hospitalization insurance program. Premiums, which had not increased since 1993, were raised approximately 17% and benefits were reduced. The premium increase will add approximately \$700,000 to the program, while reduction in benefits would reduce costs an estimated \$300,000. It was our goal to stabilize premiums and benefits for the next three years.

A one cent sales tax election is set for November 20, 1999. The purpose of the election is to raise teacher and support personnel salaries. Other parishes that surround DeSoto gave a pay raise in fiscal year 1999-2000 using state MFP funds. We were unable to match that raise due to the fact that the formula which distributes the MFP did not give DeSoto any additional money. The tax is expected to generate \$2.5 million and will give a teacher an average 13% pay raise while support personnel will get 10%.

### **Independent and Internal Audits**

The report of our independent certified public accountants, KPMG LLP, follows as an integral component of this report. Their audit of the general purpose financial statements was performed in accordance with generally accepted auditing standards and, accordingly, includes a review of the Board's system of budgetary and accounting controls. Reports in accordance with the Single Audit Act are issued separately.

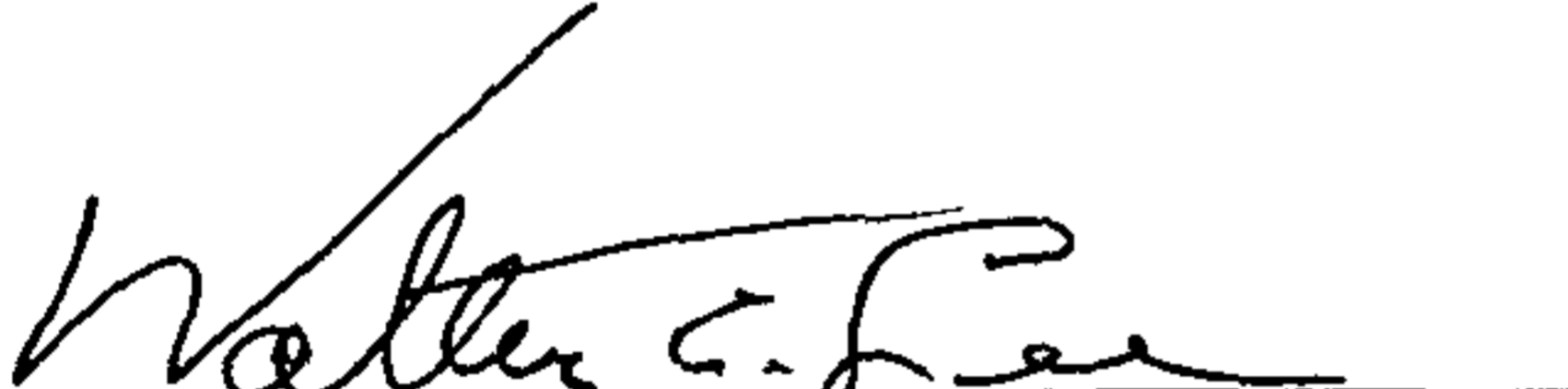
In addition to the accounting control systems and the use of independent auditors, the Business Department conducts internal audits of School Activity Funds.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its *Comprehensive Annual Financial Report for the preceding fiscal year*. To be awarded these certificates, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. These certificates are valid for a period of one year only. We believe our current report continues to conform to the certificate requirements, and we are submitting it to both GFOA and ASBO.

**Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Business Department. We want to express our appreciation to them for their assistance. We also thank the members of the Board for their interest and support in planning and conducting the financial operations of the School System in a responsible and progressive manner.

  
Walter C. Lee, Superintendent  
DeSoto Parish Schools

  
Steven Stanfield, Director  
Business Services

DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

Certificate of Achievement for Excellence in Financial Reporting

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

DeSoto Parish School  
Board, Louisiana

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

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



*Douglas R. Ellaworth*  
President

*Jeffrey L. Esser*  
Executive Director

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Certificate of Excellence in Financial Reporting



This Certificate of Excellence in Financial Reporting is presented to

**DESOTO PARISH SCHOOL BOARD**

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

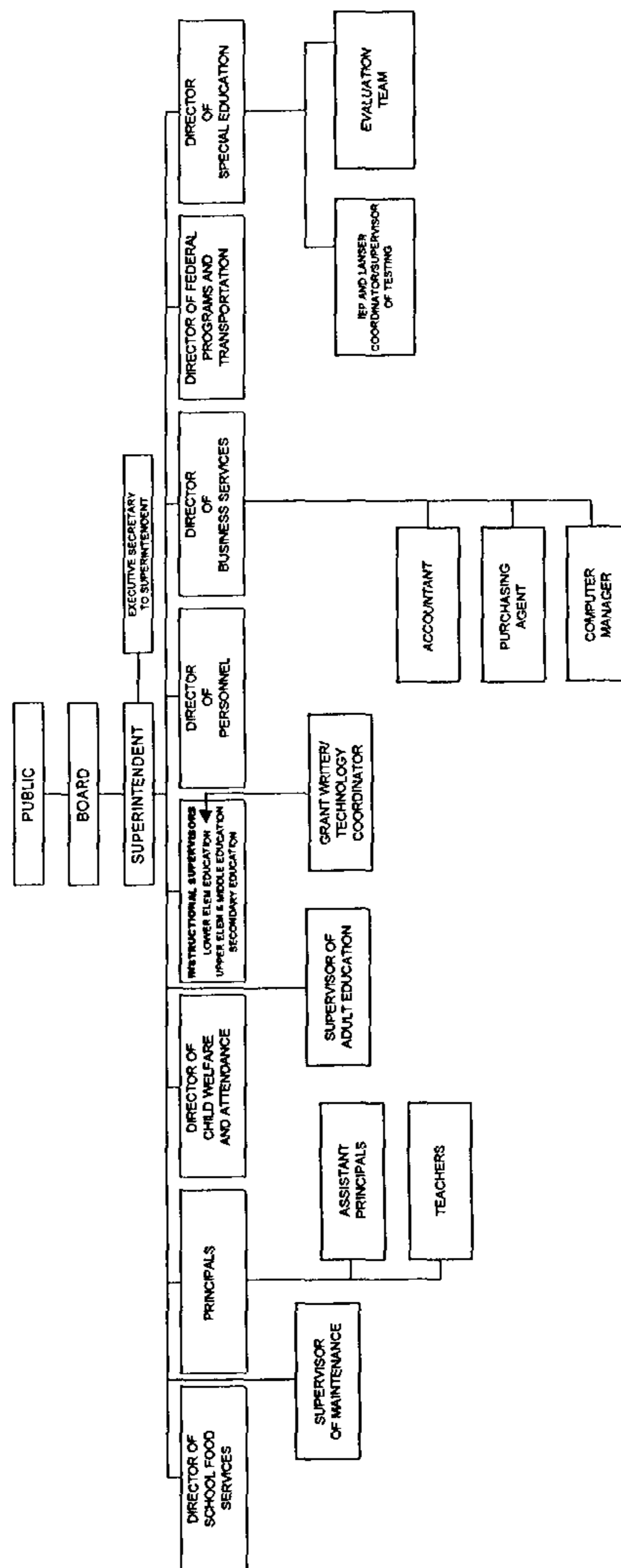
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*Glenn A. Franklin*  
President

*Don L. Hargan*  
Executive Director

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

**ORGANIZATIONAL STRUCTURE**



**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Elected Officials

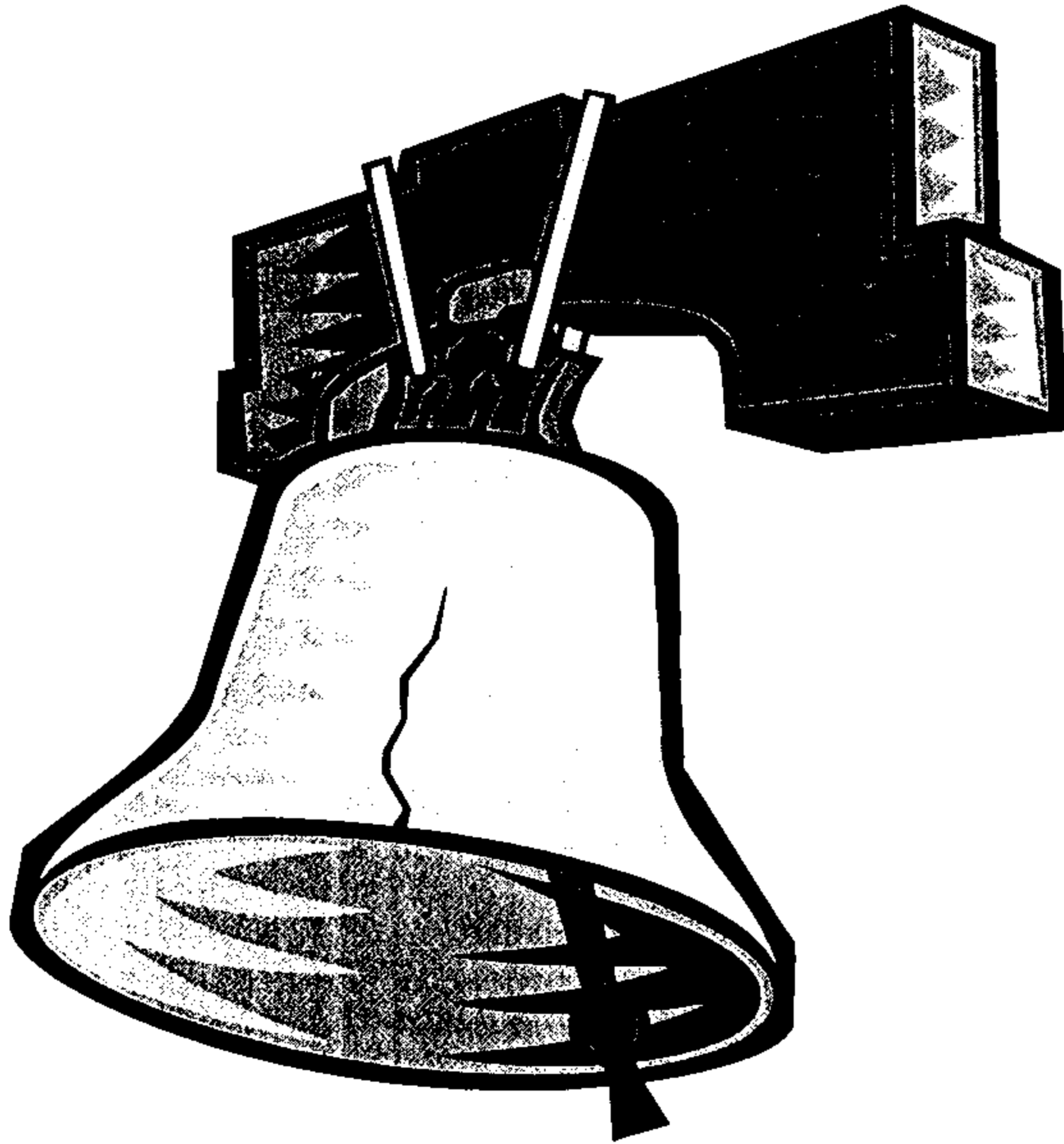
	<u>Present District</u>	<u>Present Term Began</u>	<u>Term Expires</u>	<u>Began as a Board Member</u>
<b>President</b> Mr. Dudley M. Glenn	1	January 1, 1999	December 31, 2002	January 1999
<b>Vice President</b> Mr. Donald B. Dufour	8	January 1, 1999	December 31, 2002	January 1991
<b>Finance Committee Chairman</b> Mr. Thomas Craig, Jr.	9	January 1, 1999	December 31, 2002	January 1991
Mrs. Brenda E. Hall	2	January 1, 1999	December 31, 2002	December 1985
Mr. McLawrence Fuller	3	January 1, 1999	December 31, 2002	December 1980
Dana L. Deas	4	January 1, 1999	December 31, 2002	January 1999
Mrs. Patricia Hesser	5	January 1, 1999	December 31, 2002	February 1994
John A. Neilson	6	January 1, 1999	December 31, 2002	January 1999
Johnny H. Haynes	7	January 1, 1999	December 31, 2002	January 1999
Mr. James H. Wiggins	10	January 1, 1999	December 31, 2002	August 1991
Mr. L.J. Mayweather, Jr.	11	January 1, 1999	December 31, 2002	January 1981



**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Selected Administrative Officials

		<u>Began in This Position</u>
Mr. Walter C. Lee	Superintendent	02/99
Ms. Clara Anderson	Director of School Food Services	07/74
Mrs. Lynda Binning	Supervisor of Lower Elementary	07/96
Mrs. Ruth Fields	Supervisor of Secondary Education	07/99
Ms. Gail Garcia	Director of Personnel	07/96
Mr. James V. Grice	Supervisor of Maintenance	11/85
Mrs. Paulette Janivich	Supervisor of Upper Elementary	07/99
Mr. Willie Jones	Director / Supervisor Federal Programs and Transportation	07/96
Mr. Ronnie Land	Director of Child Welfare and Attendance	10/88
Mr. Todd Lintzen	Supervisor of Middle Education	07/99
Mrs. Joyce Smelley	Director of Special Education	10/88
Mr. Steven Stanfield	Director of Business Services	01/85
Mr. A. J. Williams	Supervisor of Adult Education	09/76
Mrs. Dorett Williams	Supervisor-Testing, Coordinator-IEP & Lancer	07/94



**F I N A N C I A L S E C T I O N**

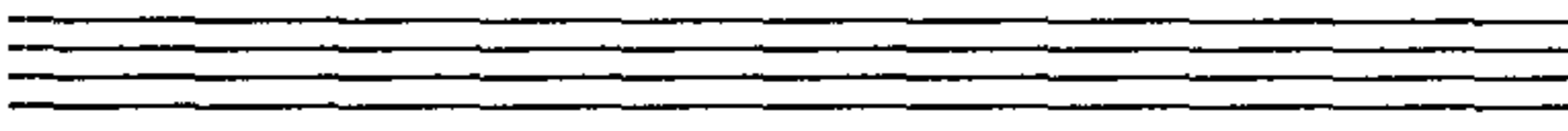
# FINANCIAL SECTION

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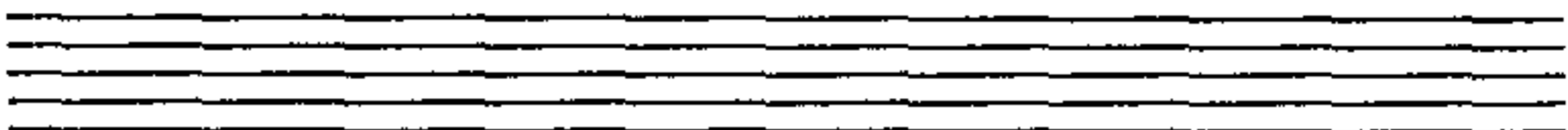
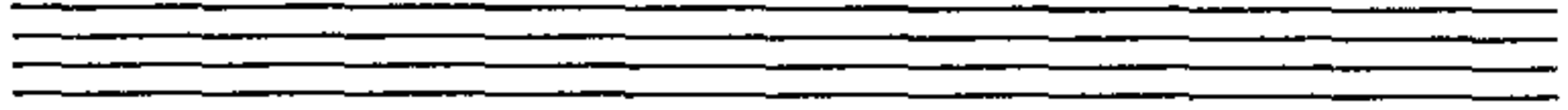
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- **INDEPENDENT AUDITORS' REPORT**
- **COMBINED FINANCIAL STATEMENTS —  
OVERVIEW**
- **SUPPLEMENTAL STATEMENTS AND  
SCHEDULES — COMBINING, INDIVIDUAL  
FUND, AND ACCOUNT GROUP STATEMENTS  
AND SCHEDULES**





**INDEPENDENT  
AUDITORS' REPORT**







1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

## Independent Auditors' Report

To the Members of the DeSoto Parish School Board  
Mansfield, Louisiana:

We have audited the general purpose financial statements of the DeSoto Parish School Board (School Board) as of and for the year ended June 30, 1999, as listed in the accompanying 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the 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 supplementary information on page 30 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. 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 October 8, 1999, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the School Board. 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.





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The accompanying financial information listed in the statistical section is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the School Board. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and accordingly we express no opinion on this information.

KPMG LLP

October 8, 1999

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**GENERAL PURPOSE  
FINANCIAL STATEMENTS  
— OVERVIEW**

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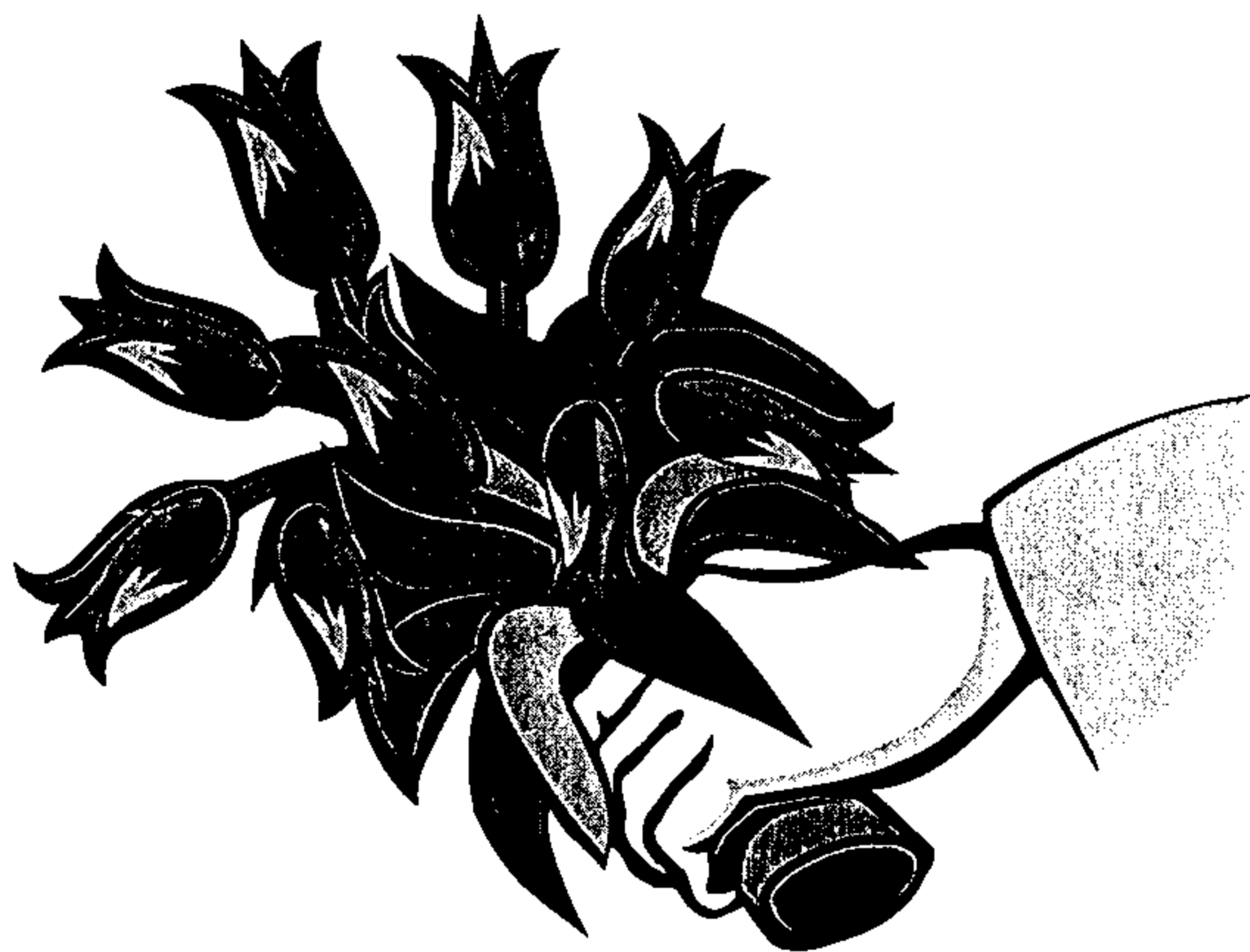
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The General Purpose Financial Statements - Overview include all funds and account groups in order to provide an *overview of the financial position and results of operations* for the DeSoto Parish school system as a whole. Detailed financial statements for each fund and account group are *presented elsewhere in this report.*

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**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

**Combined Balance Sheet - All Fund Types and Account Groups**

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

	Governmental Fund Types				Fiduciary Fund Type		Account Groups			Totals	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	School Activity Agency Fund		General Fixed Assets	Long-Term Debt	(Memorandum Only)		
					1999	1998			1999	1998	
<b>Assets and Other Debits</b>											
Assets:											
Cash (note 2)	\$ 3,229,309	653,818	1,628,251	1,494,299	288,416	-	-	-	7,294,093	8,788,728	
Certificates of deposit (note 2)	4,090,500	349,219	760,000	210,000	25,000	-	-	-	5,434,719	5,984,719	
Receivables (note 5)	469,495	694,396	3,908	-	-	-	-	-	1,167,799	1,254,105	
Due from other funds (note 11)	544,873	-	-	-	-	-	-	-	544,873	527,421	
Inventories	-	13,434	-	-	-	-	-	-	13,434	11,134	
General fixed assets (note 4)	-	-	-	-	-	63,355,484	-	-	63,355,484	61,812,316	
Other debits:											
Amount available in Debt Service Funds	-	-	-	-	-	-	2,389,414	-	2,389,414	2,761,828	
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	24,573,430	-	24,573,430	25,859,858	
<b>Total assets and other debits</b>	<b>\$ 8,334,177</b>	<b>1,710,867</b>	<b>2,392,159</b>	<b>1,704,299</b>	<b>313,416</b>	<b>63,355,484</b>	<b>26,962,844</b>	<b>-</b>	<b>104,773,246</b>	<b>107,000,109</b>	
<b>Liabilities, Equity and Other Credits</b>											
Liabilities:											
Accounts and claims payable	\$ 1,146,541	82,860	2,745	26,105	14,714	-	-	-	1,272,965	1,469,044	
Salaries and wages payable	2,093,146	235,713	-	-	-	-	-	-	2,328,859	2,131,722	
Due to other funds (note 11)	-	544,873	-	-	-	-	-	-	544,873	527,421	
Deposits due others (note 8)	-	-	-	-	298,702	-	-	-	298,702	261,502	
Matured bonds and interest payable	-	-	-	-	-	-	-	-	-	10,345	
Compensated absences payable (note 9)	-	-	-	-	-	-	995,844	-	995,844	989,686	
Bonds payable (note 9)	-	-	-	-	-	-	25,967,000	-	25,967,000	27,632,000	
<b>Total liabilities</b>	<b>3,239,687</b>	<b>863,446</b>	<b>2,745</b>	<b>26,105</b>	<b>313,416</b>	<b>-</b>	<b>26,962,844</b>	<b>-</b>	<b>31,408,243</b>	<b>33,021,720</b>	
Equity and other credits:											
Investments in general fixed assets (note 4)	-	-	-	-	-	63,355,484	-	-	63,355,484	61,812,316	
Fund balances:											
Reserved for debt service	-	-	2,389,414	-	-	-	-	-	2,389,414	2,761,828	
Reserved for encumbrances	-	-	-	61,733	-	-	-	-	61,733	824,326	
Unreserved:											
Designated for future claims and contingencies	1,514,318	-	-	-	-	-	-	-	1,514,318	2,581,477	
Designated for equipment replacement	364,948	-	-	-	-	-	-	-	364,948	549,573	
Designated for specific projects	470,504	-	-	1,616,461	-	-	-	-	2,086,965	2,181,584	
Undesignated	2,744,720	847,421	-	-	-	-	-	-	3,592,141	3,267,285	
<b>Total equity and other credits</b>	<b>5,094,490</b>	<b>847,421</b>	<b>2,389,414</b>	<b>1,678,194</b>	<b>-</b>	<b>63,355,484</b>	<b>-</b>	<b>-</b>	<b>73,365,003</b>	<b>73,978,389</b>	
<b>Total liabilities, equity, and other credits</b>	<b>\$ 8,334,177</b>	<b>1,710,867</b>	<b>2,392,159</b>	<b>1,704,299</b>	<b>313,416</b>	<b>63,355,484</b>	<b>26,962,844</b>	<b>-</b>	<b>104,773,246</b>	<b>107,000,109</b>	

See accompanying notes to general purpose financial statements.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

**Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - All Governmental Fund Types**  
For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	Governmental Fund Types				Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	1999	1998
<b>Revenues:</b>						
Local sources:						
Taxes:						
Ad valorem (note 3)	5,787,752	901,567	2,093,445	-	8,782,764	9,379,390
Sales and use	3,900,507	278,608	861,615	531,424	5,572,154	5,270,947
Interest earnings	418,907	39,217	107,858	81,796	647,778	649,739
Other	345,454	258,636	-	-	604,090	1,201,121
State sources:						
State equalization	15,671,086	467,329	-	-	16,138,415	16,053,056
Other	1,489,622	60,148	31,955	-	1,581,725	1,343,511
Federal and other sources	9,569	3,753,748	-	-	3,763,317	3,555,321
Judgments	-	-	-	-	-	25,000
Insurance proceeds from loss	-	-	-	-	-	10,318
<b>Total revenues</b>	<b>27,622,897</b>	<b>5,759,253</b>	<b>3,094,873</b>	<b>613,220</b>	<b>37,090,243</b>	<b>37,488,403</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular programs	12,036,615	-	-	-	12,036,615	11,465,521
Special programs	5,802,969	1,283,212	-	-	7,086,181	5,942,420
Adult and continuing education programs	66,185	133,357	-	-	199,542	200,879
Support services:						
Student services	960,447	105,080	-	-	1,065,527	1,056,295
Instructional staff support	1,344,994	567,516	-	-	1,912,510	1,758,463
General administration	694,817	96,687	98,116	9,070	898,690	870,633
School administration	1,896,516	-	-	-	1,896,516	1,713,535
Business services	402,367	336	-	1,315	404,018	413,776
Plant services	2,201,472	1,009,040	-	-	3,210,512	3,036,721
Student transportation services	2,924,003	1,527	-	-	2,925,530	2,591,082
Food services	-	2,516,389	-	-	2,516,389	2,367,695
Central services	86,126	-	-	-	86,126	80,887
Capital outlay - facilities acquisition and construction	383,229	-	-	1,304,259	1,687,488	2,256,143
Debt service (note 9):						
Principal retirement	-	-	1,914,000	-	1,914,000	1,729,000
Interest and bank charges	-	-	1,369,681	-	1,369,681	1,521,446
Sinking funds	-	-	85,490	-	85,490	-
<b>Total expenditures</b>	<b>28,799,740</b>	<b>5,713,144</b>	<b>3,467,287</b>	<b>1,314,644</b>	<b>39,294,815</b>	<b>37,004,496</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,176,843)</b>	<b>46,109</b>	<b>(372,414)</b>	<b>(701,424)</b>	<b>(2,204,572)</b>	<b>483,907</b>
<b>Other financing sources (uses):</b>						
Proceeds from sale of surplus items/fixed assets	-	-	-	48,018	48,018	3,920
Proceeds of bond issuance (net of \$38,940 in issuance costs)	-	-	2,947,060	-	2,947,060	2,360,000
Payment to refunded bond escrow agent	-	-	(2,947,060)	-	(2,947,060)	-
Operating transfers in (note 11)	80,985	-	-	7,575	88,560	866,223
Operating transfers out (note 11)	(7,575)	(59,808)	-	(21,177)	(88,560)	(866,223)
<b>Total other financing sources (uses)</b>	<b>73,410</b>	<b>(59,808)</b>	<b>-</b>	<b>34,416</b>	<b>48,018</b>	<b>2,363,920</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(1,103,433)</b>	<b>(13,699)</b>	<b>(372,414)</b>	<b>(667,008)</b>	<b>(2,156,554)</b>	<b>2,847,827</b>
<b>Fund balances at beginning of year</b>	<b>6,197,923</b>	<b>861,120</b>	<b>2,761,828</b>	<b>2,345,202</b>	<b>12,166,073</b>	<b>9,318,246</b>
<b>Fund balances at end of year</b>	<b>5,094,490</b>	<b>847,421</b>	<b>2,389,414</b>	<b>1,678,194</b>	<b>10,009,519</b>	<b>12,166,073</b>

See accompanying notes to general purpose financial statements.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds**

For the year ended June 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Local sources:						
Taxes:						
Ad valorem	5,756,507	5,787,752	31,245	897,309	901,567	4,258
Sales and use	4,025,000	3,900,507	(124,493)	287,500	278,608	(8,892)
Interest earnings	403,947	418,907	14,960	26,000	39,217	13,217
Other:						
Tuition	46,100	31,990	(14,110)	-	-	-
Rentals, leases, and royalties	120,274	120,505	231	-	-	-
Food services	-	-	-	287,814	258,636	(29,178)
Other	211,853	192,959	(18,894)	-	-	-
State sources:						
State equalization	15,685,527	15,671,086	(14,441)	467,329	467,329	-
Other	1,609,183	1,489,622	(119,561)	60,149	60,148	(1)
Federal and other sources	8,900	9,569	669	4,080,091	3,753,748	(326,343)
<b>Total revenues</b>	<b>27,867,291</b>	<b>27,622,897</b>	<b>(244,394)</b>	<b>6,106,192</b>	<b>5,759,253</b>	<b>(346,939)</b>
<b>Expenditures (note 12):</b>						
Current:						
Instruction:						
Regular programs	11,858,366	12,036,615	(178,249)	-	-	-
Special programs	5,880,244	5,802,969	77,275	1,386,624	1,283,212	103,412
Adult and continuing education programs	66,286	66,185	101	141,429	133,357	8,072
Support services:						
Student services	988,796	960,447	28,349	120,657	105,080	15,577
Instructional staff support	1,339,466	1,344,994	(5,528)	767,461	567,516	199,945
General administration	699,326	694,817	4,509	106,688	96,687	10,001
School administration	1,878,520	1,896,516	(17,996)	-	-	-
Business services	412,618	402,367	10,251	100	336	(236)
Plant services	2,220,928	2,201,472	19,456	1,104,334	1,009,040	95,294
Student transportation services	2,886,797	2,924,003	(37,206)	1,525	1,527	(2)
Food services	-	-	-	2,502,774	2,516,389	(13,615)
Central services	87,321	86,126	1,195	-	-	-
Capital outlay - facilities acquisition and construction	394,719	383,229	11,490	-	-	-
Total expenditures	28,713,387	28,799,740	(86,353)	6,131,592	5,713,144	418,448
Excess (deficiency) of revenues over expenditures	(846,096)	(1,176,843)	(330,747)	(25,400)	46,109	71,509
Other financing sources (uses):						
Operating transfers in	79,920	80,985	1,065	-	-	-
Operating transfers out	(7,575)	(7,575)	-	(70,238)	(59,808)	10,430
Total other financing sources (uses)	72,345	73,410	1,065	(70,238)	(59,808)	10,430
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(773,751)	(1,103,433)	(329,682)	(95,638)	(13,699)	81,939
Fund balance at beginning of year	6,197,923	6,197,923	-	861,120	861,120	-
Fund balance at end of year	5,424,172	5,094,490	(329,682)	765,482	847,421	81,939

See accompanying notes to general purpose financial statements.



**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

**(1) Summary of Significant Accounting Policies**

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

The School Board operates 12 schools within the parish with a total enrollment of approximately 5,100 pupils. In conjunction with the regular education 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.

**(a) Reporting Entity**

The basic criterion established by the Governmental Accounting Standards Board for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The financial statements present the DeSoto Parish School Board (the primary government). Based on the criteria, there are no component units included in the School Board's reporting entity.

**Jointly Governed Organization**

**DeSoto Parish Sales and Use Tax Commission (Commission)** — The Commission is an independent agency responsible for the collection, enforcement, and administration of sales and use taxes levied by the School Board, the City of Mansfield, and the DeSoto Parish Police Jury. The Commission is considered a separate reporting entity and issues financial statements separate from those of the School Board. The School Board does not retain an ongoing financial interest or responsibility in its operations. The Commission is not considered a component unit of the School Board and its operations are not included in the accompanying financial statements.

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

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

**(b) Basis of Presentation**

The accounts of the School Board are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the School Board:

**Governmental Funds**

Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use, and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the School Board's governmental fund types:

*General Fund* - The General Fund is the general operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Funds receive a dedicated portion of ad valorem and sales taxes paid to the School Board.

*Capital Projects Funds* - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Fiduciary Fund**

*School Activity Agency Fund* - The School Activity Agency Fund is used to account for assets held by the School Board as an agent for other parties. The School Activity Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**Account Groups**

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

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the School Board. Items that are charged against the capital outlay accounts, materials and supplies, and repairs and maintenance that meet the capitalization policy are recorded in the General Fixed Assets Account Group.

*General Long-Term Debt Account Group* - This account group is established to account for all long-term obligations of the School Board.

**(c) *Fixed Assets and Long-Term Liabilities***

The accounting and reporting treatments applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

All purchased or constructed fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their fair market value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

**(d) *Basis of Accounting/Measurement Focus***

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

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Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and fiduciary funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Ad valorem taxes are considered "measurable" at the time of preparation of the tax roll by the tax assessor. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In reimbursement-type programs, monies must be expended on the specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures recorded. In other programs in which monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements, the resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Sales and use taxes are recorded in the month collected by the School Board or by the DeSoto Parish Sales Tax Commission because they are generally not measurable until actually received.

Interest earnings on time deposits are recorded as earned since they are measurable and available.

**Expenditures**

Salaries are recorded as expenditures when earned. Teachers' salaries are earned over a nine-month period but are paid over a twelve-month period. As of June 30, 1999, all such salaries for July and August have been accrued because the salaries have been earned but not paid.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

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Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of the leave privileges not requiring current resources is recorded in the General Long-Term Debt Account Group.

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

Substantially all other expenditures are recognized when the related fund liability has been incurred.

**Other Financing Sources (Uses)**

Operating transfers between funds that are not expected to be repaid and long-term debt proceeds are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**(e) Budget Practices**

The School Board adopts budgets for the General Fund and each Special Revenue Fund. The School Board utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) By May 15, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and sources of funding.
- (2) Proposed budgets are then made available for public inspection, and after proper official journal notification, a public hearing is held to obtain taxpayer comments.
- (3) The School Board is legally required to prepare annual operating budgets on the General Fund and Special Revenue Funds. Budgets are formally adopted by the School Board before July 1 of each year for the General Fund and Special Revenue Funds.
- (4) The budgets are prepared on the modified accrual basis of accounting. The budget document is structured such that revenues are budgeted by source and appropriations by function. School Board policy and the legal requirements, which prescribe that the legal level of control for the General Fund and Special Revenue Funds is at the fund level, provide that expenditures may not exceed appropriations in excess of five percent of the budgeted expenditures of the fund. All appropriations which are not expended lapse at year end.
- (5) Formal budgetary integration (within the accounting records) is employed as a management control device for selected funds. The Superintendent of schools is authorized to transfer amounts between line items within any fund and may amend the budget within each fund, without seeking approval of the School Board, provided that actual revenues or expenditures within the fund do not fail to meet or exceed budgeted

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revenues or expenditures by five percent or more. However, as is consistent with the legal requirements, when actual revenues within a fund fail to meet budgeted revenues by five percent or more and/or actual expenditures within a fund exceed budgeted expenditures by five percent or more, a budget amendment is adopted by the School Board in an open meeting. Amendments to the budget were made and adopted by the School Board during fiscal 1999. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

- (6) Comparison of budgeted and actual amounts is included in Exhibit 3 in the accompanying financial reports and includes all funds for which budgets are legally required. The budget and actual comparisons are made by source for revenues and by function for expenditures which is more detailed than the fund level legal requirement. Annual budgets are not required for the Debt Service Funds, the Capital Projects Funds, or the School Activity Agency Fund, as budgets for these funds are maintained on a project or repayment basis rather than on a fiscal year basis.

**(f) Encumbrances**

Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities. Encumbrances at June 30, 1999, consist primarily of commitments associated with the construction contracts for the renovations at North DeSoto High School.

**(g) Cash**

The School Board maintains a pooled cash account for all funds of the School Board. The asset balance and interest income is allocated to each respective individual fund monthly based on their respective fund balances at month end.

**(h) Investments**

Investments as of June 30, 1999, are limited to certificates of deposits and are stated at fair value. The School Board maintains investments separately for each fund.

Under state law, the School Board may invest in direct United States Treasury obligations, indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government), indebtedness

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issued or guaranteed by federally sponsored U.S. government agencies, and may deposit its 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 or mutual or trust fund institutions registered with the Securities and Exchange Commission.

**(i) Inventories**

Inventories consist 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 and expenditures by the School Lunch Fund when consumed. Any material commodities on hand at year end would be classified as deferred revenues. All purchased inventory items are valued at cost (first-in, first-out), and commodities are assigned values based on information provided by the United States Department of Agriculture.

**(j) Vacation, Sick Leave, and Sabbatical Leave**

All School Board employees earn from five to fifteen days of vacation leave each year depending upon length of service. Unused vacation leave as of December 31 can be accumulated and carried forward to the succeeding year, up to a maximum of five days.

All School Board employees except twelve-month employees earn ten days of sick leave each year. Twelve-month School Board employees earn twelve days of sick leave each year. Teachers may use two days of sick leave each year for personal business. Sick leave may be accumulated without limitation. Upon retirement or death, a maximum of twenty-five days accumulated sick leave may be paid to the employee or the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, the total accumulated sick leave, including the twenty-five days paid, is used in the retirement benefit computation as earned service for leave earned prior to July 1, 1988. For sick leave earned after July 1, 1988, under the Louisiana Teachers' Retirement System and for sick leave earned under the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the twenty-five days paid, is used in the retirement benefit computation as earned service.

The cost of leave privileges is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current resources up to a maximum of twenty-five days is recorded in the General Long-Term Debt Account Group. No accrual is made in the governmental funds because the current portion of the liability is deemed immaterial.

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**(k) Sales and Use Tax**

The School Board receives a two-cent sales and use tax. For the year ended June 30, 1999, the tax was collected by the DeSoto Parish Sales and Use Tax Commission, forwarded to the School Board, and was dedicated as follows:

- (a) One cent of the sales and use tax, approved March 25, 1968, with no expiration date, is dedicated to supplement other revenues available for salaries of teachers and other personnel and for the operation of public elementary and secondary schools.
- (b) One-half cent of the sales and use tax, approved May 3, 1986, with no expiration date, is dedicated to supplement other revenues for payment of salaries of School Board employees.
- (c) One-half cent of the sales and use tax, approved May 3, 1986, for a period of twenty-five years, is dedicated for the purpose of air conditioning school buildings, repairing school buildings, and making capital improvements to school buildings and related facilities. The proceeds of this tax may be funded into bonds to pay the cost of air conditioning and capital improvements.

**(l) Pension Plans**

The School Board participates in three pension plans administered by other governmental entities which cover substantially all employees who meet certain length of service requirements (see note 6 for details of these plans).

**(m) Reserves**

Use of the term "reserve" in describing governmental fund "Fund Balances" indicates that a portion of the fund balance is not available to appropriate for expenditure or is legally segregated for a specific future use. The reserve for debt service represents the portion of fund balance that has been reserved in the Debt Service Funds for future payment of principal and interest on bonded debt. The reserve for encumbrances at year end represents the estimated amount the School Board intends to honor as a commitment regardless of the lapse in the appropriation.

**(n) Designations**

Use of the term "designated" in describing governmental fund "Fund Balances" indicates that a portion of the fund balance has been segregated to indicate tentative plans for future financial resource use. Designated fund balances may be changed and are subject to subsequent authorization before expenditures can be made. The nature and purpose of these designations are explained as follows:



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**Designated for Future Claims and Contingencies**

This amount represents a portion of fund balance that has been designated to fund possible losses from lawsuits, self-insurance liability, and other risks.

**Designated for Equipment Replacement**

This amount has been accumulated to fund the replacement of buses.

**Designated for Specific Projects**

This amount has been designated to fund future capital projects including acquiring lands for building sites and playgrounds; purchasing, erecting, and improving school buildings and other facilities; and acquiring equipment and furnishings.

**(o) *Interfund Transactions***

There are several types of transactions that are reported in the financial statements as interfund items. Interfund transactions which constitute reimbursements to a fund for expenditures initially made from that fund which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of the expenditure in the fund that is being reimbursed. Nonrecurring or nonroutine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from fund balance. All other transfers are treated as operating transfers and are included in the results of operations. Reference should be made to note 11 regarding interfund transactions.

**(p) *Grants and Entitlements From Other Governmental Agencies***

Federal and state governmental agencies represent an important source of supplementary funding to finance educational programs and other activities beneficial to parish schools. These funds, primarily in the form of grants, are recorded in the General Fund and Special Revenue Funds. A grant receivable is recorded when the School Board has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are audited annually under the single audit approach as mandated in OMB Circular A-133.

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**(q) Comparative Total Data**

Comparative total data for the prior year have been presented in the accompanying combined financial statements to provide an understanding of changes in the School Board's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read. Certain amounts relating to 1998 have been reclassified in the accompanying financial statements in order to conform with the 1999 presentation.

**(r) Total Columns on Combined Statements**

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

**(s) Claims and Judgments**

Claims and judgments are recorded as expenditures in governmental funds for the amount that will be liquidated with expendable available financial resources. The remainder of the liability (if any) is recorded in the General Long-Term Debt Account Group.

**(2) Cash and Investments**

At June 30, 1999, the carrying amount of the School Board's cash deposits was \$7,294,093 and the bank balance was \$8,635,941. In addition, at June 30, 1999, the School Board had certificates of deposit carried by the School Board and by the bank at \$5,434,719. These certificates of deposit are reported separately in the accompanying combined financial statements.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. All deposits are insured or collateralized with securities with market values totaling \$18,499,806 and are categorized below to give an indication of the level of credit risk. 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.

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	<u>Bank Balance</u>
Category 1	
Deposits insured or collateralized with securities held by the School Board or by its agent in the School Board's name.	\$ 321,194
Category 2	
Deposits collateralized with securities held by the pledging financial institution's trust department or agent in the School Board's name.	<u>13,749,466</u>
	<u>\$ 14,070,660</u>

**(3) Levied Taxes**

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

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

**Property Tax Calendar**

Assessment date	January 1, 1998
Levy date	Not later than June 1, 1998
Tax bills mailed	On or about November 15, 1998
Total taxes are due	December 31, 1998
Penalties and interest are added	January 1, 1999
Lien date	January 1, 1999
Tax sale - 1998 delinquent property	May 17, 1999

The School Board is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose or, in the aggregate for all purposes, 35% of the assessed valuation for the payment of principal and interest on long-term debt after approval by the voters of the parish.

All 1998 property taxes that had not been received as of June 30, 1999, were considered uncollectible. Any amounts that might be collected subsequently would not be significant. The tax roll is not prepared by the tax assessor until November of each year; therefore, the amount of 1999 property taxes to be collected within the next year is not known. As a result, no property tax receivable for 1999 taxes is included on the accompanying combined balance sheet.

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Assessed values are established by the DeSoto 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 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1997. Total assessed value was \$191,126,014 and \$191,766,993 in calendar years 1998 and 1997, respectively. 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 \$26,331,061 and \$25,597,984 of the assessed value in calendar years 1998 and 1997, respectively.

The distribution of the School Board's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 1999 and 1998:

	1999	1998
General Fund - constitutional	\$ 4.30	4.30
General Fund - special maintenance and operations	35.50	36.83
Debt Service Funds:		
District No. 1 - Logansport	20.00	25.00
District No. 2 - North DeSoto	17.50	19.00
District No. 3 - Stanley	23.00	31.50
District No. 4 - Mansfield	8.00	8.00
District No. 5 - Pelican	31.00	31.00

**(4) General Fixed Assets**

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

	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1999
General fixed assets:				
Land	\$ 1,220,545	4,000	-	1,224,545
Buildings and improvements	53,173,069	1,897,042	374,000	54,696,111
Furniture and equipment	5,839,643	727,018	159,040	6,407,621
Transportation equipment	757,369	240,213	-	997,582
Construction in progress	821,690	29,625	821,690	29,625
	\$ 61,812,316	2,897,898	1,354,730	63,355,484

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Included in construction in progress at June 30, 1999 are the improvements on the North DeSoto High School.

**(5) Receivables**

The receivables of \$1,167,799 at June 30, 1999, consist of the following:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>
<i>Grants:</i>				
Federal	\$ 1,527	692,733	-	694,260
State	320,857	-	-	320,857
Other	147,111	1,663	3,908	152,682
Total	\$ <u>469,495</u>	<u>694,396</u>	<u>3,908</u>	<u>1,167,799</u>

**(6) Defined Benefit Pension Plans**

**Description of Plans** — The School Board provides retirement, death, and disability benefits to its employees through three pension plans administered by the state of Louisiana. These plans are:

**Teachers' Retirement System of Louisiana (Teachers' Plan):**

*Plan Description*

All teachers and administrative employees are members of this cost-sharing multiple-employer statewide plan. Benefit provisions are established in accordance with Louisiana state statute. The Teachers' Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Teachers' Retirement System of Louisiana, P. O. Box 94125, Capitol Station, Baton Rouge, Louisiana 70804-9123.

*Funding Policy*

Covered employees are required to contribute 8% of their salary to the Teachers' Plan. The School Board was required to contribute 16.3% of covered employees' salaries from July 1, 1995 to June 30, 1997 and 16.4% from July 1, 1997 to June 30, 1998. From July 1, 1998 to June 30, 1999, the School Board was required to contribute 16.5 % of covered employees' salaries. The employer and employee contribution obligations are established and may be amended by Louisiana state statute. The School Board's contributions for the years ended June 30, 1999, 1998, and 1997 were \$2,440,888, \$2,255,912, and \$2,120,886, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the School Board did not report a pension liability for the Teachers' Plan.

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*Deferred Retirement Option Plan*

Effective July 1, 1992, the Teachers' Retirement System adopted a Deferred Retirement Option Plan (DROP). Under the DROP, a member is allowed to retire and accumulate his/her retirement benefits in a special reserve fund and yet continue employment and draw a salary. Upon termination of employment at the end of the specified period, the monthly retirement benefits and the amounts paid into the DROP will begin being paid to the retiree.

**Teachers' Retirement System of Louisiana - Plan B (Plan B):**

*Plan Description*

All cafeteria workers are members of this cost-sharing multiple-employer statewide plan, which is a part of the Teachers' Retirement System of Louisiana plan above. Benefit provisions are established in accordance with Louisiana state statute. Information regarding this plan can be obtained from the Teachers' Plan publicly available financial report above.

*Funding Policy*

Covered employees are required to contribute 5% of their salary to Plan B. The School Board was required to contribute 16.4% of covered employees' salaries from July 1, 1995 to June 30, 1998. From July 1, 1998 to June 30, 1999, the School Board was required to contribute 16.5% of covered employees' salaries. The employer and employee contribution obligations are established and may be amended by Louisiana state statute. The School Board's contributions for the years ended June 30, 1999, 1998, and 1997 were \$124,482, \$119,467, and \$110,417, respectively, equal to the required contributions for each year. In accordance with GASB 27, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the School Board did not report a pension liability for Plan B.

*Deferred Retirement Option Plan*

See explanation of this option under the Teachers' Retirement System of Louisiana.

**Louisiana School Employees' Retirement System (School Employees' Plan):**

*Plan Description*

All bus drivers, bus aids, maintenance employees, and custodians are members of this cost-sharing multiple-employer statewide plan. Benefit provisions are established in accordance with Louisiana state statute. The School Employees' Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516.

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*Funding Policy*

Covered employees were required to contribute 6.35% of their salary to the School Employees' Plan for 1999, 1998, and 1997. The School Board was required to contribute 6% of covered employees' salaries from July 1, 1995 to June 30, 1999. The employer and employee contribution requirements are established and may be amended by Louisiana state statute. The School Board's contributions for the years ended June 30, 1999, 1998, and 1997 were \$147,837, \$135,223, and \$124,191, respectively, equal to the required contributions for each year. In accordance with GASB 27, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the School Board did not report a pension liability for the School Employees' Plan.

**(7) Post-Retirement Health Care and Life Insurance Benefits**

The School Board has voluntarily elected to provide 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, whose monthly premiums are paid jointly by the employee (approximately 20%) and the School Board (approximately 80%), were provided through a private insurance company. The School Board recognizes the cost of providing these benefits (the Board's portion of premiums) as an expenditure when the monthly premiums are due. The School Board's cost of providing these benefits to retirees totaled \$600,188 for 1999 and encompasses 246 former employees qualified to receive such benefits. This expenditure is recorded in the General Fund.

**(8) Deposits Due Others**

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

	<u>School Activity Accounts</u>
Agency deposits due others at July 1, 1998	\$ 261,502
Additions	946,086
Deductions	<u>(908,886)</u>
Agency deposits due others at June 30, 1999	\$ <u>298,702</u>

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**(9) Long-Term Obligations**

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

	<u>Bonded Debt</u>			<u>Subtotal</u>	<u>Compensated Absences</u>	<u>Total</u>
	<u>General Bonded Debt</u>	<u>Certificates of Indebtedness</u>	<u>Sales Tax Bonds</u>			
Balances, at July 1, 1998	\$ 23,050,000	4,380,000	202,000	27,632,000	989,686	28,621,686
Debt additions and increases in compensated absences	-	2,795,000	191,000	2,986,000	65,344	3,051,344
Debt retirements and payments of compensated absences	<u>(1,445,000)</u>	<u>(3,025,000)</u>	<u>(181,000)</u>	<u>(4,651,000)</u>	<u>(59,186)</u>	<u>(4,710,186)</u>
Balances, at June 30, 1999	<u>\$ 21,605,000</u>	<u>4,150,000</u>	<u>212,000</u>	<u>25,967,000</u>	<u>995,844</u>	<u>26,962,844</u>

For the year ended June 30, 1999, the principal payments of \$1,914,000, plus interest and fiscal charges of \$1,369,681, on the obligations were paid from Debt Service Funds. Accrued compensated absences of \$59,186 were paid by those funds and departments with salary costs and are included in payroll costs. Long-term debt at June 30, 1999, is comprised of the following issues:



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Bond Issue	Original Issue	Interest Rates	Final Payment Due	Interest to Maturity	Principal Outstanding
General Obligation Bonds:					
School District No. 1:					
Dated 12-1-93	\$ 4,180,000	3.6-5.7%	1/1/09	1,254,618	3,915,000
School District No. 2:					
Dated 1-1-80	1,170,000	5.5-7.0%	1/1/05	29,920	145,000
Dated 10-8-96	1,330,000	4.15%-5.4%	8/1/07	322,648	1,280,000
Dated 9-1-97	2,360,000	4.75-8.0%	3/1/17	1,342,505	2,290,000
School District No. 3:					
Dated 7-1-94	1,785,000	4.5-5.85%	12/1/08	517,544	1,685,000
Dated 9-1-94	300,000	5.3-9.0%	12/1/13	135,361	265,000
School District No. 4:					
Dated 12-1-93	4,575,000	3.55-5.7%	10/1/08	1,998,246	4,345,000
Dated 2-1-94	6,825,000	3.6-5.3%	10/1/05	1,128,979	6,240,000
School District No. 5:					
Dated 5-20-96	1,480,000	5.53%	10/1/08	444,612	1,440,000
Sales Tax Bonds - Parishwide					
Dated 9-1-90	250,000	7.0-10.0%	9/1/01	1,505	21,000
Dated 12-16-98	191,000	4.5%	9/1/10	61,988	191,000
Certificates of Indebtedness -					
School District No. 2					
Dated 7-1-92	2,490,000	5.1-8.0%	12/1/03	120,801	1,355,000
Dated 11-12-98	2,795,000	4.5%	12/1/13	1,148,288	2,795,000
Total				\$ 8,507,015	25,967,000

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 a sales tax. At June 30, 1999, the School Board has accumulated \$2,389,414 in the Debt Service Funds for future debt requirements.

During 1992, the School Board issued \$2,490,000 in refunding Certificates of Indebtedness, Series 1992B, with interest rates ranging from 5.1% to 8.0% to advance refund \$2,350,000 of the outstanding Certificates of Indebtedness, dated December 1, 1980, with interest rates of 9.0%. The net proceeds of the issue were used to purchase a U.S. government security. This security was deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Certificates of Indebtedness, dated December 1, 1980. As of June 30, 1999, \$450,000 of the 1980 Certificates of Indebtedness remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the School Board's General Long-Term Debt Account Group.

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June 30, 1999

During 1993, the School Board issued \$4,180,000 in General Obligation School Refunding Bonds, Series 1993, with interest rates ranging from 3.6% to 5.7% to refund \$3,590,000 of the outstanding General Obligation School Bonds, Series 1989, with interest rates ranging from 7.6% to 8.0%. The net proceeds of the issue plus additional existing funds were used to purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1989 bonds. As of June 30, 1999, \$3,590,000 of the 1989 bonds due in the period 2000 to 2009 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

During 1993, the School Board issued \$4,575,000 in General Obligation School Refunding Bonds, Series 1993, with interest rates ranging from 3.55% to 5.7% to refund \$3,910,000 of the outstanding General Obligation School Bonds, Series 1988, with interest rates of 7.7%. The net proceeds of the issue were used to purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 1999, \$3,910,000 of the 1988 bonds due in the period 2006 to 2008 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

During 1994, the School Board issued \$6,825,000 in General Obligation School Refunding Bonds, Series 1994, with interest rates ranging from 3.6% to 5.3% to refund \$5,880,000 of the outstanding General Obligation School Bonds, Series 1988, with interest rates ranging from 7.20% to 7.65%. The net proceeds of the issue plus additional existing funds were used to purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 1999, \$5,880,000 of the 1988 bonds due in the period 1999 to 2005 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

On July 1, 1994, the School Board issued \$1,785,000 of General Obligation School Refunding Bonds, Series 1994, with interest rates ranging from 4.5% to 5.85% and maturities from 1994 to 2008 to refund \$1,560,000 of the outstanding General Obligation School Bonds, Series 1988 with interest rates ranging from 7.6% to 8.0%. The net proceeds of the issue plus additional existing funds were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 1999, \$1,560,000 of the 1988 bonds due in the period 1999 to 2008 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

On May 20, 1996, the School Board issued \$1,480,000 of General Obligation School Refunding Bonds, Series 1996, with an interest rate of 5.53% and maturities from 1996 to 2008 to refund \$1,380,000 of the outstanding General Obligation School Bonds, Series 1988 with interest rates ranging from 7.7 to 8%. The net proceeds of the issue plus additional existing funds were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 1999, \$1,380,000 of the 1988 bonds due in the period

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

1999 to 2008 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

On October 8, 1996, the School Board issued \$1,330,000 of General Obligation School Refunding Bonds, Series 1996, with interest rates ranging from 4.15% to 5.4% and maturities from 1997 to 2007 to refund \$1,195,000 of the outstanding General Obligation School Bonds, Series 1987 with an interest rate of 8%. The net proceeds of the issue were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security, plus an initial cash deposit, was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1987 bonds. As of June 30, 1999, \$1,195,000 of the 1987 bonds due in the period 1999 to 2007 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

On December 16, 1998, the School Board issued \$191,000 of Refunding Sales Tax School Bonds, Series 1998, with an interest rate of 4.5% and maturities from 1999 to 2011 to refund \$172,000 of the outstanding Sales Tax School Bonds, Series 1990 with an interest rate of 7%. The net proceeds of \$184,589 (after payment of \$6,411 in underwriting fees and other issuance costs) plus existing funds of \$3,449 were used to make an initial deposit in the escrow fund and purchase an U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1990 bonds. As of June 30, 1999, \$172,000 of the 1990 bonds due in the period 2001 to 2010 remain outstanding but are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group. The difference between the cash flows required to service the old debt and the cash flow to service the new debt and complete the refunding totaled \$14,320. An economic gain (difference between the present values of the old and new debt service payments) of \$11,360 resulted from the refunding.

On November 12, 1998, the School Board issued \$2,795,000 of Refunding Certificates of Indebtedness, Series 1998A, with an interest rate of 4.5% and maturities from 1999 to 2013 to refund \$2,565,000 of the outstanding Certificates of Indebtedness, Series 1992A, with an interest rate ranging from 6.10% to 6.5%. The net proceeds of \$2,762,471 (after payment of \$32,529 in underwriting fees and other issuance costs) plus existing funds of \$82,041 were used to make an initial deposit in the escrow fund and purchase an U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1992 certificates. As of June 30, 1999, \$2,565,000 of the 1992 certificates due in the period 2003 to 2012 remain outstanding but are considered to be defeased and the liability for those certificates has been removed from the General Long-Term Debt Account Group. The difference between the cash flows required to service the old debt and the cash flow to service the new debt and complete the refunding totaled \$203,627. An economic gain (difference between the present values of the old and new debt service payments) of \$151,519 resulted from the refunding.

**DESOTO PARISH SCHOOL BOARD**  
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Notes to General Purpose Financial Statements

June 30, 1999

The annual requirements to amortize all debt outstanding as of June 30, 1999, are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>		<u>Interest Payments</u>	<u>Total</u>
	<u>General Obligation Bonds</u>	<u>Certificates of Indebtedness and Sales Tax Bonds</u>		
2000	\$ 1,550,000	519,000	1,292,358	3,361,358
2001	1,635,000	553,000	1,188,886	3,376,886
2002	1,725,000	210,000	1,089,500	3,024,500
2003	1,825,000	220,000	993,392	3,038,392
2004	1,930,000	236,000	890,899	3,056,899
2005-2016	<u>12,940,000</u>	<u>2,624,000</u>	<u>3,051,980</u>	<u>18,615,980</u>
Total	\$ <u>21,605,000</u>	<u>4,362,000</u>	<u>8,507,015</u>	<u>34,474,015</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 was \$66,758,648, the outstanding bonded debt net of applicable debt service funds totaled \$19,744,170 and the legal debt margin was \$47,014,478.

**(10) Lease Commitments**

The School Board has a commitment under an operating lease agreement for the Superintendent's car. This agreement is a three-year lease. Total rental expenditures under the operating lease was approximately \$6,760 during the year ended June 30, 1999.

**DESOTO PARISH SCHOOL BOARD**  
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Notes to General Purpose Financial Statements

June 30, 1999

The School Board is also a lessor in a lease/purchase agreement with some of its bus drivers. Certain buses were purchased by the School Board and leased to the bus drivers, with title to the bus passing to the driver at the end of the lease term. Total rental income under the lease was approximately \$103,810 during the year ended June 30, 1999. Future lease income is as follows:

**Year Ending June 30,**

2000	\$ 105,077
2001	80,888
2002	61,173
2003	33,842

**(11) Other Required Individual Fund Disclosures**

**(a) Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 1999, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 544,873	-
Special Revenue Funds:		
Educational Consolidation and Improvement Act:		
Title I	-	394,891
Title VI	-	5,138
Special Education	-	64,519
Literacy Challenge	-	32,413
Adult Basic Education	-	17,113
Starting Points	-	10,690
Goals 2000	-	10,459
Education for Economic Security Act - Title II	-	7,700
Head Start	-	831
America Reads	-	824
Vocational Education	-	295
Total	<u>\$ 544,873</u>	<u>544,873</u>

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

**(b) Operating Transfers**

A reconciliation of operating transfers for the year ended June 30, 1999, follows:

<u>Fund</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 80,985	7,575
Special Revenue Funds:		
Educational Consolidation and Improvement Act:		
Title I	-	44,118
Title VI	-	1,720
Education for Economic Security Act - Title II	-	503
Special Education	-	8,920
Adult Basic Education	-	1,879
Starting Points	-	1,349
Goals 2000	-	1,025
Literacy Challenge	-	294
Capital Projects Fund - District #3	7,575	-
Capital Projects Fund - District #4	-	10,177
Capital Projects Fund - District #5	-	11,000
Total	\$ <u>88,560</u>	<u>88,560</u>

**(12) Compliance, Stewardship, and Accountability**

**(a) Excess of Expenditures Over Appropriations**

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

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 28,713,387	28,799,740	(86,353)
Special Revenue Funds - School Lunch Fund	2,502,774	2,516,389	(13,615)

**(b) Budgets and Budget Basis of Accounting**

Annual expenditure budgets are adopted for the General Fund and Special Revenue Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles. Revisions made to the original budget for each fund were as follows:

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

	<b>Original Budget</b>	<b>Total Revision</b>	<b>Revised Budget</b>
General Fund	\$ 26,185,914	2,527,473	28,713,387
Educational Consolidation and Improvement Act:			
Title I	1,301,752	242,657	1,544,409
Title VI	69,934	2,929	72,863
Education for Economic Security Act - Title II	33,612	8,351	41,963
School Lunch Fund	2,421,698	81,076	2,502,774
7 Mill Maintenance Tax	956,623	81,546	1,038,169
Special Education	355,158	76,581	431,739
Head Start	58,523	976	59,499
Adult Basic Education	64,578	7,429	72,007
Vocational Education	71,996	31,602	103,598
Starting Points	51,042	(1,779)	49,263
Goals 2000	-	112,008	112,008
Literacy Challenge	-	93,166	93,166

**(13) Commitments and Contingencies**

*Litigation*

At June 30, 1999, the School Board is involved in various litigation. 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.

*Risk Management*

The School Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are handled by the School Board through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year occurred and no claims exceeded the School Board's insurance coverage for each of the past three years.

The School Board is partially self-insured for health and workers' compensation insurance coverage. Claims are funded through operating funds of the School Board. The School Board maintains stop-loss coverage with an insurance company under its health plan for individual claims in excess of \$100,000 and for total annual claims in excess of \$2,600,000. The School Board maintains stop-loss coverage with an insurance company under its workers' compensation plan for individual claims in excess of \$175,000 and for total claims that exceed \$790,000 in a three year period.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to General Purpose Financial Statements

June 30, 1999

All known claims filed and an estimate of incurred but not reported claims based on experience of the School Board are made and accrued as necessary in the General Fund. At June 30, 1999, the amount of these liabilities was \$954,345. This liability is the School Board's best estimate based on available information. Changes in the reported liability since June 30, 1997, resulted from the following:

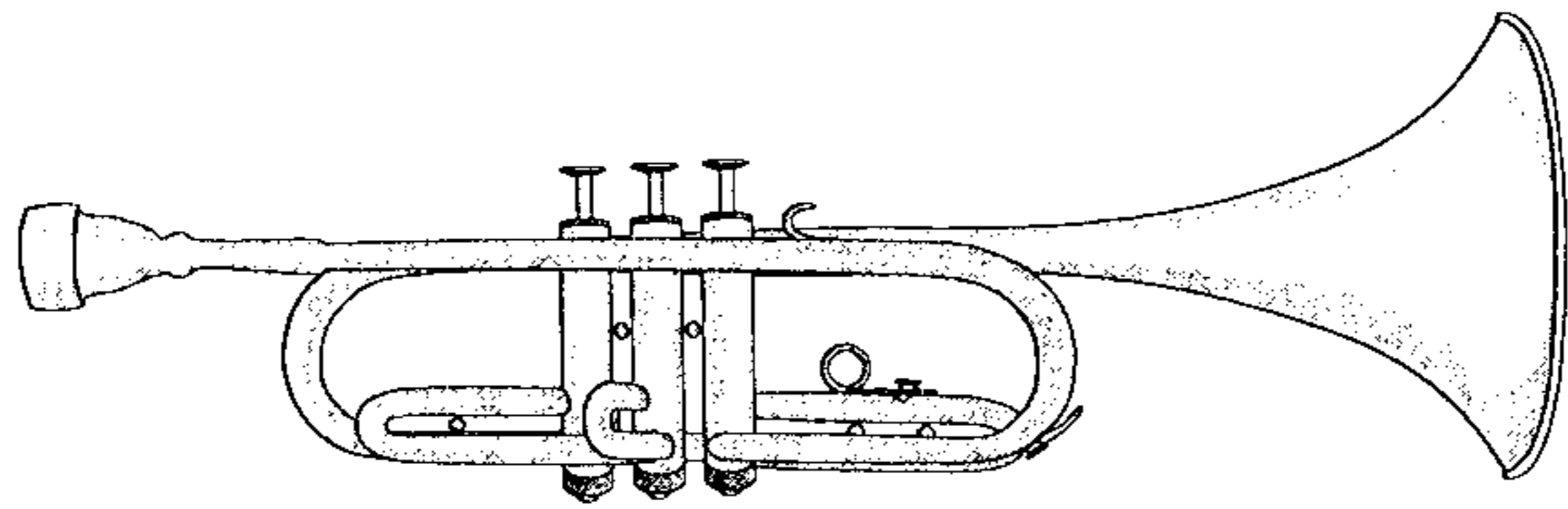
		<u>Beginning of Fiscal- Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
1997-1998	\$	637,977	3,753,359	3,662,343	728,993
1998-1999		728,993	4,767,151	4,541,799	954,345

As of June 30, 1999, \$1,040,155 and \$41,263 of the General Fund fund balance has been designated for payment of future claims of the health plan and workers' compensation plan, respectively. In addition to these items, amounts have been designated within the General Fund for contingencies.

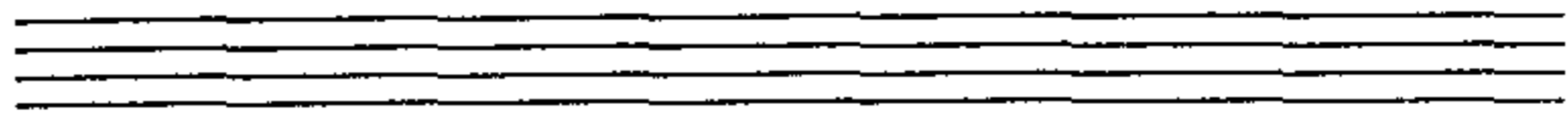
*Grant Audits*

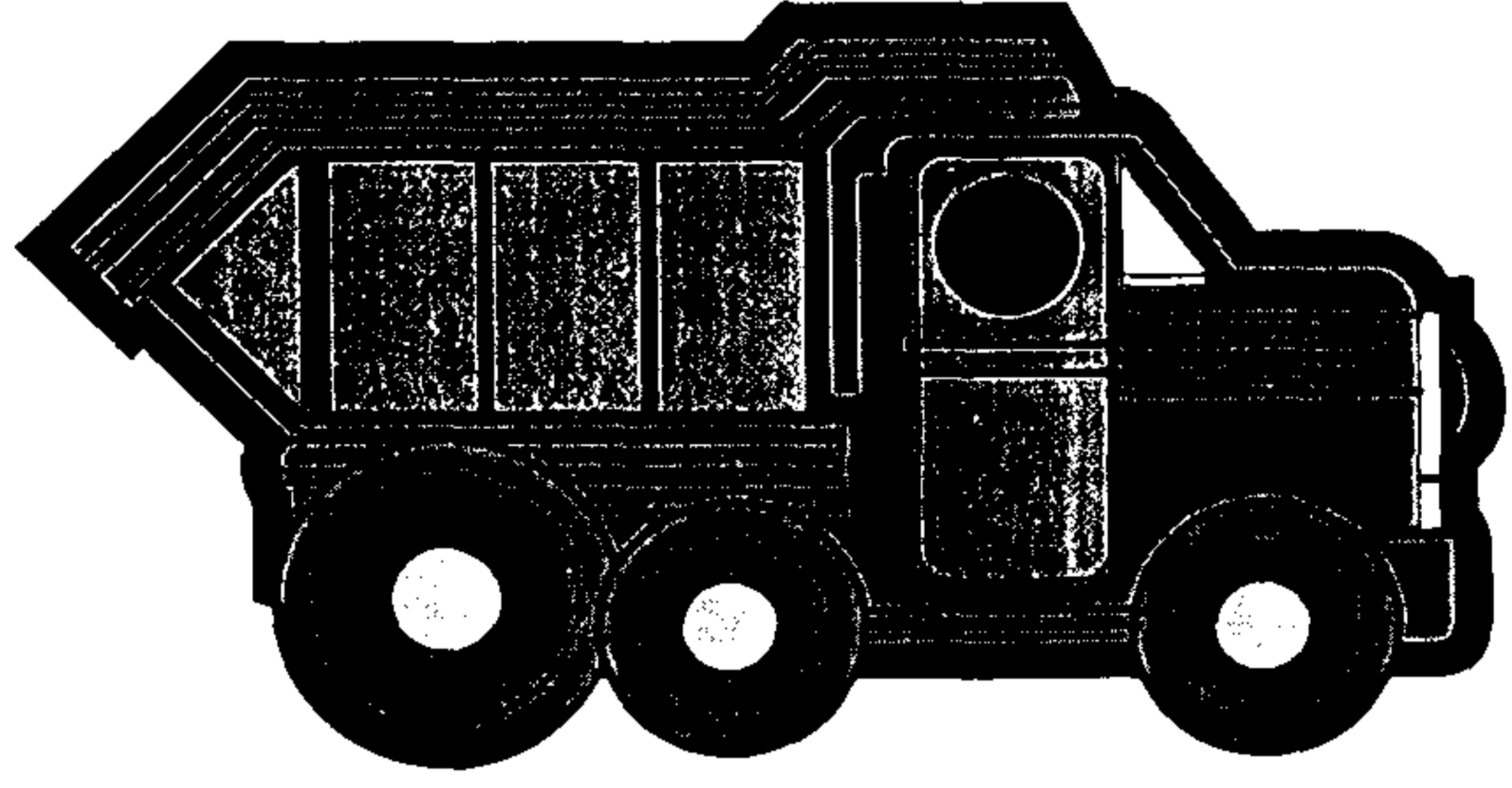
The School Board participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. School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





**REQUIRED  
SUPPLEMENTARY  
INFORMATION**





**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Required Supplementary Information

Disclosure About Year 2000 Issues

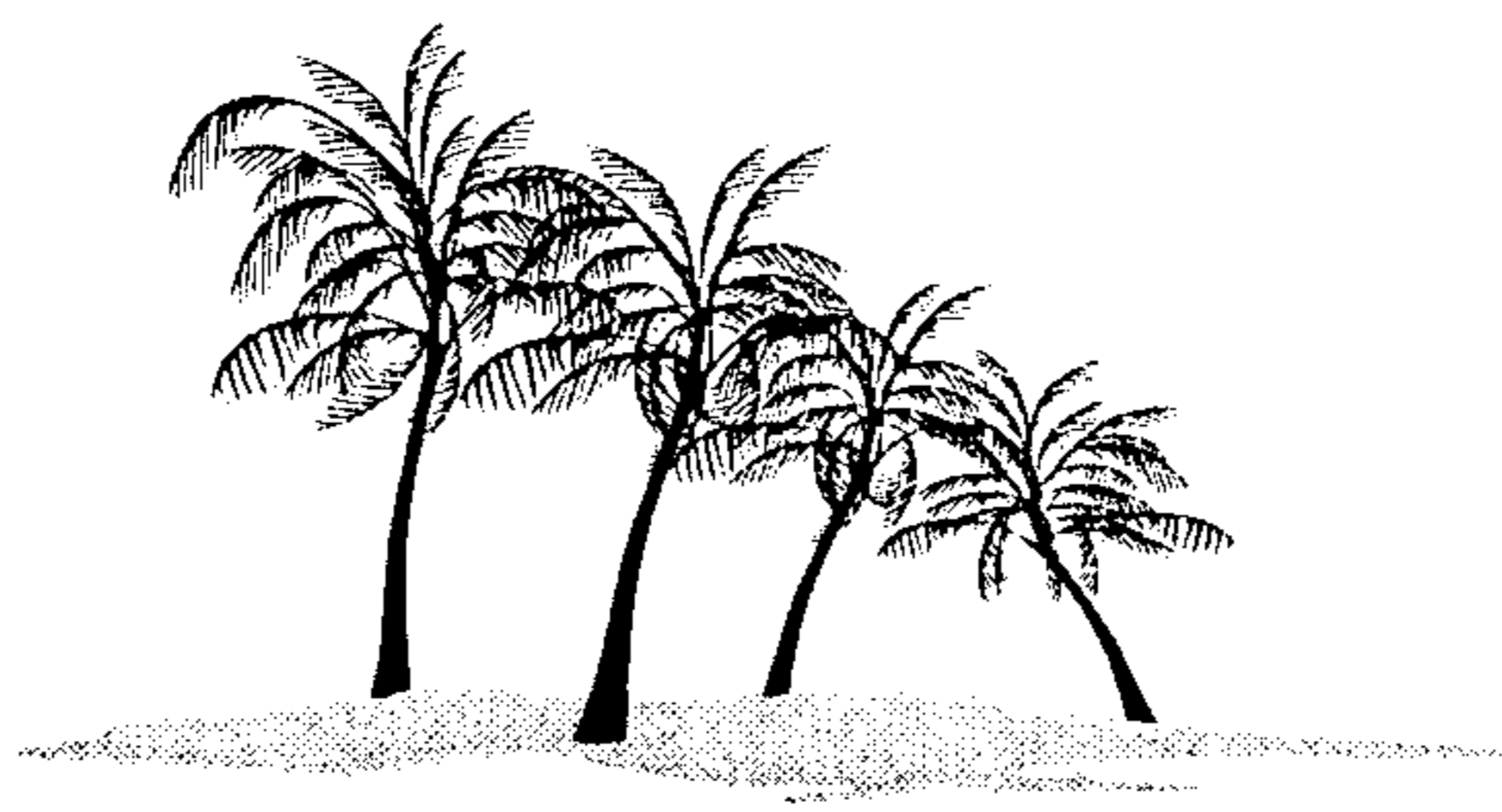
June 30, 1999  
(unaudited)

The School Board is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. The Year 2000 Issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 Issue could affect electronic equipment—such as environmental systems, vehicles and medical equipment—containing computer chips that have date recognition features.

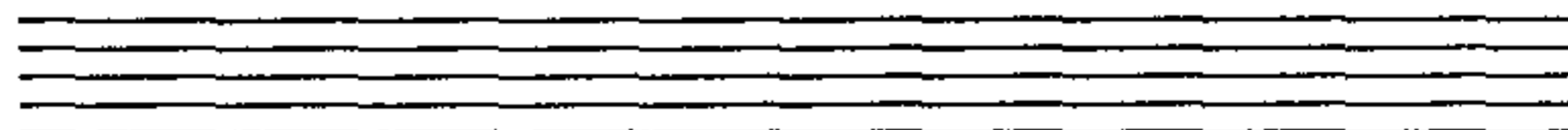
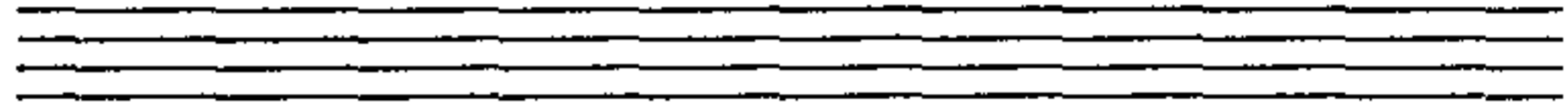
The School Board has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting School Board operations. The School Board has identified payroll and student census systems as mission critical systems.

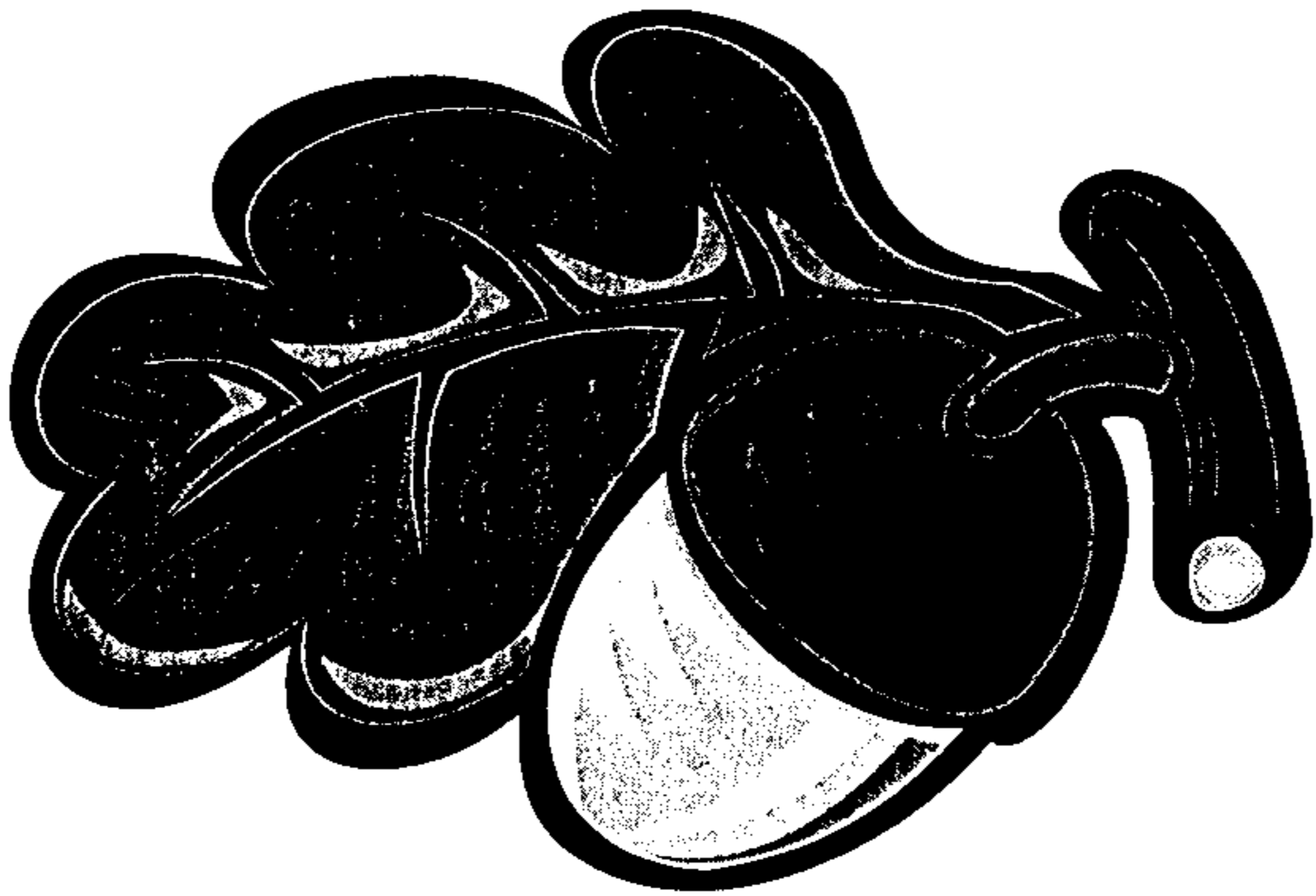
The School Board has completed the awareness and assessment stage of work with respect to its mission critical systems whereby a plan has been established for dealing with these issues and systems have been identified which are in need of year 2000 compliance work. The School Board is currently within the remediation stage, during which changes are being made to systems and equipment. The costs associated with these changes are being funded on a pay as you go basis. Certain of these changes require commitments with vendors for assistance in addressing year 2000 issues. As of June 30, 1999, there were no commitments outstanding for these costs. The validation and testing phase of the work is targeted to be completed by October 1999.

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.



**SUPPLEMENTAL STATEMENTS  
AND SCHEDULES —  
COMBINING,  
INDIVIDUAL FUND,  
AND ACCOUNT  
GROUP STATEMENTS  
AND SCHEDULES**

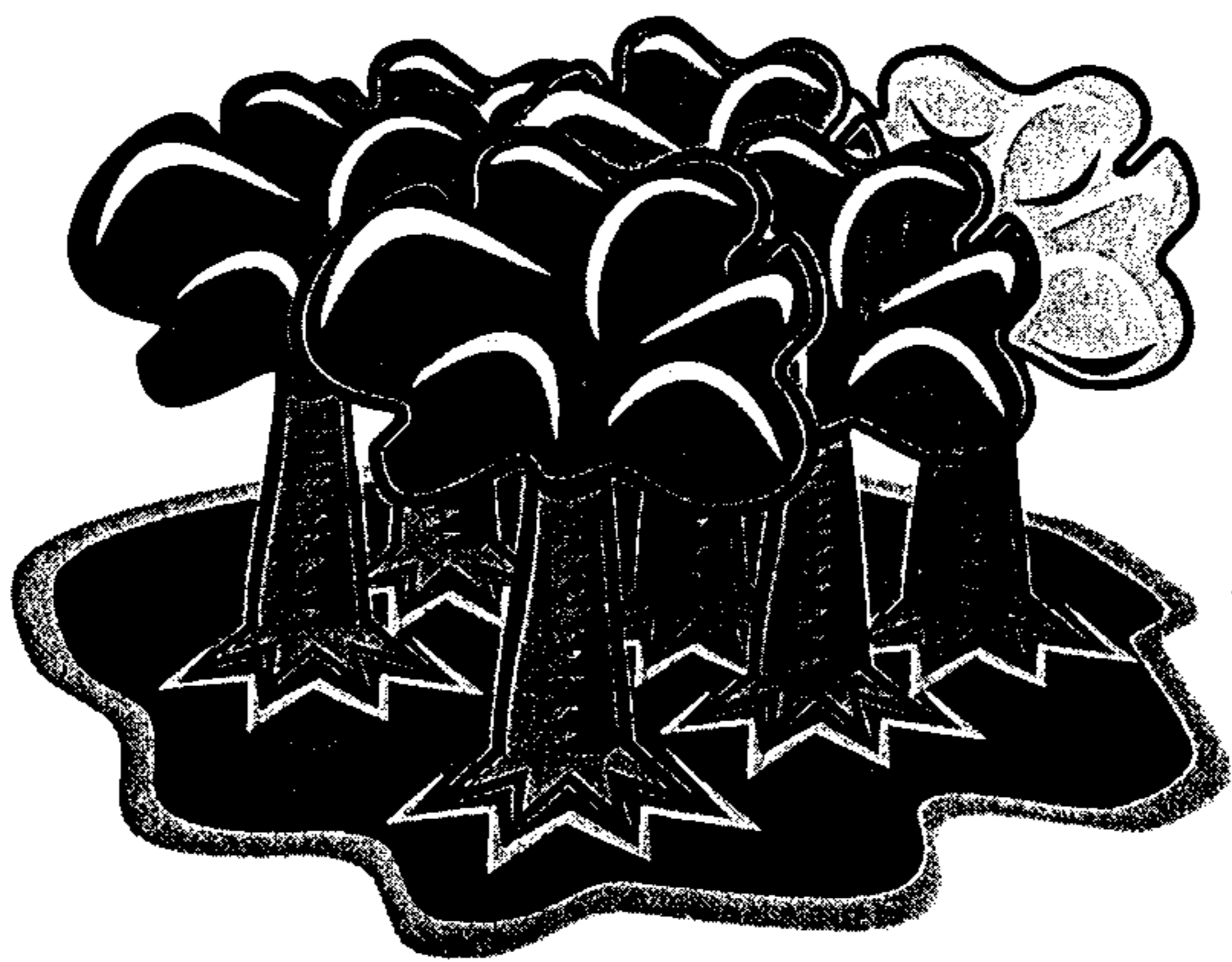




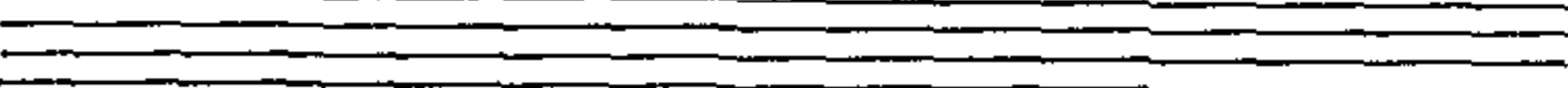
**GOVERNMENTAL FUNDS**

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- 
- 
- **GENERAL FUND**
  - **SPECIAL REVENUE FUNDS**
  - **DEBT SERVICE FUNDS**
  - **CAPITAL PROJECTS FUNDS**
- 
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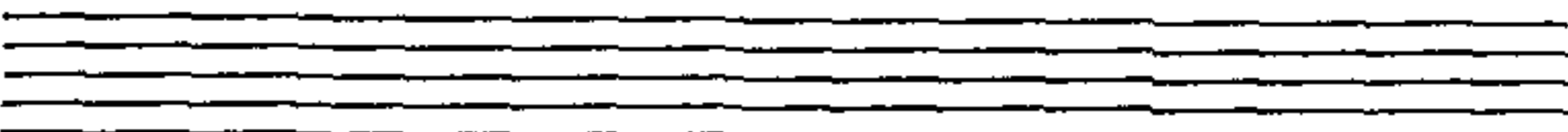




**GENERAL FUND**



The General Fund is the principal fund of the School Board and is used to account for all activities of the school system not required to be accounted for in another fund. These activities are funded principally by state sources and local property and sales taxes on individuals and businesses.





**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

General Fund

Comparative Balance Sheets

June 30, 1999 and 1998

Assets	<u>1999</u>	<u>1998</u>
Cash	\$ 3,229,309	3,546,935
Certificates of deposit	4,090,500	4,444,500
Receivables	469,495	522,553
Due from other funds	<u>544,873</u>	<u>527,421</u>
Total assets	<u><u>8,334,177</u></u>	<u><u>9,041,409</u></u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts and claims payable	\$ 1,146,541	933,951
Salaries and wages payable	<u>2,093,146</u>	<u>1,909,535</u>
Total liabilities	<u><u>3,239,687</u></u>	<u><u>2,843,486</u></u>
Fund balances:		
Unreserved:		
Designated for future claims and contingencies	1,514,318	2,581,477
Designated for equipment replacement	364,948	549,573
Designated for specific projects	470,504	660,708
Undesignated	<u>2,744,720</u>	<u>2,406,165</u>
Total fund balance	<u><u>5,094,490</u></u>	<u><u>6,197,923</u></u>
Total liabilities and fund balance	<u><u>\$ 8,334,177</u></u>	<u><u>9,041,409</u></u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

*General Fund*

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 5,756,507	5,787,752	31,245	5,886,248
Sales and use	4,025,000	3,900,507	(124,493)	3,755,551
Interest earnings	403,947	418,907	14,960	376,554
Other:				
Tuition	46,100	31,990	(14,110)	29,829
Rentals, leases, and royalties	120,274	120,505	231	877,156
Other	211,853	192,959	(18,894)	28,200
Total other	<u>378,227</u>	<u>345,454</u>	<u>(32,773)</u>	<u>935,185</u>
Total local sources	<u>10,563,681</u>	<u>10,452,620</u>	<u>(111,061)</u>	<u>10,953,538</u>
State sources:				
State equalization	15,685,527	15,671,086	(14,441)	15,598,949
Other state programs:				
Revenue sharing	237,831	237,833	2	240,447
Professional improvement program	206,093	211,473	5,380	223,758
Other	1,165,259	1,040,316	(124,943)	798,343
Total other state programs	<u>1,609,183</u>	<u>1,489,622</u>	<u>(119,561)</u>	<u>1,262,548</u>
Total state sources	<u>17,294,710</u>	<u>17,160,708</u>	<u>(134,002)</u>	<u>16,861,497</u>
Federal and other sources	<u>8,900</u>	<u>9,569</u>	<u>669</u>	<u>6,100</u>
Total revenues	<u>27,867,291</u>	<u>27,622,897</u>	<u>(244,394)</u>	<u>27,821,135</u>

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

General Fund

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Expenditures:				
Current:				
Instruction:				
Regular programs	\$ 11,858,366	12,036,615	(178,249)	11,465,521
Special programs	5,880,244	5,802,969	77,275	4,698,288
Adult and continuing education programs	66,286	66,185	101	75,793
Support services:				
Student services	988,796	960,447	28,349	956,351
Instructional staff support	1,339,466	1,344,994	(5,528)	1,254,577
General administration	699,326	694,817	4,509	705,783
School administration	1,878,520	1,896,516	(17,996)	1,713,535
Business services	412,618	402,367	10,251	413,523
Plant services	2,220,928	2,201,472	19,456	2,033,410
Student transportation services	2,886,797	2,924,003	(37,206)	2,588,961
Central services	87,321	86,126	1,195	80,887
Capital outlay - facilities acquisition and construction	394,719	383,229	11,490	92,510
Total expenditures	<u>28,713,387</u>	<u>28,799,740</u>	<u>(86,353)</u>	<u>26,079,139</u>
Excess (deficiency) of revenues over expenditures	(846,096)	(1,176,843)	(330,747)	1,741,996
Other financing sources (uses):				
Operating transfers in	79,920	80,985	1,065	90,936
Operating transfers out	(7,575)	(7,575)	-	(775,287)
Total other financing sources (uses)	<u>72,345</u>	<u>73,410</u>	<u>1,065</u>	<u>(684,351)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(773,751)	(1,103,433)	(329,682)	1,057,645
Fund balance at beginning of year	<u>6,197,923</u>	<u>6,197,923</u>	-	<u>5,140,278</u>
Fund balance at end of year	<u>\$ 5,424,172</u>	<u>5,094,490</u>	<u>(329,682)</u>	<u>6,197,923</u>

See accompanying independent auditors' report.



# SPECIAL REVENUE FUNDS

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**Education Consolidation and Improvement Act** — Title I of the Education Consolidation Improvement Act of 1981 (ECIA) is a program for economically and educationally deprived school children which is federally financed, state-administered, and locally operated by the School Board. The Title I services are provided through various projects which are designated to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

Title VI of the Education Consolidation Improvement Act of 1981 is a program by which the federal government provides money to the school system based on a per pupil allocation for audio-visual material and equipment and library resources.

**Education for Economic Security Act** — Title II of the Education for Economic Security Act (EESA) is a federally financed program designed to strengthen the skills of teachers and provide for instruction in mathematics, science, foreign languages, and computer learning.

**School Lunch Fund** — The School Lunch Fund accounts for the operations of the school cafeterias.

**7 Mill Maintenance Tax** — The School Board collects a parishwide 7 mill property tax for the purpose of paying the general cost of operation and maintenance of the public schools in the parish.

**Special Education** — Special Education is a federally financed program to provide free, appropriate public education to all children in need of special education and related services.

**Head Start** — Head Start is a program by which the federal government provides money to give economically deprived children a head start in school before they enter kindergarten.

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**Adult Basic Education** — Adult Basic Education is a program to develop knowledge and skills to meet immediate and long-range educational objectives of adults who have completed or interrupted formal schooling, having accepted adult roles and responsibilities.

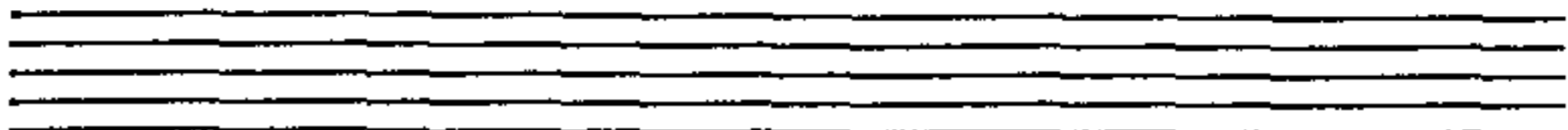
**Vocational Education** — Vocational Education is a federally funded program that provides students with the opportunity to develop the knowledge, skills, and attitudes needed for employment in agriculture, home economics, industrial arts, business, etc.

**Starting Points** — Starting Points is a federally funded preschool program designed to provide quality early childhood education to children whose parent(s) or guardians work or are enrolled in a job training or educational program.

**Goals 2000** — Goals 2000 is a federally funded program that attempts to build community support and a true community partnership to (1) restructure the local educational system, (2) engage in long term systemic change to better address the individual needs of students, teachers, administrators, parents, employers, and citizens within its community, and (3) address the National Educational Goals, especially goals related to high academic achievement for all children.

**Literacy Challenge** — Literacy Challenge is a federal program to improve the skills and knowledge of teachers using computers, the Internet, and technology.

**America Reads** — America Reads is a national program to improve the reading skills of students in grades kindergarten through the third grade. Funding is provided with federal AmeriCorps funds.



DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

Special Revenue Funds  
Combining Balance Sheet

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

	Educational Consolidation and Improvement Act Title I	Educational Improvement Act Title VI	Education for Economic Security Act Title II	School Lunch Fund	7 Mill Maintenance Tax	Special Education	Head Start	Adult Basic Education	Vocational Education	Starting Points	Goals 2000	Literacy Challenge	America Reads	Totals	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1998	1999	1998	1999	
<b>Assets</b>															
Cash	2,781	-	2	344,289	306,746	-	-	-	-	-	-	-	-	653,818	762,424
Certificates of deposit	-	-	-	349,219	-	-	-	-	-	-	-	-	-	349,219	249,219
Receivables	504,361	6,793	7,698	10,209	1,665	65,591	7,668	22,625	1,628	17,372	10,459	35,709	2,618	694,396	702,268
Inventories	-	-	-	13,434	-	-	-	-	-	-	-	-	-	13,434	11,134
Total assets	\$ 507,142	\$ 6,793	\$ 7,700	\$ 717,151	\$ 308,411	\$ 65,591	\$ 7,668	\$ 22,625	\$ 1,628	\$ 17,372	\$ 10,459	\$ 35,709	\$ 2,618	\$ 1,710,867	\$ 1,725,045
<b>Liabilities and Fund Balances</b>															
Liabilities:															
Accounts payable	19,967	-	-	2,100	58,760	700	-	-	1,333	-	-	-	-	82,860	114,317
Salaries and wages payable	92,284	1,655	-	117,281	-	372	6,837	5,512	-	6,682	-	3,296	1,794	235,713	222,187
Due to other funds	394,891	5,138	7,700	-	-	64,519	831	17,113	295	10,690	10,459	32,413	824	544,873	527,421
Total liabilities	\$ 507,142	\$ 6,793	\$ 7,700	\$ 119,381	\$ 58,760	\$ 65,591	\$ 7,668	\$ 22,625	\$ 1,628	\$ 17,372	\$ 10,459	\$ 35,709	\$ 2,618	\$ 863,446	\$ 863,925
Fund balances - unreserved - undesignated	-	-	-	597,770	249,651	-	-	-	-	-	-	-	-	847,421	861,120
Total liabilities and fund balances	\$ 507,142	\$ 6,793	\$ 7,700	\$ 717,151	\$ 308,411	\$ 65,591	\$ 7,668	\$ 22,625	\$ 1,628	\$ 17,372	\$ 10,459	\$ 35,709	\$ 2,618	\$ 1,710,867	\$ 1,725,045

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	Education for Economic Security Act Title II	School Lunch Fund	7 Mill Maintenance Tax	Special Education	Head Start	Adult Basic Education	Vocational Education	Starting Points	Goals 2000	Literacy Challenge	America Reads	Totals	
	Title I	Title VI										1999	1998
<b>Revenues:</b>													
Local sources:													
Ad valorem taxes	-	-	901,567	-	-	-	-	-	-	-	-	901,567	1,139,383
Sales and use tax	-	-	-	-	-	-	-	-	-	-	-	278,608	197,660
Interest earnings	-	-	8,945	-	-	-	-	-	-	-	-	39,217	33,966
Other	-	-	-	-	-	-	-	-	-	-	-	238,636	265,936
State sources:													
State equalization	-	-	-	-	-	-	-	-	-	-	-	467,329	454,107
Other	-	-	38,137	-	-	-	-	-	-	-	-	60,148	47,880
Federal sources	1,382,215	63,137	-	426,982	52,264	68,983	91,033	49,531	83,009	35,709	4,438	3,753,748	3,549,221
Total revenues	1,382,215	63,137	948,649	426,982	52,264	68,983	91,033	49,531	83,009	35,709	4,438	5,759,253	5,688,153
<b>Expenditures - current:</b>													
Instruction:													
Special programs	807,361	26,662	-	283,642	52,264	-	-	48,182	60,663	-	4,438	1,283,212	1,244,132
Adult and continuing education programs	-	-	-	-	-	62,401	70,956	-	-	-	-	133,357	125,086
Support services:													
Student services	67,377	33,203	-	425	-	-	4,075	-	-	-	-	105,080	99,944
Instructional staff support	349,653	1,552	-	121,302	-	4,703	16,002	-	20,908	35,415	-	567,516	503,886
General administration	1,217	-	95,470	-	-	-	-	-	-	-	-	96,687	49,144
Business services	-	-	336	-	-	-	-	-	-	-	-	336	105
Plant services	112,489	-	884,972	11,166	-	-	-	-	413	-	-	1,009,040	1,003,311
Student transportation services	-	-	-	1,527	-	-	-	-	-	-	-	1,527	2,121
Food services	-	-	-	-	-	-	-	-	-	-	-	2,516,389	2,367,695
Total expenditures	1,338,097	61,417	980,778	418,062	52,264	67,104	91,033	48,182	81,984	35,415	4,438	5,713,144	5,395,424
Excess (deficiency) of revenues over expenditures	44,118	1,720	(32,129)	8,920	-	1,879	-	1,349	1,025	294	-	46,109	292,729
Other financing sources (uses):													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	44,030
Operating transfers out	(44,118)	(1,720)	-	(8,920)	-	(1,879)	-	(1,349)	(1,025)	(294)	-	(59,808)	(90,936)
Total other financing sources (uses)	(44,118)	(1,720)	-	(8,920)	-	(1,879)	-	(1,349)	(1,025)	(294)	-	(59,808)	(46,906)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	18,430	-	-	-	-	-	-	-	-	(13,699)	245,823
Fund balances at beginning of year	-	-	579,340	-	-	-	-	-	-	-	-	861,120	615,297
Fund balances at end of year	-	-	597,770	-	-	-	-	-	-	-	-	847,421	861,120

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Educational Consolidation and Improvement Act  
Title I

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		
Revenues:				
Local sources - other	\$ -	-	-	816
Federal sources	1,595,193	1,382,215	(212,978)	1,404,628
Total revenues	<u>1,595,193</u>	<u>1,382,215</u>	<u>(212,978)</u>	<u>1,405,444</u>
Expenditures - current:				
Instruction - special programs	856,208	807,361	48,847	919,585
Support services:				
Student services	74,188	67,377	6,811	57,221
Instructional staff support	454,077	349,653	104,424	277,333
General administration	11,217	1,217	10,000	5,611
Plant services	148,719	112,489	36,230	114,383
Total expenditures	<u>1,544,409</u>	<u>1,338,097</u>	<u>206,312</u>	<u>1,374,133</u>
Excess of revenues over expenditures	50,784	44,118	(6,666)	31,311
Other financing sources (uses):				
Operating transfers in	-	-	-	44,030
Operating transfers out	(50,784)	(44,118)	6,666	(75,341)
Total other financing sources (uses)	<u>(50,784)</u>	<u>(44,118)</u>	<u>6,666</u>	<u>(31,311)</u>
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
**Mansfield, Louisiana**

**Special Revenue Fund**

**Educational Consolidation and Improvement Act**  
**Title VI**

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

For the year ended June 30, 1999  
 (with comparative totals for June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		
Revenues - federal sources	\$ 74,905	63,137	(11,768)	64,188
Expenditures - current:				
Instruction - special programs	33,928	26,662	7,266	26,948
Support services:				
Student services	36,935	33,203	3,732	35,237
Instructional staff support	2,000	1,552	448	255
Total expenditures	<u>72,863</u>	<u>61,417</u>	<u>11,446</u>	<u>62,440</u>
Excess of revenues over expenditures	2,042	1,720	(322)	1,748
Other financing uses - operating transfers out	<u>(2,042)</u>	<u>(1,720)</u>	<u>(322)</u>	<u>(1,748)</u>
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Education for Economic Security Act  
Title II - Public Law 98-377

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		
Revenues - federal sources	\$ 43,138	18,484	(24,654)	18,996
Expenditures - current - support services - instructional staff support	41,963	17,981	23,982	18,478
Excess of revenues over expenditures	1,175	503	(672)	518
Other financing uses - operating transfers out	(1,175)	(503)	672	(518)
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

School Lunch Fund

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		
Revenues:				
Local sources:				
Sales and use tax	\$ 287,500	278,608	(8,892)	197,660
Food sales	287,814	258,636	(29,178)	265,120
Interest earnings	23,000	30,272	7,272	27,421
State sources:				
State equalization	467,329	467,329	-	454,107
Other	22,011	22,011	-	-
Federal sources	1,419,204	1,477,963	58,759	1,388,073
Total revenues	<u>2,506,858</u>	<u>2,534,819</u>	<u>27,961</u>	<u>2,332,381</u>
Expenditures - current - food services:				
Food costs	833,381	840,807	(7,426)	808,508
Salaries and related benefits	1,431,559	1,411,873	19,686	1,357,315
Materials and supplies	60,000	97,828	(37,828)	59,664
Equipment	91,537	85,564	5,973	63,528
Other	86,297	80,317	5,980	78,680
Total expenditures	<u>2,502,774</u>	<u>2,516,389</u>	<u>(13,615)</u>	<u>2,367,695</u>
Excess (deficiency) of revenues over expenditures	4,084	18,430	14,346	(35,314)
Fund balance at beginning of year	<u>579,340</u>	<u>579,340</u>	-	<u>614,654</u>
Fund balance at end of year	<u>\$ 583,424</u>	<u>597,770</u>	<u>14,346</u>	<u>579,340</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

7 Mill Maintenance Tax

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues:				
Local sources:				
Ad valorem tax	\$ 897,309	901,567	4,258	1,139,383
Interest earnings	3,000	8,945	5,945	6,545
State sources - revenue sharing	38,138	38,137	(1)	47,880
Total revenues	<u>938,447</u>	<u>948,649</u>	<u>10,202</u>	<u>1,193,808</u>
Expenditures - current - support services:				
General administration	95,471	95,470	1	43,533
Business services	100	336	(236)	105
Plant services	942,598	884,972	57,626	869,033
Total expenditures	<u>1,038,169</u>	<u>980,778</u>	<u>57,391</u>	<u>912,671</u>
Excess (deficiency) of revenues over expenditures	(99,722)	(32,129)	67,593	281,137
Fund balance at beginning of year	<u>281,780</u>	<u>281,780</u>	-	<u>643</u>
Fund balance at end of year	<u>\$ 182,058</u>	<u>249,651</u>	<u>67,593</u>	<u>281,780</u>

See accompanying independent auditors' report.



**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Special Education  
P.L. 89-313 / ESEP  
P.L. 94-142 / IDEP Part B  
P.L. 99-457 / IDEP Preschool

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		
Revenues - federal sources	\$ 440,875	426,982	(13,893)	304,178
Expenditures - current:				
Instruction - special programs	287,142	283,642	3,500	164,698
Support services:				
Student services	1,250	425	825	773
Instructional staff support	129,451	121,302	8,149	111,406
Plant services	12,371	11,166	1,205	19,150
Student transportation services	1,525	1,527	(2)	2,121
Total expenditures	<u>431,739</u>	<u>418,062</u>	<u>13,677</u>	<u>298,148</u>
Excess of revenues over expenditures	9,136	8,920	(216)	6,030
Other financing uses - operating transfers out	<u>(9,136)</u>	<u>(8,920)</u>	<u>216</u>	<u>(6,030)</u>
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
 Mansfield, Louisiana

Special Revenue Fund

Head Start

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

For the year ended June 30, 1999  
 (with comparative totals for June 30, 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues - federal sources	\$ 59,499	52,264	(7,235)	51,915
Expenditures - current - instruction - special programs	59,499	52,264	7,235	51,915
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Adult Basic Education

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues - federal sources	\$ 74,024	68,983	(5,041)	65,595
Expenditures - current:				
Instruction - adult and continuing education programs	64,092	62,401	1,691	62,778
Support services - instructional staff support	7,915	4,703	3,212	1,059
Total expenditures	<u>72,007</u>	<u>67,104</u>	<u>4,903</u>	<u>63,837</u>
Excess of revenues over expenditures	2,017	1,879	(138)	1,758
Other financing uses - operating transfers out	<u>(2,017)</u>	<u>(1,879)</u>	<u>138</u>	<u>(1,758)</u>
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Vocational Education

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues - federal sources	\$ 103,598	91,033	(12,565)	83,506
Expenditures - current:				
Instruction - adult and continuing education programs	77,337	70,956	6,381	62,308
Support services:				
Student services	8,284	4,075	4,209	6,713
Instructional staff support	17,977	16,002	1,975	14,485
Total expenditures	<u>103,598</u>	<u>91,033</u>	<u>12,565</u>	<u>83,506</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Starting Points

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues - federal sources	\$ 50,643	49,531	(1,112)	52,351
Expenditures - current -instruction - special programs	49,263	48,182	1,081	51,011
Excess of revenues over expenditures	1,380	1,349	(31)	1,340
Other financing uses - operating transfers out	(1,380)	(1,349)	(31)	(1,340)
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Special Revenue Fund

Goals 2000

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues - federal sources	\$ 113,800	83,009	(30,791)	115,791
Expenditures - current:				
Instruction - special programs	90,450	60,663	29,787	29,975
Support services:				
Instructional staff support	20,912	20,908	4	80,870
Plant services	646	413	233	745
Total expenditures	<u>112,008</u>	<u>81,984</u>	<u>30,024</u>	<u>111,590</u>
Excess of revenues over expenditures	1,792	1,025	(767)	4,201
Other financing uses - operating transfers out	<u>(1,792)</u>	<u>(1,025)</u>	<u>767</u>	<u>(4,201)</u>
Excess of revenues over expenditures and other financing uses	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
 Mansfield, Louisiana

Special Revenue Fund

Literacy Challenge

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

For the year ended June 30, 1999

	<u>1999</u>		<b>Variance Favorable (Unfavorable)</b>
	<u>Budget</u>	<u>Actual</u>	
Revenues - federal sources	\$ 95,078	35,709	(59,369)
Expenditures - current:			
Support services - instructional staff support	<u>93,166</u>	<u>35,415</u>	<u>57,751</u>
Excess of revenues over expenditures	1,912	294	(1,618)
Other financing uses - operating transfers out	<u>(1,912)</u>	<u>(294)</u>	<u>1,618</u>
Excess of revenues over expenditures and other financing uses	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
 Mansfield, Louisiana

Special Revenue Fund

America Reads

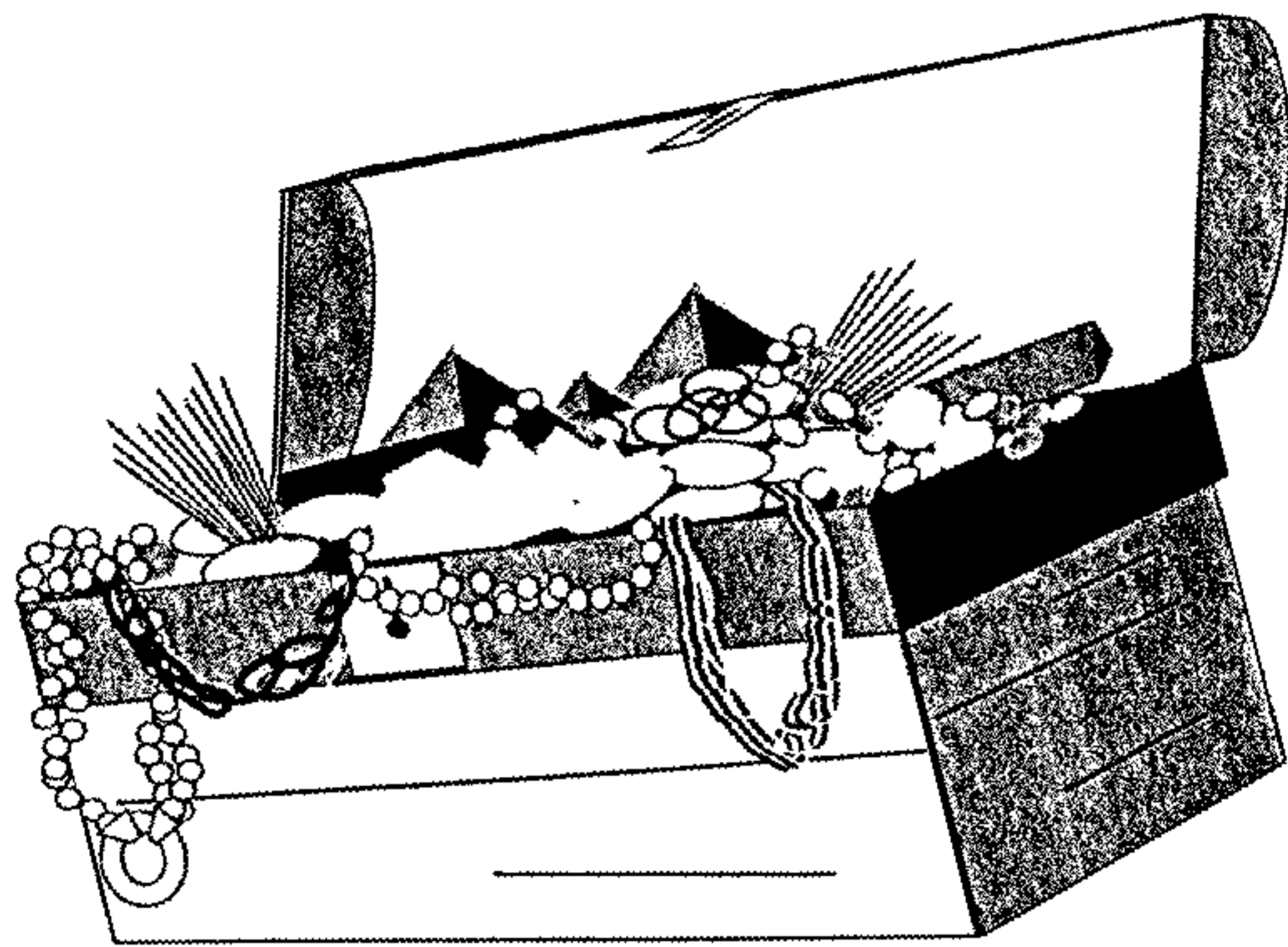
Statement of Revenues, Expenditures, and Changes in Fund  
 Balance - Budget and Actual

For the year ended June 30, 1999

	<u>1999</u>		<u>Variance Favorable (Unfavorable)</u>
	<u>Budget</u>	<u>Actual</u>	
Revenues - federal sources	\$ 10,134	4,438	(5,696)
Expenditures - current -instruction - special programs	<u>10,134</u>	<u>4,438</u>	<u>5,696</u>
Excess of revenues over expenditures	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying independent auditors' report.





## DEBT SERVICE FUNDS

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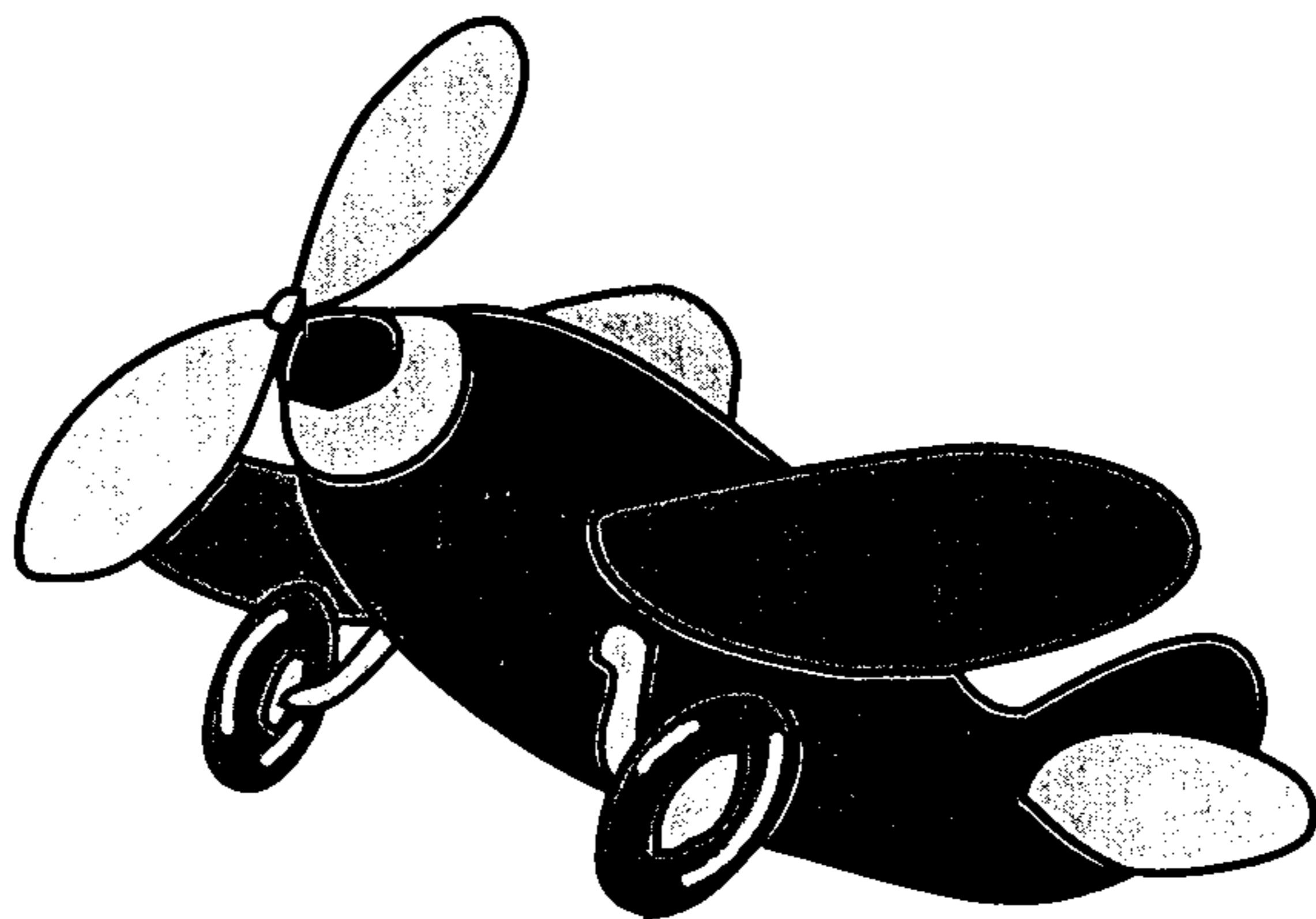
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**School Districts No. 1, No. 2 (1980 Issue), No. 2 (1987 Issue), No. 2 (1992 Issue), No. 2 (1997 Issue), No. 3 (1988 Issue), No. 3 (1990 Issue), No. 3 (1994 Issue), No. 4, and No. 5 Funds** — The school district Debt Service Funds are used to accumulate monies to pay outstanding bond issues. The bonds were issued by the respective school districts to acquire lands for building sites, erect and improve school buildings, and acquire the necessary equipment and furnishings thereof. The bond issues are financed by a special property tax levy on property within the respective school districts and/or an allocation of sales and use tax collected.

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DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

Debt Service Funds  
Combining Balance Sheet

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

	School Districts										Totals	
	No. 1	No. 2 1980 Issue	No. 2 1987 Issue	No. 2 1992 Issue	No. 2 1997 Issue	No. 3 1988 Issue	No. 3 1990 Issue	No. 3 1994 Issue	No. 4	No. 5	1999	1998
<b>Assets</b>												
Cash	\$ 354,847	29,744	7,617	482,231	127,270	160,237	17,827	21,363	375,249	51,866	1,628,251	1,501,889
Certificates of deposit	9,500	-	100,500	29,000	-	-	-	-	621,000	-	760,000	1,266,000
Receivables	500	-	-	1,026	133	648	-	38	1,397	166	3,908	4,284
<b>Total assets</b>	<b>\$ 364,847</b>	<b>29,744</b>	<b>108,117</b>	<b>512,257</b>	<b>127,403</b>	<b>160,885</b>	<b>17,827</b>	<b>21,401</b>	<b>997,646</b>	<b>52,032</b>	<b>2,392,159</b>	<b>2,772,173</b>
<b>Liability and Fund Balances</b>												
Accounts payable	\$ -	-	-	1,500	-	750	-	495	-	-	2,745	-
Matured bonds and interest payable	-	-	-	-	-	-	-	-	-	-	-	10,345
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>750</b>	<b>-</b>	<b>495</b>	<b>-</b>	<b>-</b>	<b>2,745</b>	<b>10,345</b>
Fund balances - reserved for debt service	364,847	29,744	108,117	510,757	127,403	160,135	17,827	20,906	997,646	52,032	2,389,414	2,761,828
<b>Total liability and fund balances</b>	<b>\$ 364,847</b>	<b>29,744</b>	<b>108,117</b>	<b>512,257</b>	<b>127,403</b>	<b>160,885</b>	<b>17,827</b>	<b>21,401</b>	<b>997,646</b>	<b>52,032</b>	<b>2,392,159</b>	<b>2,772,173</b>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Debt Service Funds

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	School Districts										Totals				
	No. 1	No. 2		No. 3		No. 4		No. 5		1999	1998				
	No. 1	Issue	1987	Issue	1992	Issue	1997	Issue	1998	Issue	1994	No. 4	No. 5	1999	1998
<b>Revenues:</b>															
Local sources:															
Taxes:															
Ad valorem	\$ 273,897	-	-	663,979	85,675	183,961	-	17,492	757,404	111,037	2,093,445	2,353,759			
Sales and use	125,000	45,000	100,000	-	80,000	30,000	22,000	-	400,000	59,615	861,615	810,852			
Interest earnings	16,192	3,023	8,469	23,867	5,575	7,417	680	1,292	39,371	1,972	107,858	124,221			
State sources - revenue sharing	-	-	-	31,955	-	-	-	-	-	-	31,955	33,083			
Total revenues	415,089	48,023	108,469	719,801	171,250	221,378	22,680	18,784	1,196,775	172,624	3,094,873	3,321,915			
<b>Expenditures:</b>															
Current - support services - general administration	13,255	976	2,170	25,115	4,977	7,646	478	666	37,291	5,542	98,116	107,792			
Debt service:															
Principal retirement	285,000	35,000	110,000	460,000	70,000	120,000	9,000	10,000	720,000	95,000	1,914,000	1,729,000			
Interest and bank charges	223,733	12,995	69,002	163,566	128,531	97,309	10,387	17,262	563,194	83,702	1,369,681	1,521,446			
Sinking funds	-	-	-	82,041	-	-	3,449	-	-	-	85,490	-			
Total expenditures	521,988	48,971	181,172	730,722	203,508	224,955	23,314	27,928	1,320,485	184,244	3,467,287	3,358,238			
Excess (deficiency) of revenues over expenditures	(106,899)	(948)	(72,703)	(10,921)	(32,258)	(3,577)	(634)	(9,144)	(123,710)	(11,620)	(372,414)	(36,323)			
<b>Other financing sources (uses):</b>															
Proceeds of refunding bonds (net of \$38,940 in issuance costs)	-	-	-	2,762,471	-	-	184,589	-	-	-	2,947,060	-			
Payment to refunded bond escrow agent	-	-	-	(2,762,471)	-	-	(184,589)	-	-	-	(2,947,060)	-			
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-			
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(106,899)	(948)	(72,703)	(10,921)	(32,258)	(3,577)	(634)	(9,144)	(123,710)	(11,620)	(372,414)	(36,323)			
Fund balances at beginning of year	471,746	30,692	180,820	521,678	159,661	163,712	18,461	30,050	1,121,356	63,652	2,761,828	2,798,151			
Fund balance at end of year	\$ 364,847	29,744	108,117	510,757	127,403	160,135	17,827	20,906	997,646	52,032	2,389,414	2,761,828			

See accompanying independent auditors' report.

# CAPITAL PROJECTS FUNDS

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**School Districts No. 1, No. 2, No. 3, No. 4, and No. 5 Funds** — The school district Capital Projects Funds account for financial resources to acquire, construct, and improve public school facilities in the respective districts.

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**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Capital Projects Funds

Combining Balance Sheet

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

Assets	School Districts					Totals	
	No. 1	No. 2	No. 3	No. 4	No. 5	1999	1998
Cash	\$ 132,755	556,565	112,140	647,404	45,435	1,494,299	2,739,021
Certificates of deposit	-	-	-	100,000	110,000	210,000	-
Accounts receivable	-	-	-	-	-	-	25,000
<b>Total assets</b>	<b>\$ 132,755</b>	<b>556,565</b>	<b>112,140</b>	<b>747,404</b>	<b>155,435</b>	<b>1,704,299</b>	<b>2,764,021</b>
<b>Liability and Fund Balances</b>							
Liability - accounts payable	\$ -	22,187	36	3,873	9	26,105	418,819
Fund balances:							
Reserved for encumbrances	7,497	29,625	3,313	21,298	-	61,733	824,326
Unreserved - designated for specific projects	125,258	504,753	108,791	722,233	155,426	1,616,461	1,520,876
<b>Total fund balances</b>	<b>132,755</b>	<b>534,378</b>	<b>112,104</b>	<b>743,531</b>	<b>155,426</b>	<b>1,678,194</b>	<b>2,345,202</b>
<b>Total liability and fund balances</b>	<b>\$ 132,755</b>	<b>556,565</b>	<b>112,140</b>	<b>747,404</b>	<b>155,435</b>	<b>1,704,299</b>	<b>2,764,021</b>

See accompanying independent auditors' report.



DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

Capital Projects Funds

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

For the year ended June 30, 1999  
(with comparative totals for June 30, 1998)

	School Districts					Totals	
	No. 1	No. 2	No. 3	No. 4	No. 5	1999	1998
Revenues - local sources:							
Sales and use taxes	\$ 86,182	169,133	47,619	216,444	12,046	531,424	506,884
Interest earnings	3,104	31,121	13,235	29,107	5,229	81,796	114,998
Judgments	-	-	-	-	-	-	25,000
Insurance proceeds from loss	-	-	-	-	-	-	10,318
Total revenues	<u>89,286</u>	<u>200,254</u>	<u>60,854</u>	<u>245,551</u>	<u>17,275</u>	<u>613,220</u>	<u>657,200</u>
Expenditures:							
Current:							
General administration	1,497	2,974	857	3,608	134	9,070	7,914
Business services	169	744	34	337	31	1,315	148
Capital outlay - facilities acquisition and construction	14,071	859,944	240,661	180,502	9,081	1,304,259	2,163,633
Total expenditures	<u>15,737</u>	<u>863,662</u>	<u>241,552</u>	<u>184,447</u>	<u>9,246</u>	<u>1,314,644</u>	<u>2,171,695</u>
Excess (deficiency) of revenues over expenditures	73,549	(663,408)	(180,698)	61,104	8,029	(701,424)	(1,514,495)
Other financing sources (uses):							
Proceeds from bond issuance	-	-	-	-	-	-	2,360,000
Proceeds from sale of assets	-	-	-	3,018	45,000	48,018	3,920
Operating transfers out	-	-	-	(10,177)	(11,000)	(21,177)	-
Operating transfers in	-	-	7,575	-	-	7,575	732,257
Total other financing sources (uses)	-	-	7,575	(7,159)	34,000	34,416	3,096,177
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	73,549	(663,408)	(173,123)	53,945	42,029	(667,008)	1,580,682
Fund balances at beginning of year	59,206	1,197,786	285,227	689,586	113,397	2,345,202	764,520
Fund balances at end of year	<u>\$ 132,755</u>	<u>534,378</u>	<u>112,104</u>	<u>743,531</u>	<u>155,426</u>	<u>1,678,194</u>	<u>2,345,202</u>

See accompanying independent auditors' report.

**FIDUCIARY FUND —  
SCHOOL ACTIVITY  
AGENCY FUND**

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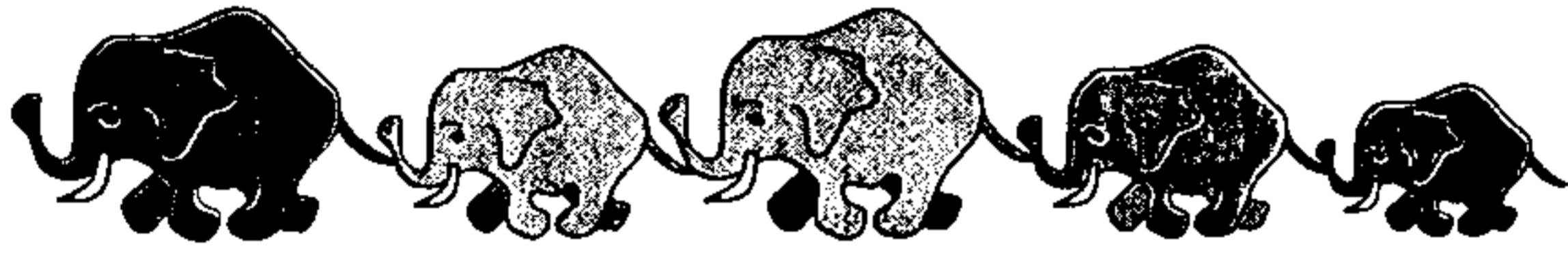
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The School Activity Agency Fund accounts for those monies collected by pupils and school personnel for school or school-related purposes. The school activity accounts are classified as an agency fund, and the School Board's responsibility for these accounts is fiduciary in nature. Each school accounts for its individual student body organizations. The revenues of these accounts consist primarily of fees, fund-raising projects, and contributions. Expenditures are made for a wide variety of school activities. These accounts are under the supervision of the school principals.

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**DESOTO PARISH SCHOOL BOARD**  
 Mansfield, Louisiana

Fiduciary Fund - School Activity Agency Fund

Comparative Balance Sheets

June 30, 1999 and 1998

<b>Assets</b>	<u>1999</u>	<u>1998</u>
Cash	\$ 288,416	238,459
Certificates of deposit	25,000	25,000
Total assets	<u>\$ 313,416</u>	<u>263,459</u>
<b>Liabilities</b>		
Accounts payable	\$ 14,714	1,957
Deposits due others	298,702	261,502
Total liabilities	<u>\$ 313,416</u>	<u>263,459</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Fiduciary Fund - School Activity Agency Fund

Statement of Changes in Assets and Liabilities

Year ended June 30, 1999

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
<b>Assets</b>				
Cash	\$ 238,459	960,800	910,843	288,416
Certificates of deposit	25,000	-	-	25,000
<b>Total assets</b>	<u>\$ 263,459</u>	<u>960,800</u>	<u>910,843</u>	<u>313,416</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,957	14,714	1,957	14,714
Deposits due others	261,502	946,086	908,886	298,702
<b>Total liabilities</b>	<u>\$ 263,459</u>	<u>960,800</u>	<u>910,843</u>	<u>313,416</u>

See accompanying independent auditors' report.

# GENERAL FIXED ASSETS ACCOUNT GROUP

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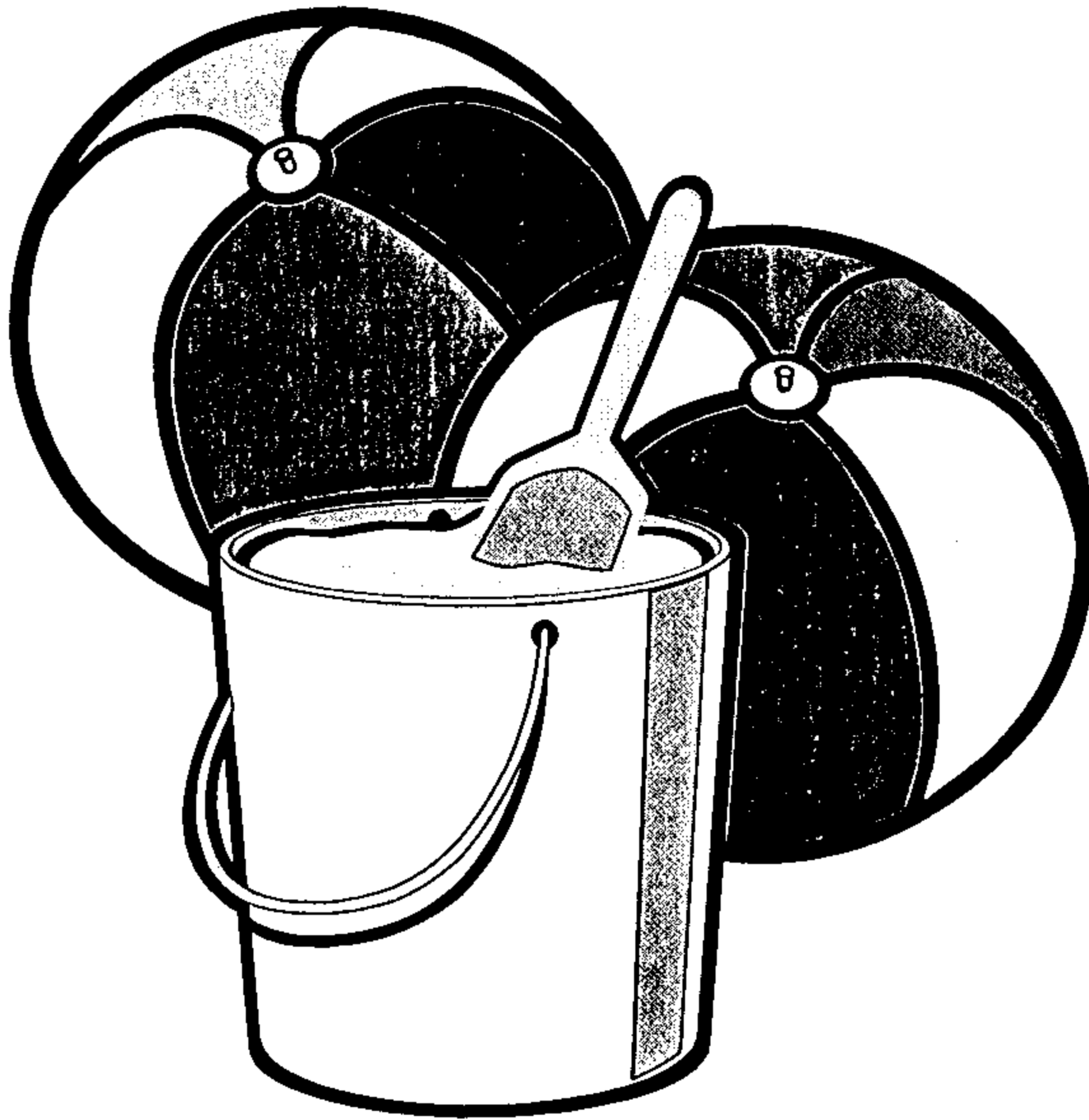
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The General Fixed Assets Account Group represents a summary of fixed assets of the School Board. Capital outlay in all funds is recorded as an expenditure of those funds at the time of purchase and is subsequently recorded, at cost, for control purposes in the General Fixed Assets Account Group. In accordance with generally accepted accounting principles for governmental entities, depreciation is not recorded on general fixed assets.

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**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

General Fixed Assets Account Group

Schedule of General Fixed Assets - By Sources

June 30, 1999

(with comparative amounts for June 30, 1998)

	1999	1998
<b>General fixed assets:</b>		
Land	\$ 1,224,545	1,220,545
Buildings and improvements	54,696,111	53,173,069
Furniture and equipment	6,407,621	5,839,643
Transportation equipment	997,582	757,369
Construction in progress	29,625	821,690
	<u>63,355,484</u>	<u>61,812,316</u>
<b>Total general fixed assets</b>	<b>\$ 63,355,484</b>	<b>61,812,316</b>
<b>Investment in general fixed assets:</b>		
Capital Projects Funds	\$ 56,630,605	56,064,762
General Fund	3,805,145	3,018,381
School Lunch Fund	571,979	517,904
Federal aid	1,644,489	1,876,834
State aid	381,290	17,863
Gifts and donations	286,420	291,127
School Activity Agency Funds	35,556	25,445
	<u>63,355,484</u>	<u>61,812,316</u>
<b>Total investment in general fixed assets</b>	<b>\$ 63,355,484</b>	<b>61,812,316</b>

See accompanying independent auditors' report.



**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

General Fixed Assets Account Group

Schedule of Changes in General Fixed Assets -  
By Function and Activity

Year ended June 30, 1999

Function and Activity	General Fixed Assets July 1, 1998	Additions	Retirements	General Fixed Assets June 30, 1999
Instruction:				
High schools	\$ 29,106,664	2,210,470	104,821	31,212,313
Middle schools	21,101,557	145,542	-	21,247,099
Elementary schools	3,538,292	27,142	10,164	3,555,270
Adult education	216,117	3,125	7,032	212,210
Total instruction	<u>53,962,630</u>	<u>2,386,279</u>	<u>122,017</u>	<u>56,226,892</u>
General and school administration	1,501,440	136,477	28,101	1,609,816
Plant and maintenance	4,285,349	38,896	374,000	3,950,245
Food service equipment	483,838	66,408	8,922	541,324
Transportation equipment	757,369	240,213	-	997,582
Construction in progress	<u>821,690</u>	<u>29,625</u>	<u>821,690</u>	<u>29,625</u>
Total general fixed assets	<u>\$ 61,812,316</u>	<u>2,897,898</u>	<u>1,354,730</u>	<u>63,355,484</u>

See accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

General Fixed Assets Account Group

Schedule of General Fixed Assets -  
By Function and Activity

June 30, 1999

Function and Activity	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Transportation Equipment</u>	<u>Construction in Progress</u>
<i>Instruction:</i>						
High schools	\$ 31,212,313	565,236	28,068,145	2,578,932	-	-
Middle schools	21,247,099	63,900	19,520,407	1,662,792	-	-
Elementary schools	3,555,270	470,304	2,753,446	331,520	-	-
Adult education	212,210	2,362	150,000	59,848	-	-
Total instruction	<u>56,226,892</u>	<u>1,101,802</u>	<u>50,491,998</u>	<u>4,633,092</u>	<u>-</u>	<u>-</u>
General and school administration	1,609,816	59,850	727,102	822,864	-	-
Plant and maintenance	3,950,245	62,893	3,477,011	410,341	-	-
Food service equipment	541,324	-	-	541,324	-	-
Transportation equipment	997,582	-	-	-	997,582	-
Construction in progress	<u>29,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,625</u>
 <i>Total general fixed assets allocated to functions</i>	 \$ <u><u>63,355,484</u></u>	 <u><u>1,224,545</u></u>	 <u><u>54,696,111</u></u>	 <u><u>6,407,621</u></u>	 <u><u>997,582</u></u>	 <u><u>29,625</u></u>

See accompanying independent auditors' report.



# **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

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The General Long-Term Debt Account Group represents a summary of the general long-term debt of the School Board.

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**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

General Long-Term Debt Account Group

Schedule of Changes in Long-Term Debt

Year ended June 30, 1999

	<u>July 1, 1998</u>	<u>Additions</u>	<u>Payments</u>	<u>Debt Service Fund Operations</u>	<u>June 30, 1999</u>
Amount available in Debt Service Funds	\$ 2,761,828	-	-	(372,414)	2,389,414
Amount to be provided for retirement of long-term debt	24,870,172	249,000	1,914,000	372,414	23,577,586
Amount to be provided for accrued compensated absences	989,686	65,344	59,186	-	995,844
	<u>\$ 28,621,686</u>	<u>314,344</u>	<u>1,973,186</u>	<u>-</u>	<u>26,962,844</u>
Long-term obligations payable:					
General obligation bonds payable	\$ 23,050,000	-	1,445,000	-	21,605,000
Sales tax bonds payable	202,000	191,000	181,000	-	212,000
Certificates of indebtedness payable	4,380,000	2,795,000	3,025,000	-	4,150,000
Accrued compensated absences	989,686	65,344	59,186	-	995,844
	<u>\$ 28,621,686</u>	<u>3,051,344</u>	<u>4,710,186</u>	<u>-</u>	<u>26,962,844</u>

See accompanying independent auditors' report.



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**STATISTICAL  
SECTION**

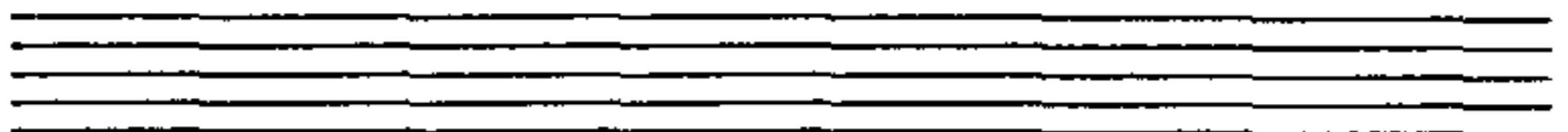
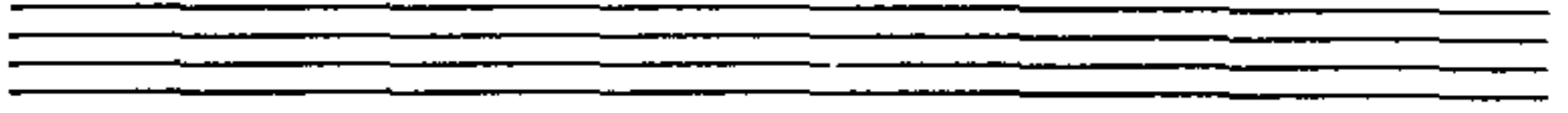




Table 1

DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

General Expenditures by Function - All Governmental Fund Types (1)

Fiscal years ended June 30, 1990 through June 30, 1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Operations:										
Instruction services	\$ 10,813,959	11,476,783	12,287,669	12,986,454	13,174,552	13,915,833	14,828,112	16,282,766	17,608,820	19,322,338
Support services:										
Student services	606,010	648,080	688,389	769,105	784,450	934,658	915,765	945,098	1,056,295	1,065,527
Instructional staff support	738,733	898,627	978,373	1,094,456	1,195,530	1,221,433	1,343,386	1,472,172	1,758,463	1,912,510
General administration	816,421	588,960	653,823	676,991	708,649	723,702	720,813	747,544	870,633	898,690
School administration	1,099,095	1,187,304	1,224,977	1,148,965	1,133,639	1,222,054	1,324,920	1,529,030	1,713,535	1,896,516
Business services	269,118	243,815	283,370	293,345	318,764	355,562	332,472	374,265	413,776	404,018
Plant services	1,692,707	1,686,964	1,823,874	2,055,899	2,097,586	2,302,026	2,465,109	2,844,566	3,036,721	3,210,512
Student transportation services	1,689,017	1,724,526	1,842,992	1,986,245	1,968,953	2,056,127	2,456,550	2,467,803	2,591,082	2,925,530
Food services	1,863,438	1,803,830	1,827,139	2,012,508	1,996,969	2,108,407	2,170,171	2,282,209	2,367,695	2,516,389
Central services	266,242	268,526	132,951	102,676	97,124	97,039	98,009	84,815	80,887	86,126
Community service programs	15,168	3,537	-	7,819	-	-	-	-	-	-
Facilities acquisition and construction	2,627,252	3,938,304	6,858,343	7,573,513	9,730,358	2,618,369	956,886	674,325	2,256,143	1,687,488
Debt service:										
Advance refunding escrow	-	-	-	32,178	184,856	6,629	15,135	-	-	85,490
Principal retired	280,000	295,000	895,000	981,000	1,111,000	1,512,000	1,507,000	1,573,000	1,729,000	1,914,000
Bond issuance cost	-	-	-	54,685	-	16,555	-	-	-	-
Interest and bank charges	2,249,243	2,276,165	2,258,931	2,295,937	1,805,014	1,872,073	1,763,908	1,573,068	1,521,446	1,369,681
Total expenditures	\$ 25,026,403	27,040,421	31,757,831	34,071,776	36,307,444	30,962,467	30,898,236	32,850,661	37,004,496	39,294,815

Note (1) - The computations include the following funds: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Unaudited - see accompanying independent auditors' report.

Table 2

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

**General Revenues by Source - All Governmental Fund Types (1)**

Fiscal years ended June 30, 1990 through June 30, 1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Local sources:</b>										
Ad valorem taxes	\$ 4,573,581	4,674,527	5,082,427	6,130,477	6,190,940	6,528,984	6,235,525	6,045,141	9,379,390	8,782,764
Sales and use taxes	3,039,010	3,247,061	3,105,528	3,277,858	3,677,488	4,798,005	7,137,179	4,679,281	5,270,947	5,572,154
Interest earnings	2,132,554	1,964,235	1,147,555	693,686	479,014	508,598	572,534	557,637	649,739	647,778
Insurance proceeds	-	1,223,452 (2)	-	-	-	-	-	13,883	10,318	-
Rentals, leases, and royalties	19,010	85,002	2,943	6,285	6,539	17,436	10,930	88,336	877,156	120,505
Tuition	18,498	23,020	27,456	28,630	33,510	44,406	38,979	40,400	29,829	31,990
Food service	211,249	213,012	190,355	187,973	196,300	233,993	245,432	228,858	265,120	258,636
Other	28,629	80,235	64,718	16,696	52,773	45,361	42,176	30,244	29,016	192,959
<b>State sources:</b>										
State equalization	11,344,081	11,472,742	12,425,204	12,873,766	13,276,865	13,754,615	14,048,389	14,621,758	16,053,056	16,138,415
Other	1,210,279	1,079,408	975,187	961,910	881,256	1,363,063	1,108,900	925,203	1,343,511	1,581,725
Federal and other sources	2,224,162	2,402,828	2,911,420	3,134,622	3,231,438	3,365,320	3,496,976	3,419,212	3,555,321	3,763,317
Judgments	-	-	-	-	-	-	-	-	25,000	-
<b>Total revenues</b>	<b>\$ 24,801,053</b>	<b>26,465,522</b>	<b>25,932,793</b>	<b>27,311,903</b>	<b>28,026,123</b>	<b>30,659,781</b>	<b>32,937,020</b>	<b>30,649,953</b>	<b>37,488,403</b>	<b>37,090,243</b>

**Notes:**

- (1) The computations include the following funds: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
- (2) Insurance proceeds were received when a major portion of the Logansport facility was destroyed by fire in February 1991.
- (3) Ad valorem taxes increased in 1989 due to increase in property tax rates to fund repayment of bonds issued for purposes of facility improvements and construction.

Unaudited - see accompanying independent auditors' report.

Table 3

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Property Tax Levies and Collections (1)

Fiscal years ended June 30, 1990 through June 30, 1999

Tax Year	School Year Ended June 30,	Net School Board Portion of Total Parish Tax Assessment (2)	Current Tax Collections	Percent of Tax Levy Collected	Delinquent Taxes	Delinquent Taxes Collected		Total Taxes, Interest, and Penalty Collected	Total Collections as a Percent of Current Tax Levy (3)
						Delinquent Taxes	Interest and Penalty		
1989	1990	\$ 4,497,521	4,261,662	94.75	\$ 1,555	1,321	4,264,538	94.82	
1990	1991	4,655,029	4,657,493	100.05	14,337	2,697	4,674,527	100.42	
1991	1992	5,127,448	5,064,005	98.76	17,477	945	5,082,427	99.12	
1992	1993	6,033,146	6,021,613	99.81	15,924	3,112	6,040,649	100.12	
1993	1994	6,107,923	6,091,424	99.73	5,801	2,639	6,099,864	99.87	
1994	1995	6,416,514	6,424,164	100.12	3,930	4,137	6,432,231	100.24	
1995	1996	6,141,301	6,132,177	99.85	8,268	7,639	6,148,084	100.11	
1996	1997	5,939,622	5,939,050	99.99	5,652	7,804	5,952,506	100.21	
1997	1998	9,139,055	8,786,688	96.15	48,440	25,158	8,860,286	96.95	
1998	1999	8,585,441	8,258,909	96.20	10,897	19,648	8,289,454	96.55	

**Notes:**

(1) Information provided by DeSoto Parish Sheriff (ex officio tax collector).

(2) Includes all adjustments to original levy.

(3) Percentages collected greater than 100% are due to collection of prior years' taxes.

Unaudited - see accompanying independent auditors' report.

Table 4

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Assessed and Estimated Actual Value of Taxable Property

Fiscal years ended June 30, 1990 through June 30, 1999

<u>Fiscal Year</u>		<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Estimated Actual Value</u>
1990	\$	75,358,174	851,547,366	8.8%
1991		78,759,567	889,983,107	8.8%
1992		79,090,964	934,482,262	8.5%
1993		109,239,877	1,302,154,294 (3)	8.4%
1994		110,937,587	1,336,869,702	8.3%
1995		112,209,519	1,351,921,915	8.3%
1996		114,436,862	1,378,757,373	8.3%
1997		119,614,363	1,000,000,000	11.9%
1998		191,766,993	1,600,000,000 (3)	12.0%
1999		191,126,014	1,648,000,000	11.6%

Notes:

- (1) Information provided by DeSoto Parish Tax Assessor.
- (2) Assessed values are established by the DeSoto Parish Tax Assessor on January 1st of each year at approximately 10-15% of actual market value, depending upon the property classification. A revaluation of the property is required to be completed no less than every four year. The last revaluation was completed as of January 1, 1996, for the tax roll of 1996. A revaluation will be completed for taxes due December 31, 2001.
- (3) Significant increases in the estimated actual value are due to the addition to the tax rolls of previously exempted businesses.

Unaudited - see accompanying independent auditors' report.

Table 5

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Property Tax Rates and Tax Levies - Direct and Overlapping Governments (1)

Fiscal years ended June 30, 1990 through June 30, 1999

Fiscal Year	Tax Rates Per \$1,000 of Assessed Value (4)				Total	Tax Levies (2)				Total
	Assessor	Police Jury	School Board	Sheriff		Assessor	Police Jury	School Board (3)	Sheriff	
1990	\$ 3.28	8.17	49.87	12.32	73.64	\$ 172,798	430,415	2,627,268	649,046	3,879,527
1991	3.33	8.31	48.41	12.52	72.57	186,227	464,729	2,707,286	700,170	4,058,412
1992	3.33	8.31	48.41	12.52	72.57	188,044	469,262	2,733,690	706,999	4,097,995
1993	3.45	8.61	40.41	12.97	65.44	298,706	745,465	3,498,752	1,122,960	5,665,883
1994	3.45	8.61	40.41	12.97	65.44	303,107	756,534	3,550,296	1,139,504	5,749,441
1995	3.45	9.66	44.41	12.97	70.49	306,156	857,238	3,940,985	1,150,970	6,255,349
1996	3.45	9.66	44.41	12.97	70.49	312,225	874,231	4,019,112	1,173,786	6,379,354
1997	3.37	13.66	41.13	12.97	71.13	559,989	2,268,000	6,833,000	2,154,000	11,814,989
1998	3.37	13.74	41.16	12.97	71.24	556,050	2,267,100	6,567,000	2,140,050	11,530,200
1999	3.37	18.25	39.80	12.97	74.39	575,511	2,170,547	7,565,324	2,214,949	12,526,331

Notes:

- (1) Includes all parishwide property taxes. There are other smaller municipalities and taxing districts currently levying ad valorem taxes within the parish, including the various School Districts at rates (per \$1,000 of assessed values) and taxable assessed values for the 1999 year, as follows: District #1, 20.00 - \$14,701,425; District #2, 19.00 - \$41,470,997; District #3, 31.50 - \$9,309,654; District #4, 8.00 - \$96,548,122; and District #5, 31.00 - \$3,790,321.
- (2) Per original tax roll as filed by DeSoto Parish Tax Assessor.
- (3) Does not include property taxes assessed for individual school districts.
- (4) Information provided by DeSoto Parish Tax Assessor.

Unaudited - see accompanying independent auditors' report.



Table 6

DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

Sales and Use Tax Levies and Collections - All Governments (1)  
Fiscal years ended June 30, 1990 through June 30, 1999

Fiscal Year	Sales and Use Tax Rates											Tax Collections						
	Parishwide				Municipalities				Total Rate (2)	Parishwide			Municipalities				Total Collections	
	School Board	Police Jury	Mansfield	Logansport	South Mansfield	Stonewall	Grand Cane (4)	Keachi (5)		School Board	Police Jury	Mansfield	Logansport	South Mansfield	Stonewall	Grand Cane		Keachi
1990	2%	1	1	1	1	1	1	4	\$	2,971,936	1,459,984	498,461	109,737	-	26,537	-	-	5,066,655
1991	2%	1	1	1	1	1	1	4		3,247,061	1,594,531	511,437	117,917	9,904	25,932	-	-	5,506,782
1992 (3)	2%	1	1	1	1	1	1	4		3,105,528	1,552,542	527,787	120,214	24,389	23,158	-	-	5,353,618
1993	2%	1	1	1	1	1	1	4		3,277,858	1,638,972	531,670	127,309	24,442	27,654	-	-	5,627,905
1994	2%	1	1	1	1	1	1	4		3,677,488	1,839,592	596,604	140,641	24,868	44,564	-	-	6,323,757
1995	2%	1	1	1	1	1	1	4		4,798,005	2,225,477	631,688	144,773	22,381	45,426	-	-	7,867,750
1996	2%	1	1	1	1	1	1	4		7,137,179	2,579,834	693,659	137,386	23,043	52,997	-	-	10,624,098
1997	2%	1	1	1	1	1	1	4		4,679,281	2,039,211	637,257	133,840	22,945	54,993	4,869	704	7,573,100
1998	2%	1	1	1	1	1	1	4		5,270,947	2,591,823	721,383	129,556	25,429	64,461	12,594	3,432	8,819,625
1999	2%	1	1	1	1	1	1	4		5,572,154	2,786,415	760,193	170,413	28,557	83,893	33,495	8,143	9,443,263

Notes:

- (1) Information provided by the DeSoto Parish Sales and Use Tax Commission.
- (2) This rate represents the maximum amount that may be assessed by local taxing authorities. These rates do not include the state sales and use tax rate.
- (3) The DeSoto Parish Sales and Use Tax Commission began collecting taxes within the parish for all taxing bodies.
- (4) New sales and use tax levy, effective January 1, 1997 (for Grand Cane).
- (5) New sales and use tax levy, effective January 1, 1997 (for Keachi).

Unaudited - see accompanying independent auditors' report.

Table 7

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

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

Fiscal years ended June 30, 1990 through June 30, 1999

Assessment Year	Fiscal Year Ended June 30,	DeSoto Parish Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Funds (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1989	1990	26,937	\$ 75,358,174	27,525,000	2,005,036	25,519,964	0.3386	947
1990	1991	25,346	78,579,567	27,230,000	2,151,889	25,078,111	0.3191	989
1991	1992	25,473	79,090,964	26,340,000	2,121,260	24,218,740	0.3062	951
1992	1993	25,291	109,239,877	29,505,000	2,518,125	26,986,875	0.2470	1067
1993	1994	25,134	110,937,587	30,600,000	2,774,900	27,825,100	0.2508	1107
1994	1995	25,226	112,209,519	29,846,000	2,906,999	26,939,001	0.2401	1067
1995	1996	25,479	114,436,862	28,439,000	3,102,704	25,336,296	0.2214	994
1996	1997	25,379	119,614,363	27,001,000	2,798,151	24,202,849	0.2023	954
1997	1998	25,406	191,766,993	27,632,000	2,761,828	24,870,172	0.1297	979
1998	1999	24,735	191,126,014	25,967,000	2,389,414	23,577,586	0.1234	953

Notes:

- (1) Information provided by the Research Division of Louisiana Tech University, Ruston, Louisiana.  
(2) Assessed value is the Total Assessed Valuation of all property located in DeSoto Parish. Property was assessed at 10% on land and residential property and 15% on commercial property.  
(3) Includes all general obligation bonds, certificates of indebtedness and sales tax bonds outstanding at June 30, 1999, and the related Debt Service Funds.

Unaudited - see accompanying independent auditors' report.

Table 8

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Schedule of Direct, Overlapping, and Underlying Bonded Debt

June 30, 1999

<u>Name of Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to This Unit</u>	<u>Amount Applicable to School Board</u>
DeSoto Parish School Board	\$ 23,577,586	100%	\$ 23,577,586
DeSoto Parish Police Jury	4,700,000	100%	4,700,000
City of Mansfield	2,881,000	100%	2,881,000
	<u>\$ 31,158,586</u>		<u>\$ 31,158,586</u>

Notes:

- (1) Various taxing districts exist within DeSoto Parish that involve a small percentage of parish taxpayers. These districts' debt is not included as the amounts, and impact on this schedule is not significant.
- (2) This represents the debt of all the constituents who reside within DeSoto Parish.
- (3) Includes all general bonded debt, certificates of indebtedness and sales tax bonds outstanding at June 30, 1999, and the related Debt Service Funds.

Unaudited - see accompanying independent auditors' report.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Computation of Legal Debt Margin for General Obligation Bonds (1)

June 30, 1999

	District No. 1 Logansport	District No. 2 North DeSoto	District No. 3 Stanley	District No. 4 Mansfield	District No. 5 Pelican	Total
Debt Limit of School Districts:						
Total Assessed Valuation at December, 1998	\$ 18,949,659	50,835,221	10,798,862	105,322,245	4,833,007	190,738,994
Debt Limit Percentage (2)	35%	35%	35%	35%	35%	35%
Debt Limit for Each School District	<u>6,632,381</u>	<u>17,792,327</u>	<u>3,779,602</u>	<u>36,862,786</u>	<u>1,691,552</u>	<u>66,758,648</u>
Debt applicable to limitation:						
Outstanding General Obligation Bonds at June 30, 1999	3,915,000	3,715,000	1,950,000	10,585,000	1,440,000	21,605,000
Less: Amount available for repayment of general obligation debt (3)	<u>(364,847)</u>	<u>(265,264)</u>	<u>(181,041)</u>	<u>(997,646)</u>	<u>(52,032)</u>	<u>(1,860,830)</u>
Total amount of debt applicable to debt limit	<u>3,550,153</u>	<u>3,449,736</u>	<u>1,768,959</u>	<u>9,587,354</u>	<u>1,387,968</u>	<u>19,744,170</u>
Amount of General Obligation Bonds that could be sold after July 1, 1999 if approved by the public	<u>\$ 3,082,228</u>	<u>14,342,591</u>	<u>2,010,643</u>	<u>27,275,432</u>	<u>303,584</u>	<u>47,014,478</u>

Notes:

- (1) The legal debt limit is calculated by individual school district for general obligation bonds and does not include sales tax bonds or certificates of indebtedness.
- (2) This percentage is in accordance with Act 103 of 1980 Regular Session of the Louisiana Legislature R.S. 39:562(d).
- (3) Includes all Debt Service Funds of the general bonded debt outstanding at June 30, 1999.

Unaudited - see accompanying independent auditors' report.

Table 10

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Ratio of Annual Debt Service Expenditure for  
General Bonded Debt to Total General Expenditures

Fiscal years ended June 30, 1990 through June 30, 1999

<u>Year Ended June 30,</u>	<u>Principal (1)</u>	<u>Debt Service Expenditures Interest and Fiscal Charges (1)</u>	<u>Total</u>	<u>Total General Expenditures (2)</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
1990	\$ 280,000	2,249,243	2,529,243	25,026,403	10.11%
1991	295,000	2,233,692	2,528,692	27,040,421	9.35%
1992	895,000	2,196,252	3,091,252	31,757,831	9.73%
1993	981,000	2,290,722	3,271,722	34,071,776	9.60%
1994	1,111,000	1,805,013	2,916,013	36,307,444	8.03%
1995	1,512,000	1,871,454	3,383,454	30,962,467	10.92%
1996	1,507,000	1,763,908	3,270,908	30,898,236	10.59%
1997	1,573,000	1,573,068	3,146,068	32,850,661	9.58%
1998	1,729,000	1,521,446	3,250,446	37,004,496	8.78%
1999	1,914,000	1,369,681	3,283,681	39,294,815	8.36%

Notes:

- (1) Includes debt service on general obligation bonds, certificates of indebtedness, and sales tax bonds.  
 (2) Includes general expenditures for all funds.

Unaudited - see accompanying independent auditors' report.

**Table 11**

**DESOTO PARISH SCHOOL BOARD**  
**Mansfield, Louisiana**

**Demographic Statistics**

Fiscal years ended June 30, 1990 through June 30, 1999

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>School Enrollment (2)</b>	<b>Average Daily Membership (3)</b>	<b>Unemployment Rate (1)</b>
1990	26,937	5,331	5,428	10.0%
1991	25,346	5,230	5,278	10.2%
1992	25,473	5,191	5,226	10.7%
1993	25,291	5,292	5,398	9.0%
1994	25,134	5,408	5,302	9.8%
1995	25,226	5,470	5,342	8.9%
1996	25,479	5,309	5,312	10.5%
1997	25,379	5,202	5,292	9.6%
1998	25,406	5,171	5,257	6.2%
1999	24,735	5,195	5,208	6.7%

Notes:

- (1) Research Division, Louisiana Tech University.
- (2) Represents the number of active students on October 1st of each school year.
- (3) Represents the daily average number of active students for the school year.

Unaudited - see accompanying independent auditors' report.

Table 12

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Property Value and Bank Deposits

Fiscal years ended June 30, 1990 through June 30, 1999

<u>Fiscal Year</u>	<u>Property Value (1)</u>	<u>Bank Deposits (000's Omitted) (2)</u>
1990	\$ 851,547,366	135,947
1991	889,983,107	137,968
1992	934,482,262	153,208
1993	1,302,154,294	153,393
1994	1,336,869,702	148,174
1995	1,351,921,915	148,327
1996	1,378,757,373	252,509
1997	1,000,000,000	289,560
1998	1,600,000,000	297,854
1999	1,648,000,000	320,331

Notes:

- (1) Information provided by DeSoto Parish Tax Assessor.
- (2) Per local area banks as of the calendar year end.
- (3) Other information required in this table is unavailable.

Unaudited - see accompanying independent auditors' report.

Table 13

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Principal Taxpayers

June 30, 1999

Name	Industry	1998 Assessed Value	Percentage of Total Assessed Valuation
Central Louisiana Electric Co.	Public Utility	\$ 38,303,859	19.30%
International Paper Co.	Timber Products	34,585,761	17.50%
Southwestern Electric Co.	Public Utility	31,598,159	16.00%
Dolet Hills Mining Venture	Lignite Mining	4,233,610	2.10%
Northeast Texas Electric	Public Utility	3,081,128	1.60%
South Central Bell	Public Utility	2,811,560	1.40%
Oklahoma Municipal Power	Public Utility	2,224,800	1.10%
Southern Natural Gas	Public Utility	1,939,410	0.98%
Sonat Exploration	Oil and Gas	1,697,266	0.86%
Louisiana Pacific	Timber Products	1,902,830	0.96%
Total for ten principal taxpayers		122,378,383	61.80%
Total for remaining taxpayers		<u>68,747,631</u>	<u>38.20%</u>
Total for all taxpayers		<u>\$ 191,126,014</u>	<u>100.00%</u>

Note (1) - Information provided by DeSoto Parish Tax Assessor.

Unaudited - see accompanying independent auditors' report.



**Table 14**

**DESOTO PARISH SCHOOL BOARD**  
**Mansfield, Louisiana**

**Attendance Data**

Fiscal Years Ended June 30, 1990 through June 30, 1999

<u>Fiscal Year</u>	<u>Number of Graduates</u>	<u>Average Daily Membership (1)</u>	<u>Average Daily Attendance</u>		
			<u>Amount (2)</u>	<u>Percent Change</u>	<u>Percent of Membership</u>
1990	286	5,428	5,176	(1.56)	95.36%
1991	253	5,278	5,007	(3.27)	94.87%
1992	225	5,226	4,927	(1.60)	94.28%
1993	232	5,398	5,002	1.52	92.66%
1994	256	5,302	5,015	0.26	94.59%
1995	245	5,342	5,059	0.88	94.70%
1996	247	5,312	5,043	(0.32)	94.94%
1997	292	5,292	5,026	(0.34)	94.97%
1998	260	5,257	5,032	0.12	95.72%
1999	249	5,208	4,913	(2.36)	94.34%

Notes:

- (1) Represents the daily average number of active students for the school year.
- (2) Represents the daily average number of students in attendance for the school year.

Unaudited - see accompanying independent auditors' report.

Table 15

DESOTO PARISH SCHOOL BOARD  
Mansfield, Louisiana

Schedule of Insurance in Force

June 30, 1999

Type of Coverage/ Name of Company	Policy Number	Policy Period		Details of Coverage and Coinsurance	Coverage Limits	Premium
		From	To			
Property damage Coregis Insurance Co.	651-00004866	7/1/96 -	7/1/99	Blanket coverage - all property \$100,000 deductible	\$ 60,785,141	66,252
Property loss and damage Hartford Steam Boiler Insurance Co.	BMI-HN-73246153-00	7/1/96 -	7/1/99	Boilers and electric motors \$1,000 deductible	6,000,000	5,215
General liability Coregis Insurance Co.	651-00004866	7/1/96 -	7/1/99	All property and employees \$2,000 deductible	1,000,000	53,320
Automobile liability Coregis Insurance Co.	651-00004866	7/1/96 -	7/1/99	Specified vehicles No deductible	1,000,000	64,536
Public Employees Blanket Bond Coregis Insurance Co.	651-00004866	7/1/96 -	7/1/99	All School Board employees \$250 deductible	100,000	698
EDP and Musical Instruments Coregis Insurance Co.	651-00004866	7/1/96 -	7/1/99	Blanket coverage - all property \$250 deductible	1,721,099	5,080
Worker's Compensation Midwest Employers Casualty	0772-SA-LA	7/1/96 -	7/1/99	Blanket coverage - all employees Self-insured retention \$175,000	5,000,000	42,390
School Board Legal Liability Coregis Insurance Co.	651-004866	7/1/96 -	7/1/99	Errors and omissions coverage \$5,000 deductible	1,000,000	7,304

Unaudited - see accompanying independent auditors' report.

**Table 16**

**DESOTO PARISH SCHOOL BOARD**  
 Mansfield, Louisiana

Miscellaneous Statistical Data

June 30, 1999

Form of Government: Parish School Board  
 Geographic Area: 879 Square Miles  
 Population: 24,735  
 Public School Enrollment: 5,168  
 Instruction Sites:

	<u>Constructed</u>	<u>Capacity/Sq. Ft.</u>	<u>Acreage</u>
<b>High Schools:</b>			
Alternative	1998	16,480	4.20
Logansport	1992	120,533	53.47
Mansfield	1959	85,882	27.34
North DeSoto	1982	140,992	37.57
Pelican	1992	48,799	42.73
Stanley	1991	62,540	40.00
		<u>475,226</u>	<u>205.31</u>
<b>Middle Schools:</b>			
Mansfield	1994	216,718	140.30
North DeSoto	1994	70,078	15.00
		<u>286,796</u>	<u>155.30</u>
<b>Elementary School -</b>			
North DeSoto	1988	63,190	20.00
<b>Adult Education -</b>			
ABE Center	1975	7,200	0.50
<b>Total Overall Instruction Sites</b>		<u>832,412</u>	<u>381.11</u>

Unaudited -see accompanying independent auditors' report.





01/12/1999

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**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

OMB Circular A-133 Reports

Year Ended June 30, 1999

(With Independent Auditors' Report Thereon)

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 \_\_\_\_\_

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

OMB Circular A-133 Reports

Year ended June 30, 1999

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1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

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

Members of the DeSoto Parish School Board  
Mansfield, Louisiana:

We have audited the general purpose financial statements of the DeSoto Parish School Board (School Board) as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 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 general purpose 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management in a separate letter dated October 8, 1999.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the School Board in a separate letter dated October 8, 1999.

This report is solely for the information and use of management, members of the DeSoto Parish School Board, the State of Louisiana Legislative Auditor, and 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.

**KPMG LLP**

October 8, 1999





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333 Texas Street  
Shreveport, LA 71101-3692

**Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133 and on the  
Schedule of Expenditures of Federal Awards**

Members of the DeSoto Parish School Board  
Mansfield, Louisiana:

**Compliance**

We have audited the compliance of the DeSoto Parish School Board (School Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 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 A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 of the School Board's compliance with those requirements.

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

**Internal Control Over Compliance**

The management of DeSoto Parish School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants





that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses. However, we did note other matters involving the internal control over financial reporting, which we have reported to management of the School Board in a separate letter dated October 8, 1999.

**Schedule of Expenditures of Federal Awards**

We have audited the general purpose financial statements of the DeSoto Parish School Board as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 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 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 whole.

This report is solely for the information and use of management, members of the DeSoto Parish School Board, the State of Louisiana Legislative Auditor, and 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.

KPMG LLP

October 8, 1999

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Pass-through State Department of Education -			
Child Nutrition Cluster:			
National School Lunch Program	10.555	7CFR	\$ 977,555
School Breakfast Program	10.553	7CFR	385,911
Pass-through State Department of Agriculture and Forestry - Food Distribution	10.550	N/A	103,840
			<u>1,467,306</u>
<b>U.S. Department of Education</b>			
Pass-through State Department of Education:			
Title I Educationally-Deprived Children	84.010	99-IASA-16	1,359,498
Title I Migrant Education	84.011	99-M-28-35-1	22,717
Title VI Federal, State, and Local Partnerships for Educational Improvement	84.151	99-IASA-16-VI	29,004
Title II Strengthening the Skills of Teachers	84.164	99-IASA-16-2	18,484
Vocational Education:			
Basic Grants to States	84.048	99-VE-16-2B/BG	60,176
Single Parent	84.048	99-VE-16-2SP	14,855
Teacher Prep	84.243	N/A	16,003
Special Education Cluster:			
P.L. 94-142	84.027	99-18-16-S	381,574
P.L. 99-457	84.173	99-1P-16-S	44,500
Starting Points Preschool Program	94.575	CFMS-533834	49,531
Title IV, Drug-Free Schools and Communities Act	84.186	99-IASA-16-IV	34,133
Adult Education:			
Regular	84.002	99-AE-16-F	64,149
Teacher Training	84.002	99-AETT-16-F	4,834
Head Start Program	93.600	N/A	52,264
IDEA - Part H	84.181	98-1H-16-S	968
Goals 2000	84.276	99-L1-16-L	66,500
Goals 2000 Consortium	84.276	N/A	16,509
Title III - Literacy Challenge Grant:			
Basic	84.318	99-LCF-16-F	27,059
Professional Development	84.318	99-TLCFPD-16-F	8,650
America Reads	94.006	99-AR-16-F	4,438
			<u>2,275,846</u>
Total expenditures			<u>\$ 3,743,152</u>

See accompanying notes to schedule of expenditures of federal awards.

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

**(1) General**

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

**(2) Noncash Programs**

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

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Schedule of Findings and Questioned Costs

Year ended June 30, 1999

**Section 1 - Summary of Auditor's Results**

*Financial Statements*

Type of report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to general purpose financial statements noted? No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es): None reported

Type of auditor's report issued on compliance for major program: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster: United States Department of Agriculture – National School Breakfast Program; School Lunch Program
84.010	Special Education Cluster: United States Department of Education Title 1 – Educationally Deprived Children

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes

**Section 2 – Financial Statement Findings and Questioned Costs**

None

**DESOTO PARISH SCHOOL BOARD**  
Mansfield, Louisiana

Schedule of Findings and Questioned Costs

Year ended June 30, 1999

**Section 3 – Federal Award Findings and Questioned Costs**

None





1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

October 8, 1999

October 8, 1999

Members of the DeSoto Parish School Board  
Mansfield, Louisiana

Ladies and Gentlemen:

We have audited the general purpose financial statements of the DeSoto Parish School Board (School Board) for the year ended June 30, 1999 and have issued our report thereon dated October 8, 1999. In planning and performing our audit of the financial statements of the School Board, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

#### GRANTS

Based on our review of budget and actual expenditures of the Goals 2000 and Literacy Challenge special revenue funds and subsequent discussions with management, we noted that the School Board did not spend all grant monies available. Also apparent was the lack of timely submission of requests for reimbursements. The lack of timely reimbursements can result in lost interest earnings as other School Board funds are used to fund the costs until the reimbursement is received.

We recommend that the School Board establish policies for a regular review of grant expenditures and the supporting documentation to ensure that expenditures and reimbursement requests are being made timely. Also, appropriate oversight ability of this process should be given to those responsible for ensuring the financial condition of the entire School Board.

#### GENERAL FUND

During fiscal 1999, the General Fund operated at a deficit of over \$1,000,000. Part of this situation can be attributed to the performance of the School Board's health insurance program, in which claims significantly exceeded premiums during the year. We understand that steps are being taken to address this issue and we encourage continued close scrutiny of the plan performance. In addition, attention must be given to monitoring whether revenue sources are keeping pace with expenditure increases and taking appropriate action to ensure the stability of the financial condition of the School Board.



### CONTROLS OVER FIXED ASSETS

As a component of testing fixed assets, we reviewed several invoices for the purchases of equipment and attempted to trace these items to the School Board's comprehensive fixed asset listing. During this testwork, we noted that one large piece of equipment along with over 100 computers were never tagged and added to the fixed asset listing. By not having procedures in place to ensure all assets are tagged and listed, the School Board's control over fixed assets is weakened and it runs the risk of not being in full compliance with Louisiana Revised Statute 24:515 (B)(1).

Currently, one employee is in charge of ensuring that all equipment and other fixed assets purchased during the year are tagged and added to the fixed asset listing. We recommend another employee be designated to follow up on these procedures to better ensure all fixed assets are being inventoried.

### DISBURSEMENT CONTROLS

During a test of twenty-five disbursements of the Title I program, we noted one instance in which the charge was paid from a statement rather than an invoice. Because the statement was used to support the charge, allowability of the charge could not be determined. The School Board attempted to contact the vendor to determine the nature of the charge, but the vendor no longer had this invoice on record.

We recommend that those responsible for approving charges be instructed to review an itemized invoice before approving the charge in order to determine allowability.

### YEAR 2000

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. The School Board's computer programs and certain hardware that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the Year 2000. This could result in system failures or miscalculations causing disruption of operations that could affect operations. The School Board believes that with conversions and/or changes to software, the Year 2000 Issue will not present significant operational problems for its computer systems.

The School Board should continue in its efforts to explore the effects of the Year 2000 Issue on the School Board. Considering the lack of time remaining, contingency plans become critical at this point. We suggest that the School Board focus its efforts on contingency planning.

Our discussions, which included limited inquiries in connection with the Year 2000 Issue, were not designed to, and do not provide any assurance that the Year 2000 issues which may exist have been identified, on the adequacy of the School Board's remediation plans related to the Year 2000 financial or operational issues or whether the School Board is or will become Year 2000 compliant. Year 2000 compliance is the responsibility of the School Board's officials and management.



### CHANGES IN THE GOVERNMENT REPORTING MODEL - GASB 34

After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards Board (GASB) issued its revolutionary new reporting model in June 1999. The new model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors and creditors. It will substantially affect the School Board's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

*Management's Discussion and Analysis (MD&A)* – A comprehensive MD&A will now be included as required supplementary information. The MD&A will introduce the financial statements by presenting an analysis of the government's financial performance for the year and its financial position at year end. The MD&A will be *in addition* to the transmittal letter currently required for Government Finance Officers Association (GFOA) award candidates, such as your School Board, but we expect that the GFOA will make changes in their requirements so as to avoid any duplication between the two documents.

*Government-Wide Reporting* – The School Board will be required to report financial operations and net assets, not only at the fund perspective for governmental activities, but will also have to prepare statements at the government-wide level. This level will distinguish between government and business type activities. *All* information at the government-wide level will be reported using the economic resources measurement focus and accrual basis of accounting, as enterprise funds do under the current model. Fiduciary activities will be excluded from the government-wide level of reporting. General government fixed assets and long term liabilities of the government will need to be reported with all other governmental assets and liabilities.

*Statement of Activities* – Governments will now be required to use a "net program cost" format for the government-wide statements instead of a traditional operating statement. This new format groups revenues and expenses by functional categories (such as public safety, public works, etc.). The purpose of the new statement is to inform readers about the cost of specific functions and the extent to which they are financed with program revenues or general revenues of the government. Governments will have the option of reporting both direct and indirect program costs. Depreciation expense will now generally be reflected as a cost in the statement of activities.

*Fund Level Reporting* – Fund level financial statements will still be required and will provide information about the School Board's fund types, including fiduciary funds and blended component units. General capital assets and general long-term liabilities will only be reported at the government-wide level. Fund level reporting will continue to focus on fiscal accountability and reflect the flows and balances of current financial resources. The modified accrual basis of accounting will continue to be used at the fund level, except for proprietary and fiduciary funds which would continue reporting based on economic resources and the accrual method of accounting. A reconciliation between the fund and the government-wide statements will be required on the face of the fund statements. Finally, proprietary fund cash flows statements must be presented using the direct method.

*Presentation of Budgetary Information* – The standard requires budgetary statements for the general fund and certain other governmental funds as required supplementary information. The original adopted budget of the School Board as well as the final revised budget must be presented. Actual results on a budgetary basis will need to be reconciled to the GAAP (generally accepted accounting principles) basis on the face of the statements.

The effective date of the new pronouncement will require implementation by the School Board for its year ending June 30, 2002. The magnitude of these changes and the time required to prepare for implementation should not be underestimated. We recommend that the School Board begin to look at its systems and processes to ensure that the required information will be available to ensure timely implementation. Further, we recommend that the School Board consider the cost of required changes to its systems and processes to ensure availability of necessary funds in its upcoming budget.

\* \* \* \* \*

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the School Board's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the School Board, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



# DeSoto Parish School Board

201 Crosby Street - Mansfield, Louisiana 71052 - (318) 872-2836 - FAX (318) 872-1324



**WALTER C. LEE**  
Superintendent

December 9, 1999

**DUDLEY M. GLENN**  
President  
341 Duncan Road  
Gloster, LA 71030  
District 1

DeSoto Parish School Board Members  
201 Crosby Street  
Mansfield, LA 71052

**DONALD B. DUFOUR**  
Vice President  
P. O. Box 734  
Mansfield, LA 71052  
District 8

RE: Administration's response to the Management Letter

**THOMAS CRAIG, JR.**  
Finance Chairman  
106 Clista  
Mansfield, LA 71052  
District 9

Dear Board Members:

I have reviewed the Management Letter of October 8, 1999 from the Board's independent auditor and offer the following responses:

**DANA L. DEAS**  
235 Wildwood  
Mansfield, LA 71052  
District 4

### Grants

It is estimated that the DeSoto Parish School Board receives 50 or more grants per year totaling more than \$4.5 million. This is expected to grow significantly in the near future.

**BRENDA E. HALL**  
751 Hall Road  
Stonewall, LA 71078  
District 2

Absent the hiring of another bookkeeper, we began improving the management and bookkeeping of grants. A special computer program was written and installed around September 1999 for the bookkeepers. Monthly reimbursements will be submitted when expenditures exceed \$5,000 per grant. This should improve our interest earnings.

**JOHNNY H. HAYNES**  
P. O. Box 354  
Logansport, LA 71049  
District 7

Responsibility for spending the funds continues to rest with the administrator who is assigned a grant. The Business Office will notify the Superintendent if grant monies are not spent. The thresh-hold will be 5% of the grant as long as it exceeds \$2,000.

**PATRICIA C. HESSER**  
3694 Hwy 346  
Pelican, LA 71063  
District 5

### General Fund

**L. J. MAYWEATHER, JR.**  
P. O. Box 862  
Mansfield, LA 71052  
District 11

The General Fund expenditures exceeded revenues in fiscal year 1998-99 of \$1.1 million. One-time expenditures exceeding \$630,000 accounted for the bulk of this deficit. The construction of the DeSoto Parish Alternative School (\$356,000), the purchase of three school activity buses (\$150,000), the purchase of temporary

**JOHN A. NEILSON**  
1200 Polk Street  
Mansfield, LA 71052  
District 6

**JAMES H. WIGGINS**  
1102 Bernard Street  
Mansfield, LA 71052  
District 10

buildings at Logansport Elementary (\$65,300) and the improvement of the parking lot at the Central Office (\$62,200).

The remainder of the deficit can be associated with two employee benefit programs that are not one-time expenditures: group hospitalization insurance for all employees and the bus lease/purchase program for school bus drivers.

The Board took action in June 1999 to stabilize the group hospitalization program. Premiums, which had not been increased since 1993, were raised approximately 17% and benefits were reduced. The premium increase will add approximately \$700,000 to the program, while the reduction in benefits would reduce costs an estimated \$300,000. It was our goal to stabilize premiums and benefits for the next three years.

The Board also took action in June 1999 to change the bus lease/purchase program for contract bus drivers. The original program was established in fiscal year 1995-96 and it allowed school bus operators to borrow money from the Board to purchase their school buses. Prior to fiscal year 1999-2000, thirty-five contract drivers participated in this program. As we develop an alternate program in fiscal year 1999-2000, monies will be allotted to drivers on a first-come, first-served basis. Once the budget of \$104,000 had been reached, no additional lease/purchases will be allowed.

#### **Controls Over Fixed Assets**

The Board has more than \$63 million invested in land, buildings, equipment, and vehicles. State law mandates that we identify, tag and monitor these fixed assets. We were cited for failure to tag approximately 113 computers totaling \$169,000, and teleconferencing equipment estimated at \$50,000.

One clerical worker is specifically assigned to tag and record all "new" fixed assets. Each month that worker comes to the Business Office and gets a computer printout that identifies all transactions that exceed \$300. She pulls the check, looks at the invoice, travels to the school where the equipment is located, places the tag on the equipment and inputs that item into the computer.

At the time of the audit, the Business Office had procedures in place to monitor the fixed assets once they were placed into the computer. Our procedures

included the following:

1. In May of each year, the Business Office would send a complete listing of all fixed assets to each school and building. Principals and supervisors are asked to locate each item and verify that it is still there.
2. At any time during the year if any piece of equipment is stolen or missing, principals and administrators are required to notify the Business Office. We would investigate and report to the Superintendent.
3. And finally when school activity funds are audited, we would randomly select a few items on the inventory and verify that the item is located at the school.

This audit revealed that we were not monitoring the additions of fixed assets. We have changed our procedures and will now be monitoring the addition of fixed assets. We also located all 113 computers and the teleconferencing equipment, tagged them and added them to the fixed asset inventory.

#### **Disbursement Controls**

The Business Office issues more than 6,500 checks per year. Control should have been in place to ensure that payment was made from an "itemized invoice" and not a statement. We believe this was an isolated incident and have again emphasized the importance of paying with an itemized invoice to all bookkeepers, administrators and Business Office employees.

#### **Year 2000**

We believe that the Board will be "Y2K OK." We believe our mission critical systems are payroll and student census. As further assurance, on January 3, 2000, we will again be running a test on the payroll system. We will complete all steps and make absolutely sure that there will be no errors.

#### **Changes in the Government Reporting Model - GASB 34**

The Business Office is aware of the new reporting requirements from the GASB Statement #34. We will begin working on this time consuming process that

DeSoto Parish School Board Members  
December 9, 1999  
Page 4

must be implemented prior to June 30, 2002. DeSoto, Iberville, and West Feliciana Parishes were asked to participate in a Task Force headed by Legislative Auditor. My participation with the Task Force should help us comply with this new requirement.

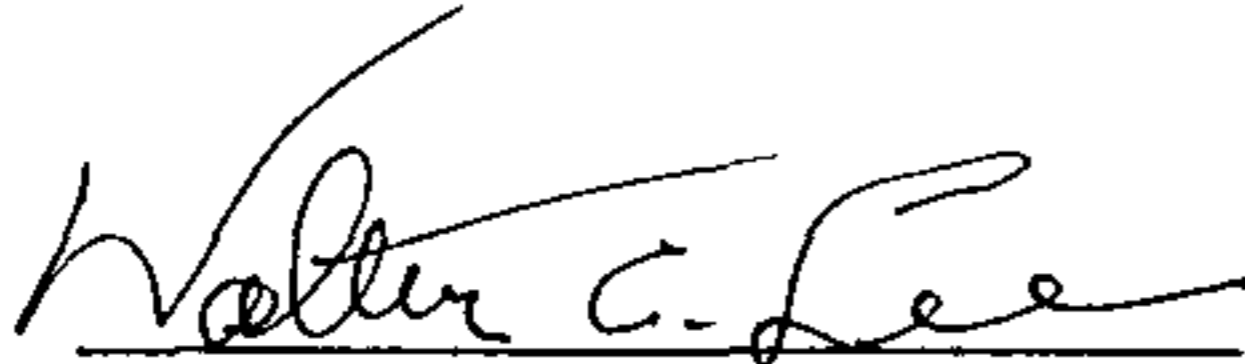
I will forward a copy of this letter to the Louisiana Legislative Auditor and the Louisiana State Department of Education. Thank you.

Sincerely yours,



Steven Stanfield, Director  
Business Services

Approved by:



Walter C. Lee, Superintendent  
DeSoto Parish Schools

cc: Daniel G. Kyle  
Dudley J. Garidel  
Wayne Hooper  
KPMG Peat Marwick