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R E P O R T
PLAQUEMINES PARISH SCHOOL BOARD
JUNE 30, 1998

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Release Date JAN 27 1999

PLAQUEMINES PARISH SCHOOL BOARD

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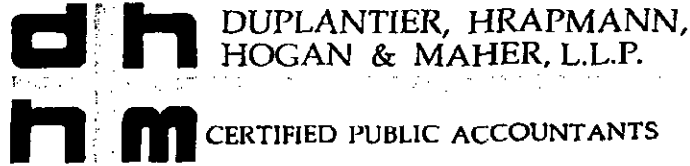
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INDEPENDENT AUDITOR'S REPORT

November 20, 1998

Plaquemines Parish School Board
P. O. Box 69
Belle Chasse, LA 70037

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

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 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.

The School Board has not reconciled the carrying value of the fixed assets included in the General Fixed Assets Account Group to the fixed assets inventory. Accordingly, we were unable to and did not audit the carrying value of these fixed assets at June 30, 1998 in the amount of \$27,656,839. Furthermore, the notes to the financial statements do not include the additions and deletions of general fixed assets for the year ended June 30, 1998, which should be included to conform to generally accepted accounting principles.

As described in Note 19 to the financial statements, as of July 1, 1997, the School Board changed its method of accounting for investments.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the carrying value of fixed assets as discussed in the third paragraph above, and except for the omission of the additions and deletions of general fixed assets in the notes to the financial statements, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Plaquemines Parish School Board as of June 30, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the index to the report are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Plaquemines Parish 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.

Our audit was made 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 1998 on our consideration of the Plaquemines Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Duplantier, Hapmann, Hogan & Maher LLP

PLAQUEMINE PARISH SCHOOL BOARD
ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
JUNE 30, 1998

	GOVERNMENTAL FUNDS				FIDUCIARY			ACCOUNT GROUPS				
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SCHOOL ACTIVITY	GENERAL FIXED ASSETS	LONG TERM OBLIGATION	(MEMORANDUM ONLY)				
								TOTAL				
ASSETS AND OTHER DEBITS												
ASSETS:												
Cash (Note 13)	\$ 774,125	\$ 680,108	\$ 607,340	\$ 2,615,549	\$ 359,742	\$ --	\$ --	\$ 5,036,864				
Cash equivalents (Note 13)	4,644,102	--	1,074,973	472,924	--	--	--	6,191,999				
Investments (Note 13)	--	--	948,950	24,310	--	--	--	973,260				
Accounts receivable (Note 4)	1,955,407	412,761	167,304	--	--	--	--	2,535,472				
Interfund receivables (Notes 1 and 8)	1,396,970	--	--	--	--	--	--	1,396,970				
Accrued interest receivable	--	--	18,682	--	--	--	--	18,682				
Advances to Special Revenue Funds (Notes 1 and 8)	132,400	--	--	--	--	--	--	132,400				
Inventory (Note 1)	--	72,716	--	--	--	--	--	72,716				
Land	--	--	--	--	--	11,600	--	11,600				
Buildings (Notes 1 and 14)	--	--	--	--	--	13,997,283	--	13,997,283				
Improvements (Notes 1 and 14)	--	--	--	--	--	85,396	--	85,396				
Equipment (Notes 1 and 14)	--	--	--	--	--	13,562,560	--	13,562,560				
OTHER DEBITS:												
Amount available for Debt Service	--	--	--	--	--	--	2,756,819	2,756,819				
Amount to be provided for retirement of General Long-Term Debt	--	--	--	--	--	--	13,911,181	13,911,181				
Amount to be provided for capital leases payable	--	--	--	--	--	--	386,484	386,484				
Amount to be provided for compensated absences payable	--	--	--	--	--	--	1,626,191	1,626,191				
TOTAL ASSETS AND OTHER DEBITS	\$ 8,903,004	\$ 1,165,085	\$ 7,817,249	\$ 3,112,783	\$ 359,742	\$ 27,656,839	\$ 18,682,675	\$ 62,607,377				

	GOVERNMENTAL FUNDS				FIDUCIARY			ACCOUNT GROUPS		
	GENERAL	SPECIAL	DEBT	CAPITAL	SCHOOL	ACTIVITY	GENERAL	LONG	TOTAL	
	FUND	REVENUE	SERVICE	PROJECTS			FIXED	TERM	(MEMORANDUM	
	\$ 51,073	\$ 8,255	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 59,328	
Accounts payable (Note 7)	--	--	58,430	--	--	--	--	--	58,430	
Accrued interest payable	--	59,994	--	--	--	--	--	--	59,994	
Cash overdraft	3,016,633	--	--	--	--	--	--	--	3,016,633	
Salaries/deductions payable (Note 7)	18,596	678,374	--	700,000	--	--	--	--	1,396,970	
Interfund payables (Notes 1 and 8)	--	132,400	--	--	--	--	--	--	132,400	
Advances from General Fund (Notes 1 and 8)	--	--	--	--	359,742	--	--	--	359,742	
Due other - School Activity (Notes 7 and 10)	--	--	--	--	--	--	--	16,670,000	16,670,000	
Bonds payable (Notes 7 and 11)	--	--	--	--	--	--	--	386,484	386,484	
Capital leases payable (Notes 7, 9 and 11)	--	--	--	--	--	--	--	--	--	
Compensated absences payable	--	--	--	--	--	--	--	--	--	
(Notes 1, 7, 11 and 15)	--	--	--	--	--	--	--	1,626,191	1,626,191	
Total liabilities	3,086,302	879,023	58,430	700,000	359,742	--	--	18,682,675	23,766,172	
FUND EQUITY: (Note 1)										
Investments in fixed assets	--	--	--	--	--	--	27,656,839	--	27,656,839	
Fund balances:										
Reserved for Encumbrances (Note 12)	354,795	--	--	--	--	--	--	--	354,795	
Reserved for Scholarships (Note 12)	34,901	--	--	--	--	--	--	--	34,901	
Reserved for Apartment Maintenance	--	--	--	--	--	--	--	--	--	
(Note 12)	81,929	--	--	--	--	--	--	--	81,929	
Reserved for Construction (Note 12)	--	--	--	425,316	--	--	--	--	425,316	
Reserved for Debt Service (Note 12)	--	--	2,758,819	--	--	--	--	--	2,758,819	
Designated for Construction (Note 12)	--	--	--	1,987,467	--	--	--	--	1,987,467	
Designated for Capital Improvements	--	--	--	--	--	--	--	--	--	
(Note 12)	231,640	--	--	--	--	--	--	--	231,640	
Designated for Insurance Deductibles	--	--	--	--	--	--	--	--	--	
(Note 12)	2,097,362	--	--	--	--	--	--	--	2,097,362	
Unreserved fund balance	3,016,075	286,062	--	--	--	--	--	--	3,302,137	
Total fund equity	5,816,702	286,062	2,758,819	2,412,783	--	--	27,656,839	--	38,931,205	
TOTAL LIABILITIES AND FUND EQUITY	\$ 8,903,004	\$ 1,165,085	\$ 2,817,249	\$ 3,112,783	\$ 359,742	\$ 27,656,839	\$ 18,682,675	\$ 62,697,377		

See accompanying notes.

PLAQUEMINES PARISH SCHOOL BOARD
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u>
REVENUES: (NOTE 1)		
Local Sources:		
Ad valorem taxes (Note 3)	\$ 5,393,128	\$ --
1% collection by Sheriff on taxes other than school taxes	233,285	--
Sales taxes (Note 16)	9,914,727	--
Special appropriation from Parish Government/General Fund	190,062	--
Tuition - summer school/driver's education	88,719	--
Interest earnings	256,373	3,847
Rent lease - 16th Section and other school lands	374,205	--
Food service income	--	324,521
Community service income	20,000	--
Apartment rents	79,293	--
Contributions and donations	15,000	4,988
Other	407	2,000
Revenue for/on behalf of LEA	22,642	--
Restricted Funds:		
State sources	586,743	265,455
Federal sources - through State	78,238	2,768,789
Federal sources - commodities	--	116,709
Federal sources - direct	--	301,061
Unrestricted Funds:		
State sources	9,783,284	259,156
Federal sources - through State	4,095	--
Federal sources - direct	67,155	--
Revenue sharing	102,572	--
Total revenues	<u>27,209,928</u>	<u>4,046,526</u>
EXPENDITURES: (Note 1)		
Instruction:		
Regular programs	12,142,102	207,606
Special programs	3,092,636	1,519,317
Vocational education	32,951	51,097
Adult education	--	40,493
Other instructional programs	248,274	96,047
Support Service Programs:		
Pupil support	923,254	80,289
Instructional staff support	818,787	309,354
General administration	1,026,989	3,234
School administration	1,477,137	--
Business services	398,752	--
Operations and maintenance	2,830,208	2,381
Student transportation	2,298,868	11,247
Central services	358,588	--

<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ 1,081,217	\$ --	\$ 6,474,345
--	--	233,285
1,010,575	--	10,925,302
--	--	190,062
--	--	88,719
116,399	228,730	605,349
--	--	374,205
--	--	324,521
--	--	20,000
--	--	79,293
--	--	19,988
--	--	2,407
--	--	22,642
--	--	852,198
--	--	2,847,027
--	--	116,709
--	--	301,061
--	--	10,042,440
--	--	4,095
--	--	67,155
--	--	102,572
<u>2,208,191</u>	<u>228,730</u>	<u>33,693,375</u>
--	--	12,349,708
--	--	4,611,953
--	--	84,048
--	--	40,493
--	--	344,321
--	--	1,003,543
--	--	1,128,141
--	--	1,030,223
--	--	1,477,137
--	--	398,752
--	--	2,832,589
--	--	2,310,115
--	--	358,588

PLAQUEMINES PARISH SCHOOL BOARD
 ALL GOVERNMENTAL FUND TYPES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1998

EXPENDITURES: (Note 1) (Continued)	GENERAL FUND	SPECIAL REVENUE
Food Service Program	\$ 292,136	\$ 1,614,682
Community Service Program	13,251	--
Capital outlay	5,429	--
Capital lease	247,231	--
Debt Service:		
Principal retirement	275,145	--
Interest payment	45,889	--
Miscellaneous:		
Bank, legal fees and other	--	--
Other - insurance claims, scholarship	33,999	--
Total expenditures	<u>26,561,626</u>	<u>3,935,747</u>
Excess (deficiency) of revenues over expenditures	<u>648,302</u>	<u>110,779</u>
OTHER FINANCING SOURCES (USES): (Note 1)		
Capital lease	247,231	--
Transfers of indirect cost	57,383	(57,383)
Operating transfers in	3,716	10,328
Sale of fixed assets	1,010	--
Gain (loss) on investments	19,790	--
Operating transfers out	(84,406)	--
Proceeds of refunding debt	--	--
Discount on refunding debt	--	--
Payment to refunded debt escrow agent	--	--
Premium on bonds issued	--	--
Proceeds from issuance of bonds	--	--
Costs of bond issuance	--	--
Miscellaneous	--	1,460
Total other financing sources (uses)	<u>244,724</u>	<u>(45,595)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 893,026</u>	<u>\$ 65,184</u>
FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	4,923,676	220,878
Cumulative effect of change in accounting principle (Note 19)	--	--
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>4,923,676</u>	<u>220,878</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,816,702</u>	<u>\$ 286,062</u>

See accompanying notes.

<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ --	\$ --	\$ 1,906,818
--	--	13,251
--	5,600,902	5,606,331
--	--	247,231
1,230,000	--	1,505,145
928,072	--	973,961
2,205	--	2,205
--	--	33,999
<u>2,160,277</u>	<u>5,600,902</u>	<u>38,258,552</u>
<u>47,914</u>	<u>(5,372,172)</u>	<u>(4,565,177)</u>
--	--	247,231
--	--	--
74,078	--	88,122
--	--	1,010
78,339	146,751	244,880
(3,716)	--	(88,122)
8,115,000	--	8,115,000
(61,119)	--	(61,119)
(7,935,369)	--	(7,935,369)
33,666	--	33,666
--	1,800,000	1,800,000
(272,734)	--	(272,734)
--	--	1,460
<u>28,145</u>	<u>1,946,751</u>	<u>2,174,025</u>
\$ <u>76,059</u>	\$ <u>(3,425,421)</u>	\$ <u>(2,391,152)</u>
2,746,777	5,977,796	13,869,127
<u>(64,017)</u>	<u>(139,592)</u>	<u>(203,609)</u>
<u>2,682,760</u>	<u>5,838,204</u>	<u>13,665,518</u>
\$ <u>2,758,819</u>	\$ <u>2,412,783</u>	\$ <u>11,274,366</u>

PLAQUEMINES PARISH SCHOOL BOARD
 GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 1998

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES: (NOTE 1)			
Local Sources:			
Ad valorem taxes	\$ 5,470,000	\$ 5,393,128	\$ (76,872)
1/4 collection by Sheriff on taxes other than school taxes	220,000	233,285	13,285
Sales taxes	8,800,000	9,914,727	1,114,727
Special appropriation from Parish Government/General Fund	190,000	190,062	62
Tuition - summer school/driver's education	86,000	88,719	2,719
Interest earnings	130,000	256,373	126,373
Rent lease - 16th Section and other school lands	144,000	374,205	230,205
Food service income	--	--	--
Community service income	15,000	20,000	5,000
Apartment rents	3,000	79,293	76,293
Contributions and donations	2,000	15,000	13,000
Other	2,000	407	(1,593)
Revenue for/on behalf of LEA	27,200	22,642	(4,558)
Restricted Funds:			
State sources	642,538	586,743	(55,795)
Federal sources - through State	--	78,238	78,238
Federal sources - commodities	--	--	--
Federal sources - direct	--	--	--
Unrestricted Funds:			
State sources	9,783,249	9,783,284	35
Federal sources - through State	5,000	4,095	(905)
Federal sources - direct	45,000	67,155	22,155
Revenue sharing	100,000	102,572	2,572
Total revenues	<u>25,664,987</u>	<u>27,209,928</u>	<u>1,544,941</u>
EXPENDITURES: (Note 1)			
Instruction:			
Regular programs	12,325,906	12,142,102	183,804
Special programs	3,027,324	3,092,636	(65,312)
Vocational education	33,000	32,951	49
Adult education	--	--	--
Other instructional programs	423,550	248,274	175,276

SPECIAL REVENUE FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ --	\$ --	\$ --
--	--	--
--	--	--
--	--	--
3,300	3,847	547
--	--	--
309,000	324,521	15,521
--	--	--
--	--	--
2,720	4,988	2,268
4,500	2,000	(2,500)
--	--	--
65,523	265,455	199,932
3,084,295	2,768,789	(315,506)
105,000	116,709	11,709
301,087	301,061	(26)
259,156	259,156	--
1,000	--	(1,000)
--	--	--
--	--	--
<u>4,135,581</u>	<u>4,046,526</u>	<u>(89,055)</u>
--	207,606	(207,606)
1,741,943	1,519,317	222,626
51,134	51,097	37
41,340	40,493	847
217,442	96,047	121,395

PLAQUEMINES PARISH SCHOOL BOARD
GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1998

EXPENDITURES: (Note 1) (Continued)	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Support Service Programs:			
Pupil support	\$ 988,563	\$ 923,254	\$ 65,309
Instructional staff support	899,340	818,787	80,553
General administration	1,156,832	1,026,989	129,843
School administration	1,467,950	1,477,137	(9,187)
Business services	379,441	398,752	(19,311)
Operations and maintenance	2,602,300	2,830,208	(227,908)
Student transportation	2,615,112	2,298,868	316,244
Central services	358,303	358,588	(285)
Food Service Program	294,606	292,136	2,470
Community Service Program	13,600	13,251	349
Capital outlay	--	5,429	(5,429)
Capital lease	--	247,231	(247,231)
Debt Service:			
Principal retirement	--	275,145	(275,145)
Interest payment	--	45,889	(45,889)
Miscellaneous:			
Bank, legal fees and other	300	--	300
Other - insurance claims, scholarship	--	33,999	(33,999)
Total expenditures	<u>26,586,127</u>	<u>26,561,626</u>	<u>24,501</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(921,140)</u>	<u>648,302</u>	<u>(1,569,442)</u>
OTHER FINANCING SOURCES (USES): (Note 1)			
Capital leases	--	247,231	247,231
Transfers of indirect costs	61,692	57,383	(4,309)
Operating transfers in	--	3,716	3,716
Sale of fixed assets	2,200	1,010	(1,190)
Gain on investments	--	19,790	19,790
Operating transfers out	(102,417)	(84,406)	18,011
Miscellaneous	--	--	--
Total other financing sources (uses)	<u>(38,525)</u>	<u>244,724</u>	<u>283,249</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(959,665)</u>	<u>893,026</u>	<u>1,852,691</u>
Fund balances - beginning of year	<u>4,923,676</u>	<u>4,923,676</u>	<u>--</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,964,011</u>	<u>\$ 5,816,702</u>	<u>\$ 1,852,691</u>

See accompanying notes.

<u>SPECIAL REVENUE FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 92,625	\$ 80,289	\$ 12,336
322,998	309,354	13,644
1,345	3,234	(1,889)
--	--	--
--	--	--
2,500	2,381	119
10,966	11,247	(281)
--	--	--
1,590,347	1,614,682	(24,335)
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
<u>4,072,640</u>	<u>3,935,747</u>	<u>136,893</u>
62,941	110,779	(47,838)
(62,752)	(57,383)	5,369
10,328	10,328	--
--	--	--
--	--	--
--	--	--
--	1,460	1,460
<u>(52,424)</u>	<u>(45,595)</u>	<u>6,829</u>
10,517	65,184	54,667
<u>220,878</u>	<u>220,878</u>	--
\$ <u>231,395</u>	\$ <u>286,062</u>	\$ <u>54,667</u>

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

INTRODUCTION

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

The school board operates eight schools within the parish with a total enrollment of 5,027 pupils for 1998. In conjunction with the regular educational programs, some of these schools offer head start, special education and/or adult education programs. In addition, the school board provides transportation and school food services for the students.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

As the governing authority of the parish, for reporting purposes, the Plaquemines Parish Government is the financial reporting entity for Plaquemines Parish. The financial reporting entity consists of the (a) primary government, (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the financial reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria are:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the parish government to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but which are fiscally dependent on the parish government.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

REPORTING ENTITY: (Continued)

For the following reasons, the Plaquemines Parish School Board is not considered to be a component unit of the Plaquemines Parish Government, the reporting entity:

1. The Plaquemines Parish Government does not have the ability to appoint a voting majority of the school board's governing body or impose its will on the school board.
2. The school board is not fiscally dependent on the parish government.
3. The relationship between the school board and the Plaquemines Parish Government is not significant and therefore the parish government's financial statements are not misleading because of the exclusion of the school board's financial information.

The accompanying financial statements present information only on the funds maintained by the school board and do not present information on the parish government, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

BASIS OF PRESENTATION:

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

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

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

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

GOVERNMENTAL FUNDS:

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

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

GOVERNMENTAL FUNDS: (Continued)

General Fund:

The general operating fund of the school board accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally designated to finance particular functions or activities of the school board.

Debt Service Funds:

Debt service funds are established to meet requirements of bond ordinances and to account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term debt account group.

Capital Project Funds:

Capital project funds account for financial resources received and used for the acquisition, construction, or improvement of major capital facilities not reported in the other governmental funds.

FIDUCIARY FUNDS:

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

School Activity Agency Fund:

The School Activity Agency Fund accounts for assets held by the school board as an agent for the individual schools and school organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS:

General Fixed Assets Account Group:

This account group is established to account for the fixed assets of the school board.

General Long-term Debt Account Group:

This account group is established to account for all long-term obligations of the school board.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING:

Governmental Funds:

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

Revenues:

Revenues are recognized when they become measurable and available.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable.

Federal and state grants are recorded when the reimbursable expenditures have been incurred.

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

Sales and use taxes are recorded in the month collected by the school board's collecting agent, the Plaquemines Parish Government.

Income on deposits, cash equivalents and investments is recorded when measurable and available.

Revenues from rentals, leases and royalties are recorded when earned.

Substantially all other revenues are recorded when received.

Expenditures:

Salaries are recorded as expenditures when earned. Nine-month employees' salaries are earned over a nine-month period but are paid over a twelve-month period.

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

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING: (Continued)

Expenditures: (Continued)

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. The cost of leave privilege expenditures not requiring current resources is recorded in the general long-term debt account group.

Commitments under construction contracts are recognized as expenditures when *earned by the contractors*.

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

Substantially all other expenditures are generally recognized when the related fund liability is incurred.

Other Financing Sources (Uses):

Proceeds from lease-purchases, bond issuances, compensation for loss or damage to fixed assets, gain (loss) on investments, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These financing sources (uses) are recognized at the time the underlying events occur.

BUDGETS:

The following summarizes the budget activities of the school board for the year ended June 30, 1998:

	<u>1997-98 Budget Year</u>
Completed & Available for Public Inspection	July 7, 1997
Public Notices	July 11, 18 & 25, 1997
Public Hearings	July 28, 1997
Board Adoption	August 4, 1997

The school board adopted annual budgets for the General Fund and all Special Revenue Funds. All funds for which a budget was adopted are included in these financial statements.

The budget is prepared on the modified accrual basis of accounting. All appropriations lapse at year end. Encumbrances are recognized within the accounting records for budgetary control purposes. Formal budget integration (within the accounting records) is employed as a management control device. The Superintendent of Schools is authorized to transfer amounts between line items within any fund. However, when actual revenues within a fund fail to meet budgeted revenues by 5% or more and/or actual expenditures within a fund exceed budgeted expenditures by 5% or more, a budget revision is adopted by the school board in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent revisions.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ENCUMBRANCES:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Project Funds. Encumbrances outstanding at the end of the fiscal year are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

INTERFUND RECEIVABLES/PAYABLES:

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

ADVANCES TO OTHER FUNDS:

Non-current portions of long-term interfund loan receivables and payables are reported as advances.

INVENTORIES:

Inventory of the School Lunch Fund consists of food purchases by the school board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received and as expenses when consumed. Purchased inventory is expensed at the time of purchase. All purchased inventory items are valued at the lower of cost (first in, first out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

FIXED ASSETS:

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

COMPENSATED ABSENCES:

The school board has two types of compensated absences which accumulate or vest as follows:

Vacation and Sick Leave:

Under the terms of state law and school board policy, teachers and other nine-month employees accrue 10 days of sick leave each school year, which can be accumulated without limitation. Upon retirement or death prior to retirement, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's beneficiary at the employee's current rate of pay. Upon retirement, sick

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

COMPENSATED ABSENCES: (Continued)

Vacation and Sick Leave: (Continued)

leave is used in the retirement benefit computation as earned service. Under the Louisiana Teachers' Retirement System, the total unused accumulated sick leave, including the 25 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, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service. Under reduction in force, a laid-off employee may choose to be paid for his accumulated sick leave.

All 12-month employees accrue from 5 to 20 days vacation leave each year depending on length of service with the school board. Vacation leave can be accumulated up to 50 days. Upon termination, retirement, or death prior to retirement, unused accumulated vacation is paid at the employee's current rate of pay. In addition, these employees accrue from 10 to 18 days of sick leave each year depending on length of service with the school board. Unused accumulated sick leave for 12-month employees is paid in the manner described above for teachers and nine-month employees.

Sabbatical Leave:

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

The cost of leave privileges are recorded as an expenditure of the period in which paid. The cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

FUND EQUITY:

Reserves:

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

Designated Fund Balances:

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

INTERFUND TRANSACTIONS:

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

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

INTERFUND TRANSACTIONS: (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

SALES AND USE TAXES:

The school board levies one percent sales and use tax with receipts deposited in the General Fund. The school board levies an additional one percent sales and use tax with receipts deposited to the Sales Tax Sinking Fund. The proceeds of this tax are dedicated and used for any lawful school purpose, including payments of salaries and fringe benefits, building operations and maintenance, and instructional programs, with any excess transferred to the General Fund. The tax is collected by the Sales Tax Department of the Plaquemines Parish Government.

TOTAL COLUMNS ON COMBINED STATEMENTS:

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

FUND DESCRIPTIONS - SPECIAL REVENUE FUNDS:

Improving America's Schools Act (IASA) Funds:

IASA Title I:

This is a program for economically and educationally deprived school children which is federally financed, state-administered and locally operated by the school board. The 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 local mandated activities. Program funds are obtained from Federal grants through the State Department of Education.

IASA Title I Migrant Education:

The IASA Title I Migrant Education Funds are used to provide additional instruction in reading and math to identified students through an individualized instruction program. The IASA Title I Migrant Education Recruiter Program is used to enlist the cooperation of school systems in the multi-parish recruiting area, identify migrant children, establish contacts with migrant families, and assist in planning educational, health and social services for migrant children. Program funds are obtained from Federal grants through the State Department of Education.

IASA Title II:

The program funds are used to promote professional growth leading to improving certification in math and science.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUND DESCRIPTIONS - SPECIAL REVENUE FUNDS: (Continued)

Improving America's Schools Act (IASA) Funds: (Continued)

IASA Title VI:

This is a program by which the Federal government provides funds to the school board for audio-visual materials, equipment, and library resources.

Drug-Free Schools Program:

This program will establish and implement drug abuse education and prevention programs, and will enforce drug-related rules and regulations of student conduct in the schools.

Title XIX:

This program is to improve the health status of eligible children by assuring the provision of preventive services, health assessment, and the necessary diagnosis, treatment and follow-up care in the context of an ongoing relationship between the patient and other health care givers.

Head Start Program:

This is a federally funded educational, social and health program for economically disadvantaged three to four-year old children.

Food Service Fund:

The Food Service Fund (Lunch/Breakfast) is a program that provides nourishing meals for students in all grades. This program is supplemented by both Federal and State funds that are based on reimbursement and participation.

Adult Education:

The Adult Basic Education Fund accounts for Federal and State grants received through the State Department of Education.

The Adult Education Program offers a basic and remedial academic curriculum to individuals at least 16 years of age or emancipated minors who have not obtained a high school diploma. The curriculum offered is intended to prepare the student for the high school equivalency examination. Students successfully completing the examination are awarded the High School Equivalency Examination Diploma.

Vocational Education:

Students in grades 9 through 12 have the opportunity to participate in vocational education through the State and federally funded programs. Courses in home economics, industrial arts, and business education offer training in job entry skills. Several co-op programs offer practical experiences in the job market.

Special Education Fund:

The Special Education Fund is a State and federally financed program of free education in the least restricted environment to children with exceptionalities.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUND DESCRIPTIONS - SPECIAL REVENUE FUNDS: (Continued)

Family Act:

This grant is for a preventative partnership for violence-free Plaquemines Parish.

Technology Literacy Challenge:

This grant provides funds to state education agencies on a formula basis to support the development and implementation of systemic technology plans at the state, local, and school levels to improve the teaching and learning of all children.

Classroom-Based Technology:

This is a state-funded program to help local school districts purchase computers and network hardware to connect classrooms to the Internet.

School to Work:

The Regional Council on School to Work (STW), an initiative of the Metrovision Economic Development Partnership, involves a broad coalition of representatives from business, labor, education, and government. It serves as a catalyst to create an effective STW system in Greater New Orleans and the River Region that better prepares students for careers and life-long learning. It connects school-based learning to the workplace through structured internship in local businesses.

Learn Program:

This program is to fund local planning and implementation projects, which emphasize student impact/academic results through high local curricular and assessment standards.

Technical Preparation:

This program is for funding the development and administration of Technical Preparation activities.

FUND DESCRIPTIONS - DEBT SERVICE FUNDS:

General Obligation Bond Fund:

The General Obligation Bond Fund accounts for the proceeds of property taxes (3.0 mill ad valorem taxes) that are dedicated for debt service.

Certificate Of Indebtedness Fund:

The Certificate of Indebtedness Fund accounts for the annual debt service requirement on the certificates. Scheduled transfers from the excess revenues of the General Fund are required to be made into this fund in an amount that will equal one-sixth of the interest falling due on the next interest payment date and one-twelfth of the principal falling due on the next principal payment date.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUND DESCRIPTIONS - DEBT SERVICE FUNDS: (Continued)

Certificate Of Indebtedness Reserve Fund:

The Certificate of Indebtedness Reserve Fund accounts for that portion of the transfers from the General Fund that are set aside as a reserve to pay principal and interest on the certificates payable from the Certificate of Indebtedness Fund for which there would otherwise be a default. The maximum amount required to be accumulated in this fund at June 30, 1998 is \$74,900.

Sales Tax Bond Fund:

The Sales Tax Bond Fund accounts for the proceeds of a one percent sales and use tax levied and collected by the collecting agency.

Sales Tax Reserve Fund:

The Sales Tax Reserve Fund accounts for the establishment of a reserve in the amount of \$1,100,000, or the highest combined principal and interest requirements for any succeeding bond year, ending March 1, which equalled \$1,121,998 as of June 30, 1998.

FUND DESCRIPTIONS - CAPITAL PROJECTS FUNDS:

1992 Sales Tax Construction Fund:

The Plaquemines Parish School Board issued \$11,000,000 of Sales Tax School Bonds, Series 1992, for the purpose of making capital improvements to the public school system of the Parish (including, but not limited to constructing, acquiring, erecting, improving, and repairing schools and school related facilities), payable solely from and secured by an irrevocable pledge and dedication of the avails or proceeds of the special one percent sales and use tax. On March 2, 1998, the school board adopted a resolution to refinance \$7,220,000 of the Series 1992 Bonds and authorized the issuance of \$8,115,000 of its Sales Tax Refunding Bonds, Series, 1998.

1993 General Obligation Fund:

This fund accounts for the issuance of \$5,700,000 of General Obligation School Bonds, Series 1993. The purpose of the issuance is for acquiring and/or improving lands for building sites and playgrounds, including construction of necessary sidewalks and streets adjacent thereto; purchasing, erecting and/or improving school buildings and other school related facilities within and for the District and acquiring the necessary equipment and furnishings therefore, payable from unlimited ad valorem taxation.

1998 Sales Tax Construction Fund:

The school board authorized the issuance of \$1,800,000 of Sales Tax Bonds, Series 1998 pursuant to a resolution adopted on April 20, 1998 for the purpose of making capital improvements to the public school system of Plaquemines Parish.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

2. FUND DEFICITS:

There are no deficits in any individual funds at June 30, 1998.

3. LEVIED TAXES:

Property taxes are levied each November 1st on assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the parish. Taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Assessed values are established by the Plaquemines Parish Assessor's Office and the State Tax Commission of actual value as specified by Louisiana Law. Property taxes are recorded as revenue by the school board in the year the taxes are received. A portion of exempt taxes due to homestead exemptions relating to constitutional special school taxes are reimbursed to the school board through state revenue sharing.

As required by the State of Louisiana Statute, prescribed deductions are made from the school board's property tax receipts for contributions to cover costs of various pension funds. For the year ended June 30, 1998, \$192,120 had been deducted from property tax receipts for amounts due to various pension funds.

The following is a summary of parish wide authorized and levied ad valorem taxes for the fiscal year ended June 30, 1998:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Constitutional	5.68	5.80
Proposition I	3.50	2.60
Proposition II	2.35	2.40
Proposition III	4.68	4.78

The difference between authorized and levied millages is the result of reassessments of the tax rolls required by Article 7, Section 23 of the Louisiana Constitution of 1974.

4. ACCOUNTS RECEIVABLE:

The accounts receivable of \$2,535,472 at June 30, 1998 are as follows:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
TAXES:				
Sales	\$1,934,005	\$ --	\$167,304	\$2,101,309
GRANTS:				
State	21,402	17,139	--	38,541
Federal - direct	--	46,543	--	46,543
Federal - received through the State	--	348,762	--	348,762
OTHERS	--	317	--	317
TOTALS	<u>\$1,955,407</u>	<u>\$412,761</u>	<u>\$167,304</u>	<u>\$2,535,472</u>

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

5. EMPLOYEE RETIREMENT SYSTEMS:

Substantially all employees of the school board are members of two statewide retirement systems, both of which are cost-sharing multiple-employer public employee retirement systems (PERS). In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Under LSERS, employees are eligible to retire after attaining age 60 and 10 years of accredited service, age 55 and 25 years of accredited service, or any age with 30 years of accredited service. The retirement benefit will be paid monthly based on 2.5% of average final compensation times the years of creditable service (including creditable unused sick and annual leave), plus an additional .5% of average final compensation times the years of creditable service in excess of 20 years, plus two dollars per month for each year of creditable service supplemental benefit, not to exceed average final compensation. The plan also includes disability retirement benefits.

The formula for annual maximum retirement benefits under TRS is 2 or 2.5% (Regular Plan) or 1 or 3% (Plan A) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary. Benefits are paid monthly for life.

Benefits of the system are funded by employee and employer contributions. The contribution rates (as a percentage of covered salaries) are established by state law as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana School Employees' Retirement System	6.35%	6.00%
Louisiana Teachers' Retirement System - Regular A	8.00%	16.40%
Louisiana Teachers' Retirement System - Plan A	9.10%	16.40%

The school board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the school board. For the year ended June 30, 1998, \$224,742 was remitted to the TRS by the Plaquemines Parish Sheriff for the school board from ad valorem tax and revenue sharing deductions. For the LSERS, the school board's employer contribution is funded by the State of Louisiana through annual appropriations. Benefits granted by the retirement system are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974.

The school board's required contributions to the system and the percentage contributed are as follows:

	<u>Required Contribution</u>	<u>Percent Contributed</u>
<u>Louisiana School Employees' Retirement System:</u>		
<u>Year Ended</u>		
June 30, 1998	\$ 134,423	99.94%
June 30, 1997	127,865	99.29
June 30, 1996	111,329	100.00

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

5. EMPLOYEE RETIREMENT SYSTEMS: (Continued)

	<u>Required Contribution</u>	<u>Percent Contributed</u>
<u>Louisiana Teachers' Retirement System:</u>		
<u>Regular:</u>		
<u>Year Ended</u>		
June 30, 1998	2,530,198	99.96%
June 30, 1997	2,389,639	101.58
June 30, 1996	2,222,167	100.17
 <u>Louisiana Teachers' Retirement System:</u>		
<u>Plan A:</u>		
<u>Year Ended</u>		
June 30, 1998	42,588	100.00%
June 30, 1997	40,668	100.00
June 30, 1996	43,707	100.00

Both systems issue publicly available financial reports that include financial statements and required supplementary information for each system. The LSERS report may be obtained by writing to the system at P.O. Box 44516, Baton Rouge, Louisiana 70804-4516. The TRS report may be obtained by writing to the system at P.O. Box 94123, Baton Rouge, Louisiana 70804-9123.

6. OTHER POST-EMPLOYMENT BENEFITS:

The Plaquemines Parish School Board provides certain continuing health care and life insurance benefits for its retired employees as required by state law. Substantially all of the school board's employees become eligible for these benefits if they reach normal retirement age while working for the school board. These benefits for retirees and similar benefits for active employees are provided through an insurance company, whose monthly premiums are paid jointly by the employee and by the school board. The school board recognizes the cost of providing these benefits (the board's portion of premiums) as an expenditure when the monthly premiums are paid. For the year ended June 30, 1998, the school board's portion of the premiums was \$155,311 for approximately 130 retirees.

7. ACCOUNTS, SALARIES/DEDUCTIONS AND OTHER PAYABLES:

The payables of \$3,494,133 at June 30, 1998 are as follows:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE</u>	<u>SCHOOL ACTIVITY FUND</u>	<u>TOTAL</u>
Salaries/ deductions	\$3,016,633	\$ --	\$ --	\$ --	\$ --	\$3,016,633
Accounts payable	51,073	8,255	--	--	--	59,328
Accrued interest	--	--	--	58,430	--	58,430
Due to others	--	--	--	--	359,742	359,742
TOTAL	<u>\$3,067,706</u>	<u>\$8,255</u>	<u>\$ --</u>	<u>\$58,430</u>	<u>\$359,742</u>	<u>\$3,494,133</u>

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

8. INTERFUND PAYABLES/RECEIVABLES AND ADVANCES:

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

	<u>DUE TO</u>	<u>DUE FROM</u>
General Fund	\$1,396,970	\$ 18,596
Special Revenue Fund:		
Adult Education	--	8,979
Drug-Free	--	4,592
Family Act	--	1
Food Service	--	228,752
Headstart	--	40,293
Migrant	--	6,665
School to Work	--	20,223
Special Education	--	81,405
Title I	--	267,379
Title XIX	--	20,019
Vocational Education	--	66
Capital Projects Fund:		
1992 Sales Tax Construction	--	<u>700,000</u>
TOTAL	<u>\$1,396,970</u>	<u>\$1,396,970</u>

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

	<u>ADVANCES TO</u>	<u>ADVANCES FROM</u>
General Fund	\$ --	\$132,400
Special Revenue Funds:		
Adult Education	5,000	--
Drug-Free	7,000	--
Family Act	2,500	--
Migrant	5,000	--
School to Work	5,000	--
Special Education	10,000	--
Title I	15,000	--
Title II	5,000	--
Title VI	12,900	--
Vocational Education	<u>65,000</u>	--
TOTAL	<u>\$132,400</u>	<u>\$132,400</u>

9. LEASES:

Capital:

The school board has recorded capital leases for office equipment and related expenses as assets, expenses and obligations in the accompanying financial statements. For the year ended June 30, 1998, principal in the amount of \$275,145 was paid on capital leases. For the year ended June 30, 1998, interest in the amount of \$45,889 was paid on capital leases. The school board's policy is to expense lease payments in the year paid. The following is a schedule of future minimum lease payments under capital lease agreements as of June 30, 1998:

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

9. LEASES: (Continued)Capital: (Continued)

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
06-30-99	\$134,687
06-30-00	214,651
06-30-01	64,975
06-30-02	<u>14,945</u>
	429,258
Total minimum lease payment	<u>(42,774)</u>
Less: Amount representing interest	
Present value of net minimum lease payment	<u>\$386,484</u>

The gross amount of assets recorded in the general fixed assets account group under capital leases is \$898,058 at June 30, 1998.

10. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS:

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

	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE AT END OF YEAR</u>
School Activity Accounts	\$394,504	\$1,403,398	\$1,438,160	\$359,742

11. GENERAL LONG-TERM OBLIGATIONS:

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

	<u>BONDED DEBT</u>	<u>CERTIFICATE OF INDEBTEDNESS</u>	<u>CAPITAL LEASES</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
Balance					
7/01/97	\$15,010,000	\$195,000	\$414,398	\$1,609,727	\$17,229,125
Additions	9,915,000	--	247,231	16,464	10,178,695
Deductions	(1,170,000)	(60,000)	(275,145)	--	(1,505,145)
Advance refunding	<u>(7,220,000)</u>	--	--	--	<u>(7,220,000)</u>
BALANCE					
6/30/98	<u>\$16,535,000</u>	<u>\$135,000</u>	<u>\$386,484</u>	<u>\$1,626,191</u>	<u>\$18,682,675</u>

Capital Leases:

Capital leases represent obligations that are to be financed with future General Fund resources.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

11. GENERAL LONG-TERM OBLIGATIONS: (Continued)

Compensated Absences:

Compensated absences payable consist of the portion of accumulated sick leave of the governmental funds that is not expected to require current resources. The additions for 1998 represent the net changes during the year. The records are maintained in such a manner that the additions and deletions could not readily be determined; therefore, the net changes are reflected as additions in 1998.

Bonds and Certificates:

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. At June 30, 1998, the school board had accumulated \$2,758,819 in the debt service funds for future debt requirements.

On March 1, 1998, the school board issued Series 1998 Sales Tax Bonds with a par value of \$8,115,000 and interest rates ranging from 3.65% to 4.65% to advance refund Series 1992 Sales Tax Bonds with a par value of \$7,220,000 and interest rates ranging from 6.10% to 10.00%. (\$1,815,000 of the Series 1992 bonds were not advance refunded.) The Series 1992 bonds mature March 1, 2003 through March 1, 2012. The Series 1998 bonds were issued at a discount of \$61,119. After paying issuance costs of \$198,234, the net proceeds were \$7,855,647. The net proceeds from the issuance of the Series 1998 Sales Tax Bonds and existing Sinking Fund monies were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the Series 1992 bonds mature. The advance refunding met the requirements of an insubstance debt defeasance and those defeased bonds were removed from the school board's General Long-Term Debt Account Group.

As a result of the advance refunding, the school board reduced its total debt service requirements by \$502,025, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$369,239.

At June 30, 1998, \$7,220,000 of the defeased debt was still outstanding.

The following is a schedule of information on the outstanding bonds and certificates of indebtedness of the school board as of June 30, 1998:

	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITIES</u>
Certificate of Indebtedness, Series 1989	11-01-89	\$ 500,000	6.50 - 10.00%	11-01-1990/1999
General Obligation School Bonds, Series 1992	05-01-92	2,300,000	6.00 - 10.00	03-01-1993/2002
Sales Tax School Bonds, Series 1993	05-01-92	11,000,000	6.10 - 10.00	03-01-1993/2002
General Obligation Bonds, Series 1993	03-01-93	5,700,000	4.70 - 4.80	03-01-1995-2003

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

11. GENERAL LONG-TERM OBLIGATIONS: (Continued)Bonds and Certificates: (Continued)

	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITIES</u>
Sales Tax School Bonds, Series 1998	03-01-98	8,115,000	3.65 - 4.65	03-01-1999/2012
Sales Tax School Bonds, Series 1998B	04-01-98	1,800,000	4.45 - 7.00	03-01-1999/2018

The annual requirements to amortize principal and interest on bonds and certificates outstanding at June 30, 1998 are as follows:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL PAYMENTS</u>	<u>INTEREST PAYMENTS</u>	<u>TOTAL</u>
1999	\$ 1,460,000	\$ 809,193	\$ 2,269,193
2000	1,560,000	729,103	2,289,103
2001	1,585,000	646,178	2,231,178
2002	1,685,000	559,784	2,244,784
2003	1,780,000	476,649	2,256,649
2004-2012	<u>8,600,000</u>	<u>2,319,507</u>	<u>10,919,507</u>
	<u>\$16,670,000</u>	<u>\$5,540,414</u>	<u>\$22,210,414</u>

12. RESERVED AND DESIGNATED FUND BALANCES:Designated for Capital Improvements:

The School Board passed a resolution on April 8, 1998 to establish a Capital Improvement Fund for building/facility construction and improvements. Deposits will be made of revenues from 16th section lands, any unexpected excess settlement funds as designated by the board, and ending General Fund Balance in excess of 5% of the following year's proposed budget. The balance of this account at June 30, 1998 is \$231,640.

Designated for Insurance Deductibles:

The settlement of back sales and use taxes, certain refunds of insurance premiums, and a portion of the special appropriation from the parish government have been designated to fund the deductible amount on insurance policies. At June 30, 1998, the balance of this account is \$2,097,362.

Designated for Construction:

Monies received through the sale of the 1984, 1992 and 1993 General Obligation Bonds and the 1992 Sales Tax Construction Bonds are designated for construction and improvement of schools and school related facilities. At June 30, 1998, the amount designated for construction is \$1,987,467.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

12. RESERVED AND DESIGNATED FUND BALANCES: (Continued)

Reserved for Debt Service:

Monies are reserved in the Debt Service Fund to pay the principal and interest maturing in future years on bonded debts and certificates of indebtedness. At June 30, 1998, the balance of the reserve is \$2,758,819.

Reserved for Construction:

Monies are reserved in the Capital Projects Fund for building construction, major repairs and renovations, and construction of additional classrooms throughout the school district. At June 30, 1998, the balance of the reserve is \$425,316.

Reserved for Apartment Maintenance:

Monies received for rent are reserved in the General Fund for repairs and maintenance on apartments owned by the school board. At June 30, 1998, the balance of the reserve is \$81,929.

Reserved for Scholarship:

Monies donated by various organizations are reserved for scholarships to qualified students of the Plaquemines Parish School Board. At June 30, 1998 the balance of the reserve is \$34,901.

Reserved for Encumbrances:

The amount of \$354,795 has been reserved to pay for outstanding requisitions and purchase orders as of June 30, 1998.

13. CASH, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the school board's cash, cash equivalents and investments at June 30, 1998:

Cash	\$ 5,036,864
Cash equivalents	6,191,999
Investments	973,260
	<u>\$12,202,123</u>

Cash:

The school board's bank deposits were entirely covered by federal depository insurance and pledged securities held at the Federal Reserve Bank in the name of the school board. As of June 30, 1998, the bank balances of the deposits totaled \$5,037,196.

Cash Equivalents:

The school board considers all highly-liquid debt instruments with a maturity of one year or less to be cash equivalents. The school board's cash equivalents include money market demand deposit accounts held with financial institutions, certificates of deposit, treasury bills, and government money market funds. All cash equivalents are carried at cost.

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

13. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)Cash Equivalents: (Continued)

	<u>AMOUNT</u>
Money market demand accounts were entirely covered by federal depository insurance and pledged securities held at the Federal Reserve Bank in the name of the school board. As of June 30, 1998 bank balances of money market demand accounts consist of \$1,563,035.	\$1,560,383
Certificates of deposit were entirely covered by federal depository insurance and pledged securities held at the Federal Reserve Bank in the name of the school board.	2,169,900
Cash equivalents of government money market funds consist of short-term government securities. The funds are held by a sub-custodian, managed and held in the name of the school board's broker-dealer. As of June 30, 1998, the bank balances of the government money market funds consist of \$975,113.	975,191
Cash equivalents of government money market funds consist of government securities and repurchase agreements which are held in pooled funds. The funds are held and managed by a sub-custodian. As of June 30, 1998, the bank balance consists of \$742,150.	742,150
Cash equivalents of Federal National Mortgage Company held at the Federal Reserve Bank in the name of the school board. As of June 30, 1998, the bank balance consisted of \$730,128.	<u>744,375</u>
TOTAL CASH EQUIVALENTS	<u>\$6,191,999</u>

Investments:

Statutes authorize the school board to invest in direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. Government instrumentalities, which are federally sponsored; mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States or its agencies; and certain guaranteed investment contracts.

The school board's investments are described below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the school board or its agent in the school board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the

PLAQUEMINES PARISH SCHOOL BOARD
 NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

13. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued)

broker's or dealer's trust department or agent in the school board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the school board's name.

The school board's investments are carried at fair value and consist of notes and mortgages of the U.S. Government, federal agencies and U.S. Government instrumentalities. The investments are held by the Federal Reserve Bank in the name of the school board's broker-dealer. The investments are managed by the school board's broker-dealer but are restricted by the bond indenture. The following is a schedule of investments by investment type:

	<u>Carrying Amount</u>
U.S. Treasury Notes	\$ 948,950
Federal Home Loan Mortgage Corporation	<u>24,310</u>
	<u>\$ 973,260</u>

Market values are furnished by the school board's investment custodian.

14. FIXED ASSETS:

Detailed accounting records for the general fixed assets used in governmental fund type operations do not permit the presentation of changes in general fixed assets for the year ended June 30, 1998.

15. COMPENSATED ABSENCES:

At June 30, 1998, employees of the school board have accumulated and vested \$1,626,191 of employee leave benefits which is reported in the general long-term debt account group.

16. ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

17. SELF INSURANCE:

The school board is self-insured for workman's compensation in the amount of \$225,000 per accident. The excess is insured under an insurance policy. The fund is administered by an independent insurance service company.

The estimated claims liability is computed based on information received from the administrator of the plan. The following represents a reconciliation of total claims liability:

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1998

17. SELF INSURANCE: (Continued)

Claims liability at June 30, 1997	\$ 32,302
Less: Adjustment for overstatement of June 30, 1997 balance	(26,279)
Less: Claims paid during the year	(25,741)
Plus: Claims incurred	<u>50,646</u>
Claims liability at June 30, 1998	<u>\$ 30,928</u>

The claims liability at June 30, 1998 is presented at current value and has not been discounted.

18. LAWUIT SETTLEMENT:

In January 1996, the school board received a judgment that returned certain sections of land to its possession from the Plaquemines Parish Government. The judgment also decreed that the school board would receive income earned on the land for the past several years.

To date \$1,100,180 has been received from the Plaquemines Parish Government, all of which was received during the fiscal year ended June 30, 1998. Of this amount, \$905,902 was used to pay attorney fees owed. A review of these calculations is currently being performed by legal counsel.

19. CHANGE IN ACCOUNTING PRINCIPLE:

As of July 1, 1997, the school board changed its method of accounting for investments in debt securities to conform with the requirements of GASB Statement No. 13. This statement requires that investments in debt securities be carried at fair value. The result of this change is a decrease in fund balance of \$203,609 as of July 1, 1997.

20. YEAR 2000:

The Plaquemines Parish School Board utilizes an IBM AS/400 computer that is used exclusively for administrative purposes. This computer's operating system is at the implementation stage and, accordingly, is Year 2000 compliant.

The software packages used by the IBM AS/400 are CIMS III financial and student administration packages developed by NCS. These applications are in the remediation stages and NCS's goal is that the software will be Year 2000 compliant by mid 1999.

The above operating system and software package have monthly maintenance contracts. All updates to make them Year 2000 compliant are included in the regular monthly fees.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

PLAQUEMINES PARISH SCHOOL BOARD
 SUPPLEMENTARY INFORMATION
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1998

	TITLE I	MIGRANT EDUCATION	TITLE II	TITLE VI	DRUG- FREE	TITLE XIX	HEAD START	FOOD SERVICE
ASSETS:								
Cash	\$ 66,309	\$ 13,661	\$ 5,000	\$ 12,900	\$ 6,404	\$ 20,019	\$ --	\$ 438,758
Accounts receivable	216,070	--	--	--	5,188	--	46,543	317
Inventory	--	--	--	--	--	--	--	72,216
TOTAL ASSETS	\$ 282,379	\$ 13,661	\$ 5,000	\$ 12,900	\$ 11,592	\$ 20,019	\$ 46,543	\$ 511,291
LIABILITIES:								
Accounts payable	\$ --	\$ 1,996	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,768
Cash overdraft	--	--	--	--	--	--	6,250	--
Interfund payables	267,379	6,665	--	--	4,592	20,019	40,293	228,752
Advances from General Fund	15,000	5,000	5,000	12,900	7,000	--	--	--
Total liabilities	282,379	13,661	5,000	12,900	11,592	20,019	46,543	233,520
FUND EQUITY:								
Unreserved fund balance	--	--	--	--	--	--	--	277,771
TOTAL LIABILITIES AND FUND EQUITY	\$ 282,379	\$ 13,661	\$ 5,000	\$ 12,900	\$ 11,592	\$ 20,019	\$ 46,543	\$ 511,291

ADULT EDUCATION	VOCATIONAL EDUCATION	SPECIAL EDUCATION	FAMILY ACT	CLASSROOM- BASED TECHNOLOGY	LEARNING PROGRAM	TECHNOLOGY LITERACY CHALLENGE	TECHNOLOGY PREPARATION	SCHOOL TO WORK	TOTAL
\$ 10,490	\$ 60,262	\$ 44,216	\$ 2,089	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 680,108
3,489	4,804	56,689	694	11,100	--	31,100	--	36,767	412,761
--	--	--	--	--	--	--	--	--	72,216
<u>\$ 13,979</u>	<u>\$ 65,066</u>	<u>\$ 100,905</u>	<u>\$ 2,783</u>	<u>\$ 11,100</u>	<u>\$ --</u>	<u>\$ 31,100</u>	<u>\$ --</u>	<u>\$ 36,767</u>	<u>\$ 1,165,085</u>
\$ --	\$ --	\$ 1,491	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,255
--	--	--	--	11,100	--	31,100	--	11,544	59,994
8,979	66	81,405	1	--	--	--	--	20,223	678,374
5,000	65,000	10,000	2,500	--	--	--	--	5,000	132,400
<u>13,979</u>	<u>65,066</u>	<u>92,896</u>	<u>2,501</u>	<u>11,100</u>	<u>--</u>	<u>31,100</u>	<u>--</u>	<u>36,767</u>	<u>879,023</u>
--	--	8,009	282	--	--	--	--	--	286,062
<u>\$ 13,979</u>	<u>\$ 65,066</u>	<u>\$ 100,905</u>	<u>\$ 2,783</u>	<u>\$ 11,100</u>	<u>\$ --</u>	<u>\$ 31,100</u>	<u>\$ --</u>	<u>\$ 36,767</u>	<u>\$ 1,165,085</u>

**PLAQUEMINES PARISH SCHOOL BOARD
SUPPLEMENTARY INFORMATION
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1998**

	TITLE I	MIGRANT EDUCATION	TITLE II	TITLE VI	DRUG- FREE	TITLE XIX	HEAD START	FOOD SERVICE
REVENUES:								
Local sources:								
Interest earnings	\$ --	\$ --	\$ --	\$ --	\$ 44	\$ 374	\$ --	\$ 3,429
Contributions and donations	--	--	--	--	2,320	--	--	2,593
Food service income	--	--	--	--	--	--	--	324,521
Other	--	--	--	--	2,000	--	--	--
Restricted Funds:								
State sources								
Federal sources - through State	1,087,303	34,244	29,650	28,372	36,259	21,274	--	972,521
Federal sources - commodities	--	--	--	--	--	--	--	116,709
Federal sources - direct	--	--	--	--	--	--	301,061	--
Unrestricted Funds:								
State sources								
Total revenues	<u>1,087,303</u>	<u>34,244</u>	<u>29,650</u>	<u>28,372</u>	<u>40,623</u>	<u>21,648</u>	<u>301,061</u>	<u>259,156</u> <u>1,678,929</u>
EXPENDITURES:								
Instructions:								
Regular programs	--	--	--	--	--	--	--	--
Special programs	952,649	29,687	28,319	28,372	11,390	--	170,417	--
Vocational education	--	--	--	--	--	--	--	--
Other instructional programs	--	--	--	--	7,499	--	--	--
Adult education	--	--	--	--	--	--	--	--
Support Service Programs:								
Pupil support	--	--	--	--	--	21,262	28,719	--
Instructional staff support	89,750	3,020	--	--	25,989	--	101,639	--
General administration	743	--	--	--	--	--	286	--
Operations and maintenance	1,995	--	--	--	--	386	--	--
Student transportation	--	--	--	--	--	--	--	--
Food service program	--	--	--	--	--	--	--	1,614,682
Total expenditures	<u>1,045,137</u>	<u>32,707</u>	<u>28,319</u>	<u>28,372</u>	<u>44,878</u>	<u>21,648</u>	<u>301,061</u>	<u>1,614,682</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	<u>42,166</u>	<u>1,537</u>	<u>1,331</u>	<u>--</u>	<u>(4,255)</u>	<u>--</u>	<u>--</u>	<u>64,247</u>
OTHER FINANCING SOURCES (USES):								
Operating transfers in								
Indirect costs	(42,166)	(1,537)	(1,331)	--	1,718	--	--	--
Miscellaneous	--	--	--	--	--	--	--	1,460
Total other financing sources (uses)	<u>(42,166)</u>	<u>(1,537)</u>	<u>(1,331)</u>	<u>--</u>	<u>1,718</u>	<u>--</u>	<u>--</u>	<u>1,460</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES								
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,537)</u>	<u>--</u>	<u>--</u>	<u>65,707</u>
Fund balance - beginning of year								
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,537</u>	<u>--</u>	<u>--</u>	<u>212,064</u>
FUND BALANCE - END OF YEAR								
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 0</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 277,771</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the payment of interest and principal on all general obligation debt.

PLAQUEMINES PARISH SCHOOL BOARD
 SUPPLEMENTARY INFORMATION
 DEBT SERVICE FUND
 COMBINING BALANCE SHEET
 JUNE 30, 1998

	GENERAL OBLIGATION BOND FUND	CERTIFICATE OF INDEBTEDNESS FUND	CERTIFICATE OF INDEBTEDNESS RESERVE FUND	SALES TAX BOND FUND	SALES TAX RESERVE FUND	TOTAL
ASSETS:						
Cash	\$ 186,538	\$ 56,188	\$ --	\$ 363,192	\$ 1,422	\$ 607,340
Cash equivalents	415,535	--	74,900	--	584,538	1,074,973
Investments	--	--	--	--	948,950	948,950
Accounts receivable	--	--	--	167,304	--	167,304
Accrued interest receivable	--	--	--	--	18,682	18,682
TOTAL ASSETS	\$ 602,073	\$ 56,188	\$ 74,900	\$ 530,496	\$ 1,553,592	\$ 2,817,249
LIABILITIES AND FUND EQUITY:						
Liabilities:						
Accrued interest payable	\$ --	\$ --	\$ --	\$ 58,430	\$ --	\$ 58,430
Fund equity:						
Reserved for Debt Service	602,073	56,188	74,900	472,066	1,553,592	2,758,819
TOTAL LIABILITIES AND FUND EQUITY	\$ 602,073	\$ 56,188	\$ 74,900	\$ 530,496	\$ 1,553,592	\$ 2,817,249

PLAQUEMINES PARISH SCHOOL BOARD
 SUPPLEMENTARY INFORMATION
 DEBT SERVICE FUND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1998

	GENERAL OBLIGATION BOND FUND	CERTIFICATE OF INDEBTEDNESS FUND	CERTIFICATE OF INDEBTEDNESS RESERVE FUND	SALES TAX BOND FUND	SALES TAX RESERVE FUND	TOTAL
REVENUES						
Local Sources:						
Ad valorem taxes	\$ 1,081,217	\$ --	\$ --	\$ --	\$ --	1,081,217
Sales taxes	--	--	--	1,010,575	--	1,010,575
Interest earnings	23,948	540	3,716	8,349	79,846	116,399
Total revenues	1,105,165	540	3,716	1,018,924	79,846	2,208,191
EXPENDITURES						
Debt Service:						
Principal retirement	785,000	60,000	--	385,000	--	1,230,000
Interest payment	282,282	13,465	--	632,325	--	928,072
Miscellaneous:						
Bank, legal fees and other charges	2,205	--	--	--	--	2,205
Total expenditures	1,069,487	73,465	--	1,017,325	--	2,160,277
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	35,678	(72,925)	3,716	1,599	79,846	47,914
OTHER FINANCING SOURCES (USES):						
Operating transfers in	--	74,078	--	--	--	74,078
Operating transfers out	--	--	(3,716)	--	--	(3,716)
Premium on bonds issued	--	--	--	33,666	--	33,666
Gain on investments	--	--	--	--	78,339	78,339
Proceeds of refunding debt	--	--	--	8,053,881	--	8,053,881
Payment to refunded debt escrow agent	--	--	--	(7,895,717)	(39,652)	(7,935,369)
Costs of bond issuance	--	--	--	(272,734)	--	(272,734)
Total other financing sources (uses)	--	74,078	(3,716)	(80,904)	38,687	28,145

	GENERAL OBLIGATION BOND FUND	CERTIFICATE OF INDEBTEDNESS FUND	CERTIFICATE OF INDEBTEDNESS RESERVE FUND	SALES TAX BOND FUND	SALES TAX RESERVE FUND	TOTAL
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 35,678	\$ 1,153	\$ --	\$ (79,305)	\$ 118,533	\$ 76,059
FUND BALANCE - BEGINNING OF YEAR AS PREVIOUSLY REPORTED	566,395	55,035	74,900	551,371	1,499,076	2,746,777
Cumulative effect of change in accounting principle	--	--	--	--	(64,017)	(64,017)
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	566,395	55,035	74,900	551,371	1,435,059	2,682,760
FUND BALANCE - END OF YEAR	\$ 602,073	\$ 56,188	\$ 74,900	\$ 472,066	\$ 1,553,592	\$ 2,758,819

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for all resources used for the acquisition and/or construction of capital facilities of the School Board.

PLAQUEMINES PARISH SCHOOL BOARD
 SUPPLEMENTARY INFORMATION
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
JUNE 30, 1998

	1992 SALES TAX CONSTRUCTION FUND	1993 GENERAL OBLIGATION CONSTRUCTION FUND	1998 SALES TAX CONSTRUCTION FUND	TOTAL
ASSETS:				
Cash	\$ 803,039	\$ 35,419	\$ 1,777,091	\$ 2,615,549
Cash equivalents	431,000	41,924	--	472,924
Investments	<u>24,310</u>	<u>--</u>	<u>--</u>	<u>24,310</u>
TOTAL ASSETS	\$ <u>1,258,349</u>	\$ <u>77,343</u>	\$ <u>1,777,091</u>	\$ <u>3,112,783</u>
 LIABILITIES AND FUND EQUITY:				
Liabilities:				
Interfund payable	\$ 700,000	\$ --	\$ --	\$ 700,000
Total liabilities	<u>700,000</u>	<u>--</u>	<u>--</u>	<u>700,000</u>
 Fund Equity:				
Reserved for construction	425,316	--	--	425,316
Designated for construction	133,033	77,343	1,777,091	1,987,467
Total fund equity	<u>558,349</u>	<u>77,343</u>	<u>1,777,091</u>	<u>2,412,783</u>
 TOTAL LIABILITIES AND FUND EQUITY	 \$ <u>1,258,349</u>	 \$ <u>77,343</u>	 \$ <u>1,777,091</u>	 \$ <u>3,112,783</u>

PLAQUEMINES PARISH SCHOOL BOARD
 SUPPLEMENTARY INFORMATION
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 1998

	1992 SALES TAX CONSTRUCTION FUND	1993 GENERAL OBLIGATION CONSTRUCTION FUND	1998 SALES TAX CONSTRUCTION FUND	TOTAL
REVENUES:				
Local Sources:				
Interest earnings	\$ 219,121	\$ 6,458	\$ 3,151	\$ 228,730
Total revenues	<u>219,121</u>	<u>6,458</u>	<u>3,151</u>	<u>228,730</u>
EXPENDITURES:				
Capital outlay:				
Building repairs/maintenance	136,001	168,882	--	304,883
Architect/engineers	105,073	--	25,963	131,036
Others	111	--	97	208
Facility acquisition and construction	5,164,775	--	--	5,164,775
Total expenditures	<u>5,405,960</u>	<u>168,882</u>	<u>26,060</u>	<u>5,600,902</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(5,186,839)</u>	<u>(162,424)</u>	<u>(22,909)</u>	<u>(5,372,172)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	--	--	1,800,000	1,800,000
Gain on investments	146,751	--	--	146,751
Total other financing sources (uses)	<u>146,751</u>	<u>--</u>	<u>1,800,000</u>	<u>1,946,751</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(5,040,088)</u>	<u>(162,424)</u>	<u>1,777,091</u>	<u>(3,425,421)</u>
FUND BALANCE - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,738,029	239,767	--	5,977,796
Cumulative effect of change in accounting principle	<u>(139,592)</u>	<u>--</u>	<u>--</u>	<u>(139,592)</u>
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>5,598,437</u>	<u>239,767</u>	<u>--</u>	<u>5,838,204</u>
FUND BALANCE - END OF YEAR	<u>\$ 558,349</u>	<u>77,343</u>	<u>1,777,091</u>	<u>2,412,783</u>

AGENCY FUNDS - SCHOOL ACTIVITY FUNDS

School Activity Funds are used to account for monies held for individual schools or their student bodies. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Agency Funds are accounted for in essentially the same manner as Governmental Funds.

PLAQUEMINES PARISH SCHOOL BOARD
SUPPLEMENTARY INFORMATION
SCHOOL ACTIVITY AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

ASSETS

Cash and Cash Equivalents	\$359,742
TOTAL ASSETS	<u>\$359,742</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:	
Due to Others - School Activity	\$359,742
Total Liabilities	359,742
FUND EQUITY	<u> --</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$359,742</u>

PLAQUEMINES PARISH SCHOOL BOARD
 SUPPLEMENTARY INFORMATION
 SCHOOL ACTIVITY AGENCY FUNDS
 SCHEDULE OF CHANGES IN FUNDS DUE TO OTHERS
FOR THE YEAR ENDED JUNE 30, 1998

<u>SCHOOL</u>	<u>BALANCE JULY 1, 1997</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 1998</u>
Belle Chasse High School	\$133,907	\$ 366,942	\$ 398,548	\$102,301
Belle Chasse Middle School	31,645	153,689	154,007	31,327
Belle Chasse Primary School	52,986	195,062	195,874	52,174
Buras High School	88,806	313,940	316,570	86,176
Buras Middle School	22,261	54,340	61,595	15,006
Port Sulphur High School	21,289	124,560	118,402	27,447
Phoenix High School	17,367	31,303	41,786	6,884
Boothville-Venice High School	<u>26,243</u>	<u>163,562</u>	<u>151,378</u>	<u>38,427</u>
TOTALS	<u>\$394,504</u>	<u>\$1,403,398</u>	<u>\$1,438,160</u>	<u>\$359,742</u>

PLAQUEMINES PARISH SCHOOL BOARD
SUPPLEMENTARY INFORMATION
SCHOOL ACTIVITY AGENCY FUNDS
SCHEDULE OF CHANGES IN FUNDS DUE TO OTHERS
FOR THE YEAR ENDED JUNE 30, 1998

Deposit balance at beginning of year	\$ 394,504
Additions	1,403,398
Deductions	<u>(1,438,160)</u>
DEPOSIT BALANCE AT END OF YEAR	\$ <u>359,742</u>

PLAQUEMINES PARISH SCHOOL BOARD
 SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1998

<u>BOARD MEMBER</u>	<u>AMOUNT</u>
Carlton LaFrance (President 7/97-12/97)	\$10,200
Shawn Reppel	9,600
Lawrence Rousselle	9,600
Lisa Cross	9,600
Sharon Guth	9,600
Paul Lemaire	9,600
Helen Barrois	9,600
Bobby Benefield	9,600
William Mertz (President 1/98-6/98)	<u>10,200</u>
TOTAL	<u>\$87,600</u>

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the school board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The compensation of the school board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the school board members have elected the monthly payment method of compensation. Under this method, each member of the school board receives \$800 per month and the president receives \$900 per month for performing the duties of this office.

PLAQUEMINES PARISH SCHOOL BOARD
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1998

November 20, 1998

Plaquemines Parish School Board
Belle Chasse, Louisiana

We have audited the financial statements of the Plaquemines Parish School Board, as of and for the year ended June 30, 1998, and have issued our report thereon dated November 20, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 98-1. We also noted an immaterial instance of noncompliance that we have reported to management in a separate letter dated November 20, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item 98-1 described above is a material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to management in a separate letter dated November 20, 1998.

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

Duplantier, Hopmann, Hogen & Madu LLP

PLAQUEMINES PARISH SCHOOL BOARD
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 1998

November 20, 1998

Plaquemines Parish School Board
Belle Chasse, Louisiana

Compliance

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

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

Internal Control Over Compliance

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

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the School Board's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item 98-1 described above is a material weakness.

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

Duplantier, Hupmann, Hagan & Maher LLP

PLAQUEMINES PARISH SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

MAJOR FEDERAL AWARDS

<u>Federal CFDA Number</u>		<u>Expenditures</u>
<u>Passed through the State of Louisiana:</u>		
	<u>Department of Agriculture</u>	
<u>Cluster Programs:</u>		
10.555	National School Lunch Program	\$ 755,977
10.553	National School Breakfast Program	<u>216,544</u>
	Total Department of Agriculture	972,521
	<u>Department of Education</u>	
84.010	Educationally Deprived Children	<u>1,087,303</u>
	Total Major Federal Awards Passed Through the State of Louisiana	2,059,824
<u>Received directly from the federal government:</u>		
	<u>Department of Health and Human Services</u>	
93.600	Head Start Program	- <u>301,061</u>
	TOTAL MAJOR PROGRAM EXPENDITURES	<u>\$2,360,885</u>

NONMAJOR FEDERAL AWARDS

Received directly from the federal government:

	<u>Department of Agriculture</u>	
84.041	School Assistance in Federally Affected Areas: Maintenance and Operation	\$ <u>67,155</u>
	Total Nonmajor Federal Awards Received Directly from the Federal Government	<u>67,155</u>

PLAQUEMINES PARISH SCHOOL BOARD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 1998

(Continued)

NONMAJOR FEDERAL AWARDS

<u>Federal CFDA Number</u>		<u>Expenditures</u>
<u>Passed through the State of Louisiana:</u>		
<u>Department of Agriculture</u>		
10.550	Food Distribution	\$ 116,709
<u>Department of Health and Human Services</u>		
93.667	Early Childhood and Starting Point	78,238
<u>Department of Education</u>		
13.714	Health Care Services - Title XIX	21,274
84.002	Adult Education	25,929
84.009	Education of Handicapped	268,056
84.011	Migrant Education	34,244
84.048	Vocational Education	51,097
84.151	Improving School Programs- Block Grant	28,372
84.164	Promote Professional Growth of Teachers	29,650
84.186	Drug Abuse Education and Presentation Programs in Schools	36,259
84.278E	School to Work	73,482
84.278E	Technology Preparation	5,000
84.318	Technology Literacy Challenge	34,309
86.267A	Learn Program	<u>93,359</u>
	Total Department of Education	<u>701,031</u>
<u>Department of Social Services</u>		
93.656	Family Act	<u>7,934</u>
	Total Nonmajor Federal Awards Passed Through the State of Louisiana	<u>903,912</u>
	TOTAL NONMAJOR PROGRAM EXPENDITURES	<u>971,067</u>
	TOTAL PROGRAM EXPENDITURES	<u>\$3,331,952</u>

PLAQUEMINES PARISH SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of the Plaquemines Parish School Board has been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Expenditures are recognized when incurred.

2. DETERMINATION OF TYPE A AND B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the period ending June 30, 1998, Type A programs consist of the federal programs that expended over \$300,000 and Type B programs are the programs that expended under \$300,000.

PLAQUEMINES PARISH SCHOOL BOARD
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Plaquemines Parish School Board for the year ended June 30, 1998 was qualified because the school board did not correctly record additions and deletions to its fixed asset inventory, nor reconcile the inventory to its general ledger.
2. One reportable condition in internal control was disclosed by the audit of the financial statements of Plaquemines Parish School Board and the condition is a material weakness.
3. The audit disclosed an instance of noncompliance which is material to the financial statements of Plaquemines Parish School Board.
4. One reportable condition in internal control over major programs was disclosed by the audit of the financial statements of Plaquemines Parish School Board and the condition is a material weakness.
5. An unqualified opinion was issued on compliance for major programs of Plaquemines Parish School Board for the year ended June 30, 1998.
6. The audit disclosed one finding which is required to be reported by OMB Circular A-133.
7. Plaquemines Parish School Board had four major programs as follows:

	<u>Expenditures</u>
Cluster programs:	
National School Lunch Program	\$ 755,977
National School Breakfast Program	216,544
Educationally Deprived Children	1,087,303
Headstart Program	301,061
	<u>\$2,360,885</u>

8. Type A programs are those programs with Federal awards expended during the year ended June 30, 1998 exceeding \$300,000.
9. Plaquemines Parish School Board did not qualify as a low-risk auditee.

Findings Required To Be Reported Under Generally Accepted Governmental Auditing Standards:

FIXED ASSETS: (98-1)

Louisiana Revised Statute 24:515 (B) requires every public entity to maintain records of all fixed assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition, and recipients of disposed assets. The school board maintained a fixed asset inventory, but has not correctly recorded additions and deletions to the inventory nor reconciled it to the general ledger.

PLAQUEMINES PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998

Findings Required To Be Reported Under Generally Accepted Governmental Auditing Standards: (Continued)

FIXED ASSETS: (98-1) (Continued)

The school board has a system to properly record fixed assets. However, the school board has not maintained this system. We recommend that the school board maintain the system to record all fixed assets and to reconcile its fixed assets records to the general ledger to ensure proper reporting in the school board's financial statements.

The above condition is a material weakness in internal control and material noncompliance as required to be reported under generally accepted government auditing standards.

Findings and Questioned Costs For Federal Awards

FIXED ASSETS: (98-1)

Louisiana Revised Statute 24:515 (B) requires every public entity to maintain records of all fixed assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition, and recipients of disposed assets. The school board maintained a fixed asset inventory, but has not correctly recorded additions and deletions to the inventory nor reconciled it to the general ledger.

The school board has a system to properly record fixed assets. However, the school board has not maintained this system. We recommend that the school board maintain the system to record all fixed assets and to reconcile its fixed assets records to the general ledger to ensure proper reporting in the school board's financial statements.

The above condition is a material weakness in internal control as required to be reported by OMB Circular A-133.

PLAQUEMINES PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

Findings Required To Be Reported Under Generally Accepted Governmental Auditing Standards:

FIXED ASSETS: (97-1)

Louisiana Revised Statute 24:515 (B) requires every public entity to maintain records of all fixed assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition, and recipients of disposed assets. The school board in the prior fiscal year took a complete physical inventory and updated its general ledger to agree to the physical inventory. However, the school board has not correctly recorded additions and deletions to its fixed assets inventory after the physical inventory date.

The school board has a system to properly record additions and deletions to its fixed asset listing. However, the school board has not implemented all phases of the system. We recommend that the school board implement the system to record all additions and deletions to its fixed assets listing and to reconcile its fixed assets records to the general ledger to ensure proper reporting in the school board's financial statements.

The above condition is a material weakness in internal control and material noncompliance as required to be reported under generally accepted government auditing standards.

This situation still exists at June 30, 1998 and has been reported in the Schedule of Findings and Questioned Costs.

Findings and Questioned Costs For Federal Awards

FIXED ASSETS: (97-1)

Louisiana Revised Statute 24:515 (B) requires every public entity to maintain records of all fixed assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition, and recipients of disposed assets. The school board in the prior fiscal year took a complete physical inventory and updated its general ledger to agree to the physical inventory. However, the school board has not correctly recorded additions and deletions to its fixed assets inventory after the physical inventory date.

The school board has a system to properly record additions and deletions to its fixed asset listing. However, the school board has not implemented all phases of the system. We recommend that the school board implement the system to record all fixed assets records and deletions to its fixed assets listing and to reconcile its fixed assets record to the general ledger to ensure proper reporting in the school board's financial statements.

The above condition is a material weakness in internal control, as required to be reported by OMB Circular A-133.

This situation still exists at June 30, 1998 and has been reported in the Schedule of Findings and Questioned Costs.

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November 20, 1998

Plaquemines Parish School Board
557 F. Edward Hebert Blvd.
Belle Chasse, LA 70037

In planning and performing our audit of the financial statements of the Plaquemines Parish School Board for the year ended June 30, 1998, we considered its internal control 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. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Plaquemines Parish School Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable 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 errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable condition that we believe to be a material weakness.

FIXED ASSETS: (98-01)

Louisiana Revised Statute 24:515 (B) requires every public entity to maintain records of all fixed assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition, and recipients of disposed assets. The school board maintained a fixed assets inventory but has not correctly recorded additions and deletions to the inventory nor reconciled it to the general ledger.

The school board has a system to properly record fixed assets. However, the school board has not maintained this system. We recommend that the school board maintain the system to record all fixed assets and to reconcile its fixed assets records to the general ledger to ensure proper reporting in the school board's financial statements. It is recommended that the school board hire a fixed asset coordinator to perform these functions.

We also noted another matter involving internal control:

SCHOOL ACTIVITY FUNDS: (98-02)

- a) It was noted that there is generally a lack of segregation of duties in the handling of School Activity Funds. Deposits are prepared, recorded and made by one individual who also reconciles the bank statements. There is the possibility of misappropriation of funds.

We recommend that the School Activity Fund duties be segregated as much as is practical under each school situation. Deposits should be made by someone other than the individual who prepares and records them and reconciles the bank statements.

- b) During audit testing of the School Activity Funds, it was noted that one school does not follow the deposit guidelines established by Plaquemines Parish School Board relating to student activities. Deposits should be made when cash on hand exceeds \$100.

We recommend that the guidelines again be communicated and that bank statements should be reviewed monthly to determine that proper deposit guidelines are followed.

We also noted an instance of noncompliance to laws and regulations, as follows:

SALES TAX BONDS SINKING FUND REQUIREMENT: (98-03)

During the year ended June 30, 1998, the school board issued new Sales Tax Bonds and advance refunded some existing Sales Tax Bonds. Accordingly, the sinking fund requirements for Sales Tax Bonds increased, commencing March 1998. However, the school board did not make the increased sinking fund payments. At June 30, 1998, the Sinking Fund was underfunded by \$42,358. After year-end, school board personnel discovered the shortage and made payments to bring the Sinking Fund to the proper funding level.

It is recommended that the Sinking Fund requirements of the outstanding bonds be reviewed on a regular basis to ensure proper payments.

We also noted an immaterial instance of noncompliance with the requirements of OMB Circular A-133, as follows:

ASSETS ACQUIRED WITH FEDERAL FUNDS: (98-04)

Assets acquired with federal funds are required to be separately identified on the fixed assets inventory. The school board has not correctly recorded additions and deletions to the fixed asset inventory, nor reconciled it to the general ledger. Accordingly, we were unable to determine if fixed assets acquired with federal funds were properly accounted for on the inventory.

We recommend that the school board hire a fixed asset coordinator whose duties would include accounting for assets acquired with federal funds.

We also noted another condition that we felt should be reported to management, as follows:

SALES TAX COLLECTION AGREEMENT: (98-05)

The school board's sales and use tax levies are collected by the sales tax department of the Plaquemines Parish Government. The school board's agreement with the Plaquemines Parish Government for the tax collection was made in 1978 and has not been updated since that time.

We recommended that the school board obtain an updated agreement with the Plaquemines Parish Government for collection of sales taxes.

STATUS OF PRIOR YEAR FINDINGS:

Following is the status of items reported in the management comment letter as of June 30, 1997:

Fixed Assets: (97-01)

Louisiana Revised Statute 24:515 (B) requires every public entity to maintain records of all fixed assets purchased or otherwise acquired for which the entity is accountable, and states that the records shall include information as to the acquisition date, cost, disposition, purpose of disposition, and recipients of disposed assets. The school board in the prior fiscal year took a complete physical inventory and updated its general ledger to agree to the physical inventory. However, the school board has not correctly recorded additions and deletions to its fixed assets inventory after the physical inventory date.

The school board has a system to properly record additions and deletions to its fixed asset listing. However, the school board has not implemented all phases of the system. We recommend that the school board implement the system to record all additions and deletions to its fixed assets listing and to reconcile its fixed assets records to the general ledger to ensure proper reporting in the school board's financial statements.

A similar comment has been reported as of June 30, 1998 as a material weakness in internal control and material noncompliance with laws and regulations.

School Activity Funds: (97-02)

During audit testing of school activity funds, the following were noted:

- a) There was generally a lack of segregation of duties in the handling of school activity funds. Deposits were prepared, recorded and made by one individual. Checks were prepared and recorded by the same individual who also reconciles the bank statements.
- b) One school made deposits only on a biweekly basis or when the cash on hand reached \$600.00. The cash was kept in a safe on the premises until the time of deposit.
- c) One school did not require the club sponsor's signature on request for disbursement forms submitted to school secretary. Accordingly, there was the possibility that funds may be requested by unauthorized individuals.

As a result of the above conditions, there existed the possibility of misappropriation of funds or improper reporting of school activity funds.

The lack of segregation still exists with deposits, but now all checks are approved by someone other than the preparer. Although deposits at one school are now made more frequently than in prior years, this school is still not making deposits as timely as those requirements conveyed by the school board. All the schools now require the sponsor's signature on a request for disbursements before the checks can be approved for payment.

Fixed Assets: (97-03)

In the 1996 fiscal year, the school board took a complete physical inventory of its fixed assets and updated its general ledger to agree to the physical inventory. However, the school board did not correctly record additions and deletions to its fixed asset inventory after the physical inventory date as follows:

- 1) The fixed asset inventory schedules for additions and deletions were not reconciled to the general ledger on a regular basis.
- 2) Deletions of fixed assets were not consistently removed from the fixed assets inventory. Several items selected from the fixed assets inventory for testing were determined to have been disposed during the fiscal year, but were not removed from the inventory.
- 3) There were assets in various locations that were not included on the fixed asset inventory. Several items selected from various locations could not be located on the fixed asset inventory.
- 4) Additions of fixed assets were not consistently recorded for assets constructed or in progress during the fiscal year.

We recommended that the school board hire or appoint a fixed asset coordinator. The position's duties should include tagging of assets, test counting assets at all locations, ensuring that additions and deletions are properly recorded on the fixed asset inventory and the general ledger, and conducting a year-end physical count of fixed assets.

A similar comment has been reported as of June 30, 1998.

Sales Tax Collection Agreement: (97-04)

The school board's sales and use tax levies are collected by the sales tax department of the Plaquemines Parish Government. The school board's agreement with the Plaquemines Parish Government for the tax collection was made in 1978 and has not been updated since that time.

We recommended that the school board obtain an updated agreement with the Plaquemines Parish Government for collection of sales taxes.

The agreement has not yet been updated. Therefore, this comment is included as a June 30, 1998 management comment.

Minimum Foundation Program: (94-05)

The school board is required to submit to the Louisiana Department of Education a student membership count as of October 1 of the previous school year for use in the Minimum Foundation Program funding formula. In an audit of the October 1, 1996 count by the Department of Education, it was determined that the count should be reduced by a total of 497 students. The audit report recommended that the Minimum Foundation Program funding should be reduced to reflect the change.

For the October 1, 1996 count, the school board implemented a new software program to accumulate student membership data. In the conversion of data from the old program to the new one, student count data in some instances was duplicated. The situation was expected to be isolated to the year of transition only.

It was recommended that a review of the new software program be conducted to ensure that student membership count data is accumulated correctly in the future.

This situation was corrected for the October 1, 1997 count.

Tagging of Fixed Assets: (97-06)

LRS 39:323 requires a uniform system of marking and identifying government property. The school board has a system to tag all assets including additions. Based on our testing in this area in prior years, the system was operating as prescribed. However, during observation of fixed assets, it was noted that several assets were not tagged. Through further investigation, it was determined that in some instances tags were sent to the schools and the schools had not placed the tags on the assets.

It was recommended that all assets at school locations be reviewed to determine that they are properly tagged.

School board personnel have indicated that all assets are tagged at June 30, 1998.

1992 Sales Tax Reserve: (97-07)

The bond indenture of the 1992 Sales Tax School Bonds requires that any monies in the Reserve Fund be invested in direct obligations of the United States, maturing in five years or less. This was consistent with the 1992 state law for investments. The Reserve Fund had investments of FNMA Remics and FHLMC Remics, which had maturity dates of greater than five years. These monies were invested in obligations allowed by current state law, which has been revised since the issuance of the bond indenture. However, the bond indenture has not been changed, and therefore, the monies in the Reserve Fund were not invested in accordance with the terms of the bond indenture.

We recommended that the school board invest the Reserve Fund monies in direct obligations of the United States, maturing in five years or less to be in compliance with the bond indenture or amend the bond indenture to be in compliance with the current state law on investments.

The investments now comply with the requirements of the bond indenture.

Budget Act: (97-08)

LRS 39:1309 requires that budget amendments be published in the entity's official journal. The school board's final budget amendments for the previous year were not published in the school board's official journal. Accordingly, the school board was not in compliance with the Budget Act.

We recommended that school board personnel review the requirements of the Budget Act and perform all such requirements in the future.

In the current fiscal year, the budget amendments were published as prescribed by LRS 39:1309.

Food Service: (97-09)

Federal guidelines stated that a breakfast meal should contain a meat or a meat substitute. During previous year audit testing of menu contents, it was noted that several menus tested did not include a meat or meat substitute.

The food service department was in the process of implementing a new menu system based on other approved guidelines. As the new system was not yet fully implemented, the food service department was unable to provide documentation of adherence to guidelines.

This new menu system has been implemented and the food service department is complying with its requirements.

Assets Acquired With Federal Funds: (97-10)

Fixed assets acquired with federal funds are required to be separately identified on the fixed asset inventory. During inventory observation it was noted that a computer was not properly identified as purchased with federal funds. Thus, the school board is not in compliance with federal regulations.

It was recommended that the fixed assets inventory be reviewed to separately identify assets acquired with federal funds.

In the current year audit, we were unable to determine if fixed assets acquired with federal funds were properly accounted for on the inventory. This comment is included as a June 30, 1998 management comment.

This report is intended solely for the information and use of management, the Plaquemines Parish School Board and the Legislative Auditor.

Sincerely,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

William G. Stamm

William G. Stamm, CPA
Partner

WGS/djt

Plaquemines Parish School Board

Belle Chasse Office

December 16, 1998

Mr. Daniel G. Kyle, Secretary
Legislative Audit Advisory Council
State of Louisiana
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Baton Rouge, LA 70804-9397

P.O. Box 69
557 F. Edward Hebert Blvd.
Belle Chasse, LA 70037
Phone (504) 392-4970
FAX (504) 392-4973

Dear Secretary Kyle:

JAMES C. HOYLE
Superintendent

Following is the Corrective Action Plan for Audit Findings 98-01 through 98-05, reported in our audit report and management letter for the year ended June 30, 1998:

MEMBERS:

JISA S. CROSS
District 1

LAWRENCE J. ROUSSELLE
District 2

SHAWN M. REPPLE
District 3

SHARON BRANAN ROE
District 4

CARLTON M. LAFRANCE, SR.
District 5

PAUL W. LEMAIRE, JR.
District 6

HELEN K. BARROIS
District 7

BOBBY L. BENEFIELD
District 8

WILLIAM F. MERTZ
District 9

98-01

Fixed Assets - The school board has approved to hire a Fixed Asset Coordinator at its December 9, 1998 meeting as recommended by the independent auditors in prior year audit report.

98-02

School Activity Funds - Sometimes it is not feasible to segregate duties in particular schools due to lack of personnel. Schools will be sent again a letter regarding compliance to deposit guideline. Schools will be monitored more closely.

98-03

Sales Tax Bond Sinking Fund Requirement - At the time of issuance of the Sales Tax Bond, the schedule of required deposits to the Sinking Fund was not available. We also have to get clarification from the bonding attorney's office on the schedule since the old bond and the new bond issue was combined in one schedule. Adjustments were made after June 30, 1998. Sinking funds requirements are being reviewed on a regular basis.

98-04

Assets Acquired with Federal Funds - Fixed assets acquired with Federal Funds have been properly identified, and will be properly tagged by the Fixed Asset Coordinator.

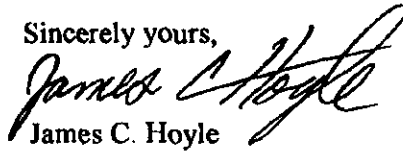
AN EQUAL OPPORTUNITY AGENCY

98-05

Sales Tax Collection Agreement - There was no response to the letter sent to the Parish Government in prior year. A letter will be sent again to the new Parish President and will attempt to negotiate a new agreement.

Should you require further information, please do not hesitate to contact me.

Sincerely yours,



James C. Hoyle
Superintendent

Cc: All Board Members
Duplantier, Hrapman, Hogan & Maher