

MANAGEMENT'S RESPONSE TO THE INDEPENDENT AUDITOR'S
MANAGEMENT LETTER, CONTINUED**Management's Response**

Concurs. The Finance and Budget Departments will collaborate to determine the applicability of Attachment C relating to State/Local/Wide Central Service Cost Allocation Plans to ensure compliance with the new OMB 5-87. Reimbursement received through the state's indirect cost plan may eliminate the need to allocate costs for central service costs.

- Differences were noted in our review of the mathematical calculation of the Maintenance of Effort support performed for the Title I program. The impact of the differences, \$1,046,388, appeared to have no effect on the ultimate conclusion reached by program personnel. We recommended that a second review of the calculation be performed to ensure that any error that could affect the conclusion would be detected.

Management's Response

Concurs. The Budget Department and the Title I staff will develop a second review procedure to ensure that the mathematical calculation for the Maintenance of Effort support is verified.

- In one out of twenty-five student files examined in the IDEA program, the parental permission sheet was not signed or dated. We recommended a sample audit of files by the IDEA program personnel and/or spot review of files to assist in ensuring all appropriate forms are approved and are included in the students' files.

Management's Response

Concurs. A sample audit of IDEA student files will be performed annually by program staff to help ensure that all appropriate forms are approved and included in the student's files. Also, Support and Approval Services personnel are being reminded of the importance of ensuring that all documents are properly signed and dated before submitting these documents to the Information Management Center. Additionally, an instruction is being sent to Information Management Center staff to bring to the attention of their supervisor any improperly completed or incomplete documents.

ORLEANS PARISH SCHOOL BOARD

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Management's Response

Concur. For 1996-97, arbitrage calculation needs were performed as an ancillary service of the investment advice contract and through general advice from bond counsel. Though management believes that it handled this matter adequately during fiscal 1997, due to the increased number of bond issues, it agrees that formal review, including development of a timeline, should be taken to ensure that arbitrage calculations are performed on a timely basis and to allow for cash management planning. For fiscal year 1997-98, this process will be addressed through the use of outside assistance for all issues.

- As described above, the School Board has had significant missing fixed asset items during the year. To determine proper treatment of items purchased with Federal funds, the School Board should contact its cognizant agent to ensure compliance with appropriate regulations.

Management's Response

Concur. An analysis by age and funding source will be made of the missing items. Fixed Asset staff will contact the respective cognizant agencies to determine and follow the appropriate to satisfy compliance requirements.

- Under OMB Circular A-87, the School Board should review allowable costs that can be charged to Federal programs that are currently being paid by the General Fund, such as post-retirement benefits, and obtain written certification of allowable costs from its granting agencies.

Management's Response

Concur. The Finance Department will do a review of allowable costs under OMB A-87 that can be charged to Federal programs but that are currently paid by the General Fund and not reimbursed under the state's indirect cost program. For any uncertain areas, written guidance will be obtained from the granting agencies.

- Wire transfers are performed by individuals on an authorized list. However, an approved list of bank accounts to which transfers can be made to or from has not been created to ensure that the financial institutions are aware of appropriate accounts to transfer funds to or from.

Management's Response

Concur. An authorized bank account list will be distributed to banks.

- The School Board should review the applicability of Circular No. A-87, Attachment C — State/Local/Wide Central Service Cost Allocation Plans, to ensure compliance with the new A-87. This Attachment addresses governmental units which "provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards."

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MANAGEMENT LETTER, CONTINUED

- Procedures to reconcile payroll expense to IRS Form 941 are not being performed. With increased scrutiny by the IRS, we recommend that the School Board revise its payroll reporting procedures and ensure adequate control and review procedures are in place. This is another area, IRS compliance, that Internal Audit could provide assistance to management in assessing processes.

Management's Response

Concur. The Internal Audit Department will be asked to perform a review of payroll reporting procedures to ensure that adequate control and review procedures are in place. Also, a procedure will be implemented to reconcile payroll expense at least quarterly to IRS Form 941.

- As recommended in the prior year, the School Board should prepare annual basis balance sheets and income statements for all funds periodically throughout the year. Audit adjustments are still being identified after year-end for areas that could be addressed during the year, such as sick and vacation leave, self-insured liabilities, and the impact of new GASB pronouncements.

Management's Response

Concur. During the 1996-97 fiscal year, a portion of the additional financial reporting procedures recommended in the prior year management letter were implemented. Beginning with the interim financial report for the quarter ended December 31 1997, annual basis balance sheets and income statements will be prepared. As part of this process, quarterly close-out procedures similar to year-end will be performed. The goal will be to minimize/eliminate substantial adjustments at year-end.

- The class, grade and step of three of ten Child Nutrition employees were not updated in Personnel Department records. Upon further discussions with the Personnel Department, the update of the Child Nutrition files is behind schedule and is being addressed.

Management's Response

Concur. Updating of employee files in the Human Resources Department should be on a current basis. Currently, this requires manual updating of each employee's hard copy file. In recent years, there have been several School District-wide raises which have increased the amount of required updating. Because of the amount of staff workload, this procedure has lagged slightly behind. However, the updating problem is being addressed.

- Only one of several authorized signatures is required to obtain stocks held in safekeeping. Two authorized signatures and/or documentation of internal authorization received prior to obtaining stocks held in safekeeping should be required.

Management's Response

Concur. All requests for withdrawals of securities from safekeeping will be made under dual signatures.

- With recent bond issues, the School Board should develop a timeline on when arbitrage reports should be obtained for all bond issues to detect potential liabilities in a timely fashion and also to assist with cash management. The School Board has received current arbitrage reviews on only one of its bonds.

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Various Comments

In addition to the comments above, we also noted the following areas which we believe should be reviewed by the Board and management. Some of these matters relate to Federal programs. In prior years, all findings related to Federal programs were included in the Schedule of Findings and Questioned Costs (the Schedule). Section 118 of the new Circular A-133, requires questioned costs which are greater than \$10,000 to be included in the Schedule. We have indicated several of the items below for Board and management follow-up.

- One of a sample of twenty-five Title I disbursements, two exceptions were noted. One disbursement for \$3,300 did not have an approved purchase order. One disbursement for \$4,815 related to an alcohol event was not recorded in the correct account (included in Travel-cost of city) and appears to be unallowable under the provisions of OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Government.

Management's Response

Comment: The General Fund will reimburse the Title I Program for its expense. Program officials will be reminded to charge expenses to Federal programs that have direct benefit on the program objective.

- With over \$130 million of bond proceeds received in recent years, the School Board will have significant construction activity. With the expansion of the efforts in this function comes increased risk. We recommended consideration by the Board and management to the increase involvement of the Internal Audit Department and the development of a audit plans to address specific higher-risk areas. As the audits are conducted, timely feedback should be provided to management to improve and strengthen construction processes and procedures and reduce the risk of non-compliance.

Management's Response

Comment: Internal Audit will be requested to prepare an appropriate plan and to execute audits of construction activity relating to these bond issues.

- Utilities are being charged to the Child Nutrition program, a program which receives the majority of its funds from the Federal government for participation in the School Lunch and School Breakfast programs, but also receives support from the General Fund, the State of Louisiana and local sources. The utility charge is based on a cost study performed several years ago. This study should be updated on a periodic basis and approved by the cognizant agency. We recommended that the School Board update this study for fiscal 1998.

Management's Response

Comment: A review of utility consumption and costs will be made in conjunction with the utility companies or an engineering or energy consultant to determine the appropriate portion of the cost to be charged to the Child Nutrition Program.

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MANAGEMENT'S RESPONSE TO THE INDEPENDENT AUDITORS' MANAGEMENT LETTER, CONTINUED

- One specialist report was not received timely. We recommended a review in the spring of the roles of all specialists and communications with such specialists as to the timing of their reports.

Comments and Management's Responses

Item 1. **Concur.** Procedures will be instituted to charge third-party administrative expenses to the appropriate fund at the time of the accrual and/or payment.

Item 2. **Concur.** During fiscal 1998, an improved coordination in this area should result from the recent filling of the vacancies in the Risk Management Assessment and Claims Supervisor positions. As a result, staff will be available to monitor claim reports on a quarterly basis and coordination in handling cases with attorneys and TPAs should improve. Therefore, duplication of reports should be eliminated. Also, the Risk Management is planning to install an automated system that will be networked with the attorneys and TPAs.

Item 3. **Concur.** Timeliness will be established to ensure that all specialist reports are received in time for closing the current fiscal year and making updates at the start of the upcoming fiscal year.

Due To/From Accounts

Virtually all of the funds of the School Board have due to or due from accounts from other funds. The General Fund has the most significant dollar value in these accounts for several reasons, such as its funding of the School Board's Federal program needs until reimbursement is received from the Federal or State pass through agencies. As of June 30, 1997, the General Fund had cash and investments totaling \$30 million, due from other funds of the School Board of \$15 million and due to other funds of \$17 million. In prior years the General Fund funded litigated claims on a current basis, this year the School Board changed its funding of litigated claims and has no current cash, investment or due to accounts set aside to fund litigated claims.

Consequently, having \$30 million in cash and investments excludes these other accounts and obligations. In one particular fund, the General Fund had not transferred the cash to eliminate the intercompany balance in one year. The net impact of due to/from accounts is \$12 million of funds owed by the General Fund to other funds. To better monitor the cash flow and actual cash needs, due to and due from accounts should be settled on a timely basis throughout the year.

Management's Response

Concur. Monthly analysis of due to/from accounts will be instituted to determine and make the appropriate transfers. Provision has been made in the 1997 - 98 cash flow to fund a certain amount of litigated claims.

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MANAGEMENT LETTER, CONTINUED

Year 2000 Issues

Developing a plan of action requires determining the challenges faced and defining parameters of the process.

Immediate assessment of the Year 2000 issue and devising a plan of attack is critical.

The cost of addressing the Year 2000 issue can be significant and must be planned and budgeted in advance.

In previous management letters, we have communicated concerns related to the School Board's data processing operations and systems. During the 1997 fiscal year, the School Board initiated a Year 2000 and data processing need assessment. Several reports related to this project have been discussed with management and the Board.

Based upon these reports and cost estimates, management has initiated planning and has prepared a preliminary checklist for funding the project in early 1998. The next step in this process is for the School Board to adopt an approved and funded plan to meet the Year 2000 requirements, as well as a plan to meet overall critical data processing needs. After a plan is approved, requests for proposals need to be issued, proposals need to be evaluated and a contract needs to be awarded before work can begin. Conversion strategies will also need to be addressed and systems will need to be tested.

The Board and management need to finalize the funding of the plan and related commitments and address these issues immediately.

Management's Response

Comment: The Year 2000 issues are of top priority and crucial aspects such as funding and development of a plan must be addressed now. During December, the project coordinator will present a status report to the Board's Budget and Finance Committee. Based on the project schedule and cost estimates derived thus far, Financial Services staff has begun developing financing plans with the Board's Bond Council. The current goal is to seek School Board approval in January 1998 of the hardware and software implementation plan.

Student Activity Funds

The Internal Audit Department issued numerous reports during fiscal year 1997. Some of the reports related to student activity reports. These reports did not reflect any significant improvement in findings noted in prior years by Internal Audit and in prior year external audit management letters. The types of reported findings at school locations, include but are not limited to:

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These results of the initiatives by the Finance Department underscore the importance of more frequent testing. The Finance Department will provide this information to the Internal Audit Department. Approval has been given by the School Board to hire two additional staff auditors and an electronic data processing auditor. Through the additional staffing and expertise, procedures will be developed to increase the testing performed by the Internal Audit Department. Also, part of the assignment for the new internal school business managers will be to coordinate fixed asset accounting at their schools. Based upon the ongoing daily results from continued emphasis on procedure compliance and audit results, management will determine the effectiveness of policy and procedure and make appropriate revisions.

Louisiana Elementary was closed in a prior year and the school was demolished. The assets were transferred to other Area III schools. Information regarding the assets transferred was not sent to the Fixed Assets Section. Area Superintendents and the Transportation Department will be sent a reminder to coordinate all moves of assets with the involvement of the Fixed Assets staff. Efforts will be made to locate the current location of these items through a search of the Fixed Asset system file.

OMB Circulars A-133 and A-87

Effective for the 1997 fiscal year, OMB's new Circular A-133 and OMB Circular A-133 Compliance Supplement, are effective for governmental entities receiving federal funds. In addition, OMB Circular A-87, which established allowable costs and the procedures related to those costs for governmental entities, also became effective in fiscal year 1997.

The new publications focus on compliance requirements as well as the improved controls for governmental entities receiving federal funds to have in place. A-87 established new requirements for costs that were previously allowable.

The School Board received over \$70 million in federal funds in 1997. Violations of OMB procedures and requirements could result in questioned costs and pay back of amounts expended. In order to better ensure compliance with key procedures and significant requirements, the Board and the Superintendent should consider requesting Internal Audit to perform compliance and control work to identify and correct potential problems.

Management's Response

Concise. While the Financial Services Division staff and other organizational areas work to implement all of the various new requirements, performance of a compliance review and control teamwork by the Internal Audit Department would serve to provide additional assurance of compliance. Your suggested approach is a sound preventive maintenance technique.

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Fixed Assets Procedures

In September 1998, the School Board implemented a new fixed asset policy to ensure compliance with State and Federal regulations and to define responsibility for fixed assets. Expanded compliance testing by the nine newly hired Elementary Business Managers has revealed continued noncompliance with the School Board's fixed asset policy requirements and major deficiencies in fixed assets have been reported. The majority of the School Board's fixed asset dollar value is comprised of land, building and building improvements. However, an increasing number and public area concerns accountability over furniture and equipment.

To focus on the Board, management, and the public's concerns, management and the Board should consider requesting a special review by the Internal Audit Department since they are already familiar with the problems and areas of concern and can serve as a resource in determining preventive measures. This review should include the reasons for the noncompliance they are noting as well as to verify the alleged thefts (such as if items were missing for a long period and were just noted as missing, if a theft just occurred and was reported) and the type of deductions in fixed assets. The Finance Department should be able provide a list of the items requiring deductions that Internal Audit should review and verify on a test basis. After these facts are determined, the Board, Internal Audit and management should reconsider the effectiveness on existing policies and consider the feasibility of performing fixed asset counts that are review and tested with Internal Audit oversight on a more timely basis.

In addition, we noted during our network performed that Lawton Elementary School was closed with a value of inventory of approximately \$110,000. This inventory was not verified.

Management's Response

Concur. The Finance Department will request a special study by Internal Audit relating to fixed assets and School Board Administration will increase accountability measures of principals and department heads. Several initiatives undertaken by the Finance Department during 1996-1997 have identified the significant past and present noncompliance with School Board policy and procedures but also have resulted in improving the accuracy of fixed asset records. One initiative was the implementation of the revised fixed asset policy and procedures and issuance of a fixed asset policy and procedure manual. Another was the verification of reported inventory amounts by the Elementary Business Managers.

These initiatives were taken to update internal guidelines and in response to Internal Audit Department reports issued in seven years which had indicated noncompliance with previous procedures. In 1994, the Investigations Department was formed; this department is notified of all items missing or stolen. Besides the new policy and procedure manual, a new technique was developed by the Finance Department to determine the level of compliance and accuracy of the annual physical inventory. With the involvement of the Elementary Business Managers, the Finance Department performed 100% physical inventory verification at 18 schools. Inspections of assets (primarily equipment and furniture) and records on a sample basis were conducted at over 100 schools and approximately 70 departments. Although the inventory verifications and inspections revealed a heightened awareness of responsibility and a high degree of compliance with identifying and tagging of assets, the results also disclosed a significant number and amount of furniture and equipment items reported as missing or stolen. These procedures were instrumental in developing the documentation of misappropriated items which previously were not reported in prior years as well as disposals of obsolete assets set in accordance with previous policy.

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DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

PREVIOUS YEAR RECOMMENDATION	MANAGEMENT RESPONSE	STATUS	COMMENT DISPOSITION
1993			
Number of schools reviewed	4		
Number of disbursements achieved	45		
Number of selected disbursements without proper approval	17		
Percentage	38%		
Number of selected disbursements not in compliance with bid policy	4		
Percentage	100%		

We encourage the committee's efforts in this area to resolve the non-compliance issues. The objective of the site-based purchasing program appeared to be to provide the individual school sites with funds for the schools to control and administer, in accordance with the School Board's budget and policies. Decentralizing the procurement process, however, does have certain risks that need to be addressed. The School Board's Purchasing and Finance Departments are familiar with Board policy and state law requirements, whereas the individuals administering the site-based funds may not. Also, the establishment of procurement priorities and appreciation of the reason and background for School Board policy and state law may not be the same for the individuals at the school site as compared to the individuals in the Purchasing Department. If the School Board does intend to keep decentralization of some of the procurement efforts, policies may need revision to strengthen controls at off-site locations. In addition, procedures should also be developed to ensure that policy is being followed and the role of Internal Audit in ensuring policy compliance needs to be addressed.

DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

<u>PRIOR YEAR RECOMMENDATION</u>	<u>MANAGEMENT RESPONSE</u>	<u>STATUS</u>	<u>COMMENT DEFINITION</u>
Long-range Data Processing Planning			
The School Board needs to develop a long-range data processing plan to be used in determining what technology should be used to meet the goals of a three-to-five year planning horizon. The plan should be reviewed and updated annually.	Concur	In-progress	See "Disaster Recovery Plan."
Hardware Processing Capacity			
The School Board should explore all options available to deal with its maintenance processing capacity issues. Few new software upgrades and applications will be able to be implemented by the School Board until those capacity issues are resolved.	Concur	In-progress	See "Disaster Recovery Plan."
Payroll Software			
The School Board should continue its efforts to find a replacement for their payroll application. However, this may not be feasible until hardware processing capacity issues are resolved.	Concur	In-progress	See "Disaster Recovery Plan."
Electrical Service Disruptions			
The School Board does not have an uninterruptible power supply (UPS) in its current system configuration. A UPS provides for continuous power in the event of a spike or other type of electrical service disruption. The School Board should consider investing in a UPS to protect itself from unexpected power fluctuations.	Concur	In-progress	See "Disaster Recovery Plan."
SITE-BASED PURCHASING - FROM TO OFF			
Site-based purchasing is an initiative that the School Board has undertaken over the past two years. The committee briefly has installed a computer system and software at virtually all school sites, and has trained the principals or their designers at each school site. Currently, the Finance Department has organized a committee to address the concerns of site-based purchasing. However, as noted in the prior year management letter, and again in the current year, School Board policies are not always being adhered to at the school sites.	Concur	In-progress	This matter is being addressed as part of the strategic plan for management of Student Activity Funds, addressed in "Student Accounting" (page 27) and student activity funds (page 33). These efforts are expected to result in greater controls and more accountability.

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DISCUSSION OF FIVE-YEAR MANAGEMENT LETTER COMMENTS

FIVE-YEAR RECOMMENDATION	MANAGEMENT RESPONSE	STATUS	COMMENT DISPOSITION
IMPROVING JOB CONTROLS - PAPER TO 1976			
EDP Assessment Using Range Information System Study			
<p>Although initial language planning has been started, the School Board needs to formulate its data processing planning for both its short-term and long-term plans. With hardware processing capacity concerns, disaster recovery needs, software considerations and staffing issues, the School Board needs to first determine what the required EDP functions are, what hardware will best serve those functions and then review the software options available.</p>	Concur	In-process	<p>During 1976-77, a revolving fund was selected, a long range information system project was initiated and work has already reached the point of testing and RFP's for hardware and software. The funding for the new hardware and software must still be determined.</p>
<p>Some of the initiatives in this assessment process have begun. While we recognize the School Board's limited resources, the benefits of the results of this process to the School Board are significant, especially with the increasing changing state and federal government requirements. Management of the School Board should initiate a formal assessment, identifying the areas of EDP functions and the structure of EDP hardware, and then determine what type of hardware best provides the capacity and efficiency to service the hardware needed. A Request for Proposals should then be prepared for hardware, after which software issues should be addressed.</p>			
Determine EDP Staff			
<p>The School Board's management should review the current organization within the computer services department for adequacy of staffing and take appropriate action to ensure quality performance of tasks assigned. Special emphasis should be placed on the staffing of:</p>	Concur	In-process	<p>Staffing needs are being determined as part of the long range information study which began during fiscal 1977.</p>
<ul style="list-style-type: none"> - for Applications Development Section, and - Systems Programming. 			
Disaster Recovery Plan			
<p>The School Board should take steps to invest in an alternative "interagency" processing agreement with a disaster recovery processing provider.</p>	Concur	In-process	<p>This and the following related items are included in the long range information systems study.</p>

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DISPOSITION OF PRIOR YEARS MANAGEMENT LETTER COMMENTS

PRIOR YEAR RECOMMENDATION	MANAGEMENT RESPONSE	STATUS	COMMENTS (EXPLANATION)
<p>Based on the estimated liabilities for claims, additional sources of cash as well as revenues may be required to meet these demands. In addition, the Board has virtually no "reserves" for contingencies and unforeseen events for its general operations. A contingency plan for contingencies as well as short-term and long-term plans to obtain additional revenues and/or reduce expenditures as well as ensuring adequate cash flow needs to be developed and updated annually. The involvement of community organizations, such as the Business Council, is critical. While the Board has already presented its capital needs to the public and demonstrated that additional funds are needed to meet minimum safety standards in the schools, the current General Fund balance and accumulated deficits in two of the Business Funds are serious critical issues that need action and resolution immediately.</p>			

SCHOOL ACCOUNTING - PRIOR TO 1996

In our review of specific items at 3 schools, we noted at each school instances of non-compliance with purchase authorization procedures and/or bid and quote requirements. At one school, one bank reconciliation observed did not contain evidence of review by the principal or ranking teacher. In our review of food items, 2 items were not tagged.

Concur

Improve

All schools are assigned Vice Finance Business Managers who attend and train. These individuals have been assigned to help elementary schools (reading, staffing, etc.).

With the recent establishment of off-site purchasing at the school level, the Board needs to establish policies for which principals will be held accountable. For example, in our review of 45 disbursements at 3 schools, 16 disbursements were not approved by the area superintendent, 2 were not approved by the principal, and 17 did not comply with current purchasing procedures relative to quote requirements. Uniform standards need to be adopted whereby the Board ensures compliance with state bid law procedures as well as adequate internal controls.

In addition, a strategic plan for management of student activity funds was developed and approved. Under this plan (see pages 13 and 14), additional financial business managers will be hired. Also, additional control procedures and training will be instituted.

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DISPOSITION OF PRIOR YEAR'S MANAGEMENT LETTER COMMENTS

PRIOR YEAR RECOMMENDATION	MANAGEMENT RESPONSE	STATUS	COMMENT DISPOSITION
<p>• The Internal Services Funds, specifically the Other Insurance Fund, had a \$13 million deficit for the year ended June 30, 1996. Because of the significant increase in the deficit and because of anticipated cash flow issues, re-consideration of the accounting for general liability claims in an internal services fund should be made. In addition, plans to reduce all deficits should be revised accordingly.</p>	Concur	Completed	<p>The liability for general liability claims has been transferred to the General Long-term Obligations Account Group effective for July 1, 1996.</p> <p>Through School Board action on November 11, 1996, effective July 1, 1996, deficit was eliminated.</p>
INVENTORY - 1996			
<p>The School Board does not have procedures to maintain perpetual records on physical counts of the auxiliary warehouses, which contain primarily obsolete and donated items. To ensure proper safe-guard controls, accounting procedures should be developed.</p>	Concur	In-progress	<p>An inventory system was established during fiscal 1997 by the warehouse staff. A review will be made to ensure that the accounting procedures have proper safeguards.</p>
FUND BALANCE ACCUMULATED DEFICIT - PRIOR TO 1996			
<p>As of June 30, 1996, the unreserved, undesignated fund balance of the General Fund is \$148,978. This amount of fund balance represents 89% of the total expenditures of the General Fund in the 1994 fiscal year. With increasing costs of operating and maintaining the school system, the Board needs to develop a contingency plan to meet future operational needs.</p>	Concur	In-progress	<p>The School Board continues to attempt to provide an adequate fund balance. As of June 30, 1997, the fund balance has risen to 1.07 million.</p>
<p>In addition to the minimal unreserved, undesignated equity in the General Fund, the Other Insurance Fund in the Self Insurance Fund has a deficit of \$1,564,669 and the Health Insurance Fund has a deficit of \$5,503,150. Since these funds are a service primarily of the General Fund's general liability and health-care claims, and given the current General Fund's financial viability, the Board has a task that it will be unable to finance and timely pay its claims.</p>			<p>Since June 30, 1996, the General Fund has transferred \$2.4 million to the Health Insurance Fund to reduce its deficit. For the Other Insurance Fund, the deficit was eliminated through the School Board approved Residual Equity transfer effective July 1, 1996) from the Other Insurance Fund of all litigation claims to the General Long-term Debt Account Group and the transfer of all remaining net assets not retransferred for small claims payment to the General Fund.</p>

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REPORT OF FIVE YEAR MANAGEMENT LETTER COMMENTS

FIVE YEAR RECOMMENDATION	MANAGEMENT RESPONSE	STATUS	COMMENT REMARKS
NOVEMBER - 1996			
<p>The School Board is currently anticipating revenue shortages for fiscal year 1997, primarily as a result of the reduction in Minimum Foundation Funding. In conjunction with the anticipated decrease, further review of other revenue sources should be considered. In a recent article the local newspaper reported a study by the Bureau of Governmental Research which concluded that ad valorem tax assessments and exemptions should be reviewed and discrepancies appeared to exist. Follow-up on this study should be pursued.</p>	Concur	In-progress	This matter is pending further analysis and the finalization of a revised cost plan.
DECEMBER - 1996			
<p>The School Board is self-insured in several areas, with various commercial coverages. In review of the self-insurance fund activities and accounting, we recommend consideration of the following:</p>			
<ul style="list-style-type: none"> • The School Board uses third-party claim adjusters (TPAs) to process claims. Current procedures should be expanded to ensure that claim reserves are reasonable and appropriate and relate to current cases. The review of reserves provided by the TPA should include a determination that the liability reserves set by Board members are not duplicated in the liability reserves set by the TPA. The TPAs should also be requested to provide electronic access of their data to enable the School Board to analyze its claim exposure. 	Concur	In-progress	A claims supervisor has been hired to assess the quality, accuracy and timeliness of claims and claim reserves. Also, a networked claim system software search is underway to facilitate management of data and communication.
<ul style="list-style-type: none"> • The School Board uses several insurance experts to assist it in determining incurred but not reported claims as well as outstanding claims. Some of the estimates derived relate to older years. For example, the reserves for workers' compensation related in the years 1973-88 is \$450,143. The School Board should perform a detailed review of all of those estimates, attempt to consolidate the report services, and determine if old claims should be settled. 	Concur	In-progress	As indicated in your response, this review will be done by the Claims Supervisor who was recently hired.

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DISCUSSION OF PRIOR YEAR MANAGEMENT LETTER COMMENTS¹

PRIOR YEAR RECOMMENDATION	MANAGEMENT RESPONSE	STATUS	COMMENTS / EXPLANATION
OMB Circular A-11 - 1995	Covered	In-process	A review was made to determine current requirements. Some were implemented; others are still being evaluated. This will be finished during fiscal 1996.
Effective October 1, 1995, changes were made by the Office of Management and Budget to Circular A-11, "Cost Principles for State, Local and Indian Tribal Governments". The School Board has created a committee to study the effect of the changes on School Board operations. We support and encourage these efforts as well as other efforts to review the impact of changes of federal regulations and state policy on the operations of the School Board.			
FINANCIAL REPORTING - 1995			
The School Board currently receives national recognition for its annual and budgetary reporting. The achievements reflect the hard-work and dedication of management and staff. In further expanding these reporting efforts, we are suggesting consideration of the following:	Covered	In-process	A cash management system has been added to the quarterly financial statements. The implementation of full GAAP reporting was done on a trial basis for the December 31, 1995 and March 31, 1997 statements. The goal is to finalize implementation of this procedure for December 31, 1997 financial statements.
<ul style="list-style-type: none"> • Expanding Quarterly/Monthly GAAP Reporting - Consideration should be given to expanding the existing reporting to include balance sheet reporting and/or analysis. Management is in the process of reassessing its financial data processing needs. Part of this effort will include consideration of systems to allocate certain expenditures by program and a system to generate full financial statements. The types of financial input generated and the frequency of adjusting certain accounts should be included in the reassessment process. • Cash and Investment Reporting - During 1995, the School Board adopted a cash and investment policy which was very comprehensive. We would like to congratulate the School Board on this policy and supporting its implementation, such as submission of investment and collateral reports. These additional reports will complement the previous suggestions. 			

¹ Revision of 1995 indicates completed or 1996 management letter comment. Revision of Prior to 1995, indicates comment in management letter comment prior to 1995.

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CELEBRANS PARISH SCHOOL BOARD

CURRENT YEAR COMMENTS, Continued

- Only one of several authorized signatures is required to obtain checks held in safekeeping. Two authorized signatures and/or documentation of internal authorization received prior to obtaining checks held in safekeeping should be required.
- With recent bond issues, the School Board should develop a timeline on when arbitrage reports should be obtained for all bond issues in a timely fashion and also to assist with cash management. The School Board has received current arbitrage reviews on only two of its issues.
- As described above, the School Board has had significant missing fixed asset items during the year. To determine proper treatment of items purchased with Federal funds, the School Board should contact its cognizant agent to ensure compliance with appropriate regulations.
- Under OMB Circular A-85, the School Board should review allowable costs that can be charged to Federal programs that are currently being paid by the General Fund, such as post-retirement benefits, and obtain written clarification of uncertain areas from its granting agencies.
- When transfers are performed by individuals on an authorized list. However, an approved list of bank accounts to which transfers can be made to or from has not been obtained to ensure that the financial institutions are aware of appropriate accounts to transfer funds to or from.
- The School Board should review the applicability of Circular No. A-87, Attachment C: "State, Local, and Wide Central Service Cost Allocation Plans, to ensure compliance with the new A-87. This Attachment addresses governmental units which "provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards."
- Differences were noted in our review of the mathematical calculation of the Maintenance of Effort support performed for the Title I program. The impact of the differences, \$1,046,386, appeared to have no effect on the ultimate conclusion reached by program personnel. We recommended that a second review of the calculation be performed to ensure that any error that could affect the conclusion would be detected.
- In one out of twenty-five student files examined in the IDEA program, the parental permission sheet was not signed or dated. We recommend a sample audit of files by the IDEA program personnel and/or spot review of files to assist in ensuring all appropriate forms are approved and are included in the students' files.

ORLEANS PARISH SCHOOL BOARD

CURRENT YEAR COMMENTS, Continued

Costs (like Schedule). Section 518 of the new Circular A-133, requires questioned costs which are greater than \$10,000 to be included in the Schedule. We have included several of the items below for Board and management follow-up.

- Out of a sample of twenty-five Title I disbursements, two exceptions were noted. One disbursement for \$3,300 did not have an approved purchase order. One disbursement for \$4,625 related to an address error was not recorded in the correct account (included in Travel-out of city) and appears to be allowable under the provisions of OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*.
- With over \$120 million of bond proceeds received in recent years, the School Board will have significant construction activity. With the expansion of the efforts in this function comes increased risk. We recommend consideration by the Board and management to the increase involvement of the Internal Audit Department and the development of a multi plan to address specific higher-risk areas. As the audits are conducted, timely feedback should be provided to management to improve and strengthen construction processes and procedures and reduce the risk of non-compliance.
- Utilities are being changed to the Child Nutrition program, a program which receives the majority of its funds from the Federal government for participation in the School Lunch and School Breakfast programs, but also receives support from the General Fund, the State of Louisiana and local sources. The utility charge is based on a cost study performed several years ago. This study should be updated on a periodic basis and approved by the cognizant agent. We recommend that the School Board update this study for fiscal 1998.
- Procedures to reconcile payroll expense to ICS Form 941 are not being performed. With increased scrutiny by the IRS, we recommend that the School Board review its payroll reporting procedures and ensure adequate control and review procedures are in place. This is another area, ICS-compliance, that Internal Audit could provide assistance to management in assessing processes.
- As recommended in the prior year, the School Board should prepare several basis balance sheets and income statements for all funds periodically throughout the year. Audit adjustments are still being identified after year-end for areas that could be addressed during the year, such as sick and vacation leave, self-insured liabilities, and the impact of new GASB pronouncements.
- The class, grade and step of three of ten Child Nutrition employees were not updated in Personnel Department records. Upon further discussions with the Personnel Department, the update of the Child Nutrition files is behind schedule and is being addressed.

(Continued)

ORLEANS PARISH SCHOOL BOARD

CURRENT YEAR COMMENTS, Continued

Insured but Not Reported Claims and Litigated Claims

In our review of insured areas, the following was noted:

- All payments to third-party administrators are charged to the workers' compensation fund during the year, at year end, reclassifications of payments are made to record the appropriate amounts in the other insurance fund. We recommend coding of expenses to the appropriate fund at the time of the accrual and/or payments.
- Duplications of claims existed on the third-party claims administrator's (TPA) report and the attorney letters. We recommend review of both the TPA report and attorney claims reports on a quarterly basis to identify duplications and to provide management and the Finance Division with an accurate estimate of litigated claims settled and claims pending. Also, consideration should be given to communicating with the TPA regarding those cases being handled by School Board attorneys to prevent duplication of effort.
- One specialist report was not received timely. We recommend a review in the spring of the roles of all specialists and communications with such specialists as to the timing of their reports.

Due To/From Accounts

Virtually all of the funds of the School Board have due to or due from accounts from other funds. The General Fund has the most significant dollar values in these accounts for several reasons, such as its funding of the School Board's Federal program needs and reimbursements is received from the Federal or State pass through agencies. As of June 30, 1997, the General Fund had cash and investments totaling \$30 million, due from other funds of the School Board of \$10 million and due to other funds of \$20 million. In prior years the General Fund funded litigated claims on a current basis, this year the School Board changed its funding of litigated claims and has no current cash, investments or due to account set aside to fund litigated claims.

Consequently, having \$30 million in cash and investments excludes these other accounts and obligations. In one particular fund, the General Fund had not transferred the cash to eliminate the intercompany balance in over a year. The net impact of due to/from accounts is \$12 million of funds owed by the General Fund to other funds. To better monitor the cash flow and actual cash needs, due to and due from accounts should be settled on a timely basis throughout the year.

Further Comments

In addition to the comments above, we also noted the following areas which we believe should be monitored by the Board and management. Some of these matters relate to Federal programs. In prior years, all findings related to Federal programs were included in the Schedule of Findings and Questioned

(Continued)

ORLEANS PARISH SCHOOL BOARD

MANAGEMENT'S RESPONSE TO THE INDEPENDENT AUDITOR'S MANAGEMENT LETTER, CONTINUED

- bank reconciliations not being approved by principals
- untimely posting of cash receipts
- lack of use of pre-numbered receipts
- overdrawn restricted and general fund accounts
- disbursements >\$1,500 not approved by area superintendent
- disbursements >\$10,000 not approved by area office
- relocated fixed assets

For the past several years, similar findings are reported. These non-compliance findings listed on a more periodic basis and enforcement of policy needs to be implemented.

Management's Response

Course. To begin addressing this problem, in August 1996, the School Board hired nine interim business managers. Also, management developed a strategic plan approved and funded in August 1997 to improve the quality of compliance through more thorough screening of qualified staff selected for business manager positions; increasing the number of interim business manager staffing in schools; adding several positions in the Internal Audit and the Finance Departments; and providing for additional training for school business managers and principals.

Steps have already been taken to implement various aspects of the strategic plan. Most of the new positions have already been advertised and interviews have been held. To assist with evaluating the candidates for the new interim business manager positions, each of the interviewed applicants was required to complete a test dealing with basic bookkeeping procedures and terms. Additionally, new training programs are being developed and scheduled. The Internal Audit Department and the Audit Advisory Committee are looking into ways of testing compliance on a more frequent basis. As fiscal 1998 progresses, other initiatives, such as Finance Department participation in reviewing and testing prospective business manager applicants and consultation meetings with principals and business managers will be implemented.

Incurred but Not Reported Claims and Unliquidated Claims

In our review of insured areas, the following was noted:

- All payments to third-party administrators are charged to the workers' compensation fund during the year at year end, reclassifications of payments are made to record the appropriate amounts in the other insurance fund. We recommend coding of expenses to the appropriate fund at the time of the accrued and/or payment.
- Duplication of claims entered on the third-party claims administrator's (TPA) report and the attorney ledger. We recommend review of both the TPA report and attorney claim reports on a quarterly basis to identify duplications and to provide management and the Finance Division with an accurate estimate of litigated claims settled and claims pending. Also, consideration should be given to communicating with the TPA regarding those cases being handled by School Board attorneys to prevent duplication of effort.

(Continued)

CELEANS PARISH SCHOOL BOARD
CURRENT YEAR COMMENTS, Continued

Year 2000 Issues

Developing a plan of action requires determining the challenges faced and defining parameters of the process.

Immediate assessment of the Year 2000 issue and devising a plan of attack is critical.

The cost of addressing the Year 2000 issue can be significant and must be planned and budgeted in advance.

In previous management letters, we have communicated concerns related to the School Board's data processing operations and systems. During the 1997 fiscal year, the School Board initiated a Year 2000 and data processing needs assessment. Several reports related to this project have been discussed with management and the Board.

Based upon these reports and cost estimates, management has initiated planning and has prepared a preliminary timetable for funding the project in early 1998. The next step in this process is for the School Board to adopt an approved and funded plan to meet the Year 2000 requirements as well as a plan to meet overall critical data processing needs. After a plan is approved, requests for proposals need to be issued, proposals need to be evaluated and a contract needs to be awarded before work can begin. Conversion strategies will also need to be addressed and systems will need to be tested.

The Board and management need to finalize the funding of the plan and related timeliness and address these issues immediately.

Student Activity Funds

The Internal Audit Department issued numerous reports during fiscal year 1997. Some of the reports related to student activity reports. These reports did not reflect any significant improvement in findings noted in prior years by Internal Audit and in prior year external audit management letters. The types of repeated findings at school locations, include but are not limited to:

- bank reconciliations not being approved by principals
- untimely posting of cash receipts
- lack of use of pre-numbered receipts
- overdrawn restricted and general fund accounts
- disbursements >\$1,500 not approved by area superintendent
- disbursements >\$15,000 not approved by area office
- unlocated fixed assets

For the past several years, similar findings are reported. These non-compliance findings should be tested on a more periodic basis and enforcement of policy needs to be implemented.

(Continued)

ORLEANS PARISH SCHOOL BOARD

CURRENT YEAR COMMENTS

Fixed Asset Procedures

In September 1996, the School Board implemented a new fixed asset policy to ensure compliance with State and Federal regulations and to define responsibility for fixed assets. Expanded compliance testing by the most costly fixed asset Business Managers has revealed continued noncompliance with the School Board's fixed asset policy requirements and major deficiencies in fixed assets have been reported. The majority of the School Board's fixed asset dollar value is comprised of land, building and building improvements. However, an increasing sensitivity and public area concerns accountability over furniture and equipment.

To focus on the Board, management, and the public's concerns, management and the Board should consider requesting a special review by the Internal Audit Department since they are already familiar with the problems and areas of concern and can serve as a resource in determining preventive measures. This review should include the reasons for the noncompliance they are noting as well as to qualify the alleged thefts (such as if items were missing for a long period and were just noted as missing, if a theft just occurred and was reported) and the type of deductions in fixed assets. The Finance Department should be able provide a list of the items comprising deductions that Internal Audit should review and verify on a test basis. After these facts are determined, the Board, Internal Audit and management should reconsider the effectiveness on existing policies and consider the feasibility of performing fixed asset counts that are review and tested with Internal Audit oversight on a more timely basis.

In addition, we noted during our network performed that Lawless Elementary School was closed with a value of inventory of approximately \$118,000. This inventory was not verified.

OMB Circulars A-133 and A-87

Effective for the 1997 fiscal year, OMB's new Circular A-133 and OMB Circular A-133 Compliance Supplement, are effective for governmental entities receiving federal funds. In addition, OMB Circular A-87, which established allowable costs and the procedures related to those costs for governmental entities, also became effective in fiscal year 1997.

The new publications focus on compliance requirements as well as the expected controls for governmental entities receiving federal funds to have in place. A-87 established new requirements for costs that were previously allowable.

The School Board received over \$30 million in federal funds in 1997. Violations of OMB procedures and requirements could result in questioned costs and pay back of amounts expended. In order to better ensure compliance with key procedures and significant requirements, the Board and the Superintendent should consider requesting Internal Audit to perform compliance and control networks to identify and correct potential problems.

(Continued)

This report is intended for the information of the Board, the School Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

KPMG Past Manager

Ernest L. Lumbert

CONFIDENTIAL

November 4, 1997

Members of the Orleans Parish School Board
Orleans Parish School Board
1510 General DeGaulle
New Orleans, Louisiana 70114

Dear Members of the Board:

We have audited the financial statements of the Orleans Parish School Board (the School Board) for the year ended June 30, 1997, and have issued our report thereon dated November 4, 1997 which has an explanatory paragraph addressing the change in fixed asset accounting. In planning and performing our audit of the financial statements of the School Board, we considered the School Board's 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 internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These concerns and recommendations, which have been discussed with the appropriate members of management, are included to improve internal controls or result in other operating efficiencies and are summarized in Appendix A to this report.

The status of concerns from our 1996 letter and those concerns from years prior to 1996 that were not yet completed or addressed are included in Appendix B.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE SINGLE AUDIT
REPORTS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 1997

Item

Finding

The School Board is commercially insured for unemployment insurance and charges Federal programs based on rates provided by its insurer. The School Board has not changed its current method of charging unemployment insurance costs and is currently reviewing the its methodology as well as responding to a draft report issued by the U.S. Department of Education.

Identification of questioned costs and how they are accounted.

Questioned costs cannot be determined. Unemployment insurance was provided to personnel participating in the above major programs and an agreed-upon process to charge unemployment insurance has not yet been determined between the U.S. Department of Education and the School Board.

Information to provide proper perspective for judging the prevalence and consequences of the finding, such as whether the finding represents an isolated instance or a systemic problem. Where appropriate, instances identified should be related to the total population and the number cited and be quantified in terms of dollar value.

The finding is a systemic problem and applies to the unemployment insurance costs of the related programs.

The possible overall effect to provide sufficient information to the auditor and the Federal agency for pass-through entry in the case of a subsequent audit to permit them to determine the causal and effect to facilitate prompt and proper corrective action.

Unemployment rates charged to the Federal programs may not be appropriate.

Recommendations to prevent future occurrences of the deficiency identified in the finding.

The School Board, working with its insurer, is currently reviewing the draft report of the U.S. Department of Education. Based upon the ultimate resolution and on current data, the School Board should modify its charge of unemployment to all funds and Federal programs accordingly.

*Name of responsible official of the auditee when there is disagreement with the finding, or the correct practice.
Not applicable.*

Management's Response

The Risk Manager, with guidance and advice from outside consultants, will be responsible for modifying procedures, as required. Management has performed an in-depth review of the unemployment program and will modify its charges to the program, as appropriate, based upon current data and the ultimate resolution of the audit.

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE SINGLE AUDIT
REPORTS SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 1997

Item

Finding

CFDA Title: Improving America's School Act (IASA) - Title I (as in referred to as Title II)
CFDA Number 84-010

Federal award number: 97-057-16; 96-057-16, DCA; 96-057-16; 95-057-16, CA, as listed in the Schedule of Federal Awards

Year: 1997

Name of Federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Individuals with Disabilities Education Act (IDEA), Part B-Regular Education (as is referred to as IDEA)

CFDA Number 84-027

Federal award number: 97-PT-16; 96-PE-16; 96-PT-16, CCA; 97-PP-16; 96-PP-16, CCA, as listed in the Schedule of Federal Awards

Year: 1997

Name of Federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

Criteria or specific requirement upon which the finding is based, including statutory, regulatory, or other authority: The U.S. Department of Education has reviewed the School Board's procedure for charging unemployment insurance and has questioned the support for the method of allocation for the period 1995 to 1996. The School Board received a draft report in the summer of 1997 and has been reviewing the recommendations in the report. The School Board has not modified its method of charging unemployment insurance.

The revised OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," Attachment B, Section 1.04) states that "(1) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable in the extent that the benefits are reasonable and are required by law, governmental anti-employee agreement, or an established policy of the governmental unit. (2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, vacation, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; and, (c) the accounting basis (cash or accrual) adopted for paying such type of leave is consistently followed by the governmental unit." and "(3) The cost of fringe benefits in the form of employee contributions or expenses for social security, employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 25, insurance and indemnification, pension plan costs (see subsection a.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards, not all other activities in a manner consistent with the pattern of benefits attributable to the individuals or groups of employees whose salaries and wages are chargeable to such Federal awards and other activities."

The resolution found, including facts that support the deficiency identified in the finding.

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE SINGLE AUDIT
REPORT'S SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 1997

Item	Finding
	<p><i>Information to provide proper perspective for judging the prevalence and consequences of the finding, such as whether the finding represents an isolated instance or a systemic problem. Where appropriate, instances identified should be related to the total population and the number stated and be quantified in terms of dollar value.</i></p> <p>The finding is a systemic problem and applies to the salary costs of the related program.</p>
	<p><i>The possible overall effect to provide sufficient information to the auditee and the Federal agency for pass-through entity in the case of a subcontractor to permit them to determine the cause and effect to facilitate proper and proper corrective action.</i></p>
	<p>Salary costs could be charged to a program for personnel who did not provide program services.</p>
	<p><i>Recommendations to prevent future occurrences of the deficiency identified in the finding.</i></p>
	<p>The School Board should implement a policy requiring all Federal program directors to maintain compliance with the applicable sections of A-87. In addition, each Federal program director should establish a policy and a procedure to obtain the required certifications in the appropriate formats and establish a control (for example, a reporting control to the Finance Department) stating that all certifications were completed.</p>
	<p><i>Names of responsible officials of the auditee when there is disagreement with the finding, to the extent practical.</i></p> <p>Not applicable.</p>

Management's Response

The Compliance Officer will draft for adoption by the School Board a policy requiring all Federal program directors to maintain compliance with the applicable sections of OMB A-87. The recommended policy will require each Federal program director to implement/allow procedures to obtain required certifications in the appropriate formats and establish a control for reporting to Division of Financial Services designee that all certifications were completed. The policy and procedures will be developed and recommended for implementation effective January 1998.

Item	Finding
93.2	<p><i>Federal program and specific Federal award identification:</i></p> <p>CFDA Title: National School Breakfast Program (herein referred to as School Breakfast) CFDA Number: 18.103 Federal award number: None CFDA Title: National School Lunch Program (herein referred to as School Lunch) CFDA Number: 18.105 Federal award number: None Year: 1997 Name of federal agency: United States Department of Agriculture Name of the applicable pass-through entity: Louisiana Department of Education.</p>

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE SINGLE AUDIT
REPORTS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 1997

Item

Finding

97.1

This finding affects the following major programs:

Federal program and specific Federal award identification:

CFDA Title: National School Breakfast Program (herein referred to as School Breakfast)

CFDA Number: 18.150

Federal award number: None

CFDA Title: National School Lunch Program (herein referred to as School Lunch)

CFDA Number: 18.155

Federal award number: None

Year: 1997

Name of Federal agency: United States Department of Agriculture

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Improving America's School Act (IASA) - Title I (herein referred to as Title I)

CFDA Number: 40.018

Federal award number: 91-821-16; 95-657-16, C/D; 96-817-16; 95-657-16, C/B, as listed in the Schedule of Federal Awards

Year: 1997

Name of Federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Individuals with Disabilities Education Act (IDEA): Part B-Regular Education (herein referred to as IDEA)

CFDA Number: 94.027

Federal award number: 97-PT-16; 96-PT-16; 96-PT-16, C/D; 97-PT-16; 96-PT-16; 96-PT-16, C/D, as listed in the Schedule of Federal Awards

Year: 1997

Name of Federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

Criteria or specific requirement upon which the finding is based, including statutory, regulatory, or other citation: OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," Attachment B, Section 116 (I), which states that "Where employees are expected to work solely on a single Federal award or cost objective, changes for their salaries and wages will be supported by periodic certifications that the employees worked solely on the program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

The resolution found, including facts that support the discrepancy identified in the finding:

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

Allocation of questioned costs and how they are computed:

Questioned costs cannot be determined.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

Schedule of Findings and Questioned Costs, Continued

The possible adverse effect to provide sufficient information to the auditors and the Federal agency for joint-through cases in the case of a subsequent review should be to determine the cause and effect to facilitate prompt and proper corrective action.

Unemployment rates charged to the Federal programs may not be appropriate.

Recommendations to prevent future occurrence of the deficiency identified in the finding.

The School Board, working with its insurer, is currently reviewing the draft report of the U.S. Department of Education. Based upon the ultimate evaluation and on current data, the School Board should modify its charge of unemployment to all funds and Federal programs accordingly.

Views of responsible officials of the auditee when there is disagreement with the finding, or the extent practical. Not applicable.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

Schedule of Findings and Questioned Costs, Continued

Criteria or specific requirements upon which the finding is based, including statutory, regulatory, or other citation. The U.S. Department of Education has reviewed the School Board's procedures for charging unemployment insurance and has questioned the support for the method of allocation for the period 1995 to 1996. The School Board received a draft report in the summer of 1997 and has been assessing the recommendations in the report. The School Board has not modified its method of charging unemployment insurance.

The revised OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," Attachment B, Section 11(c) states that "(1) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, governmental employee agreement, or an established policy of the governmental unit. (2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absence from the job, such as for annual leave, sick leave, holidays, casual leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; and, (c) the accounting basis (cash or accrual) selected for costing such type of leave is consistently followed by the governmental unit." and "(5) The cost of fringe benefits in the form of employer contributions or expenses for social security, employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 11), insurance and indemnification, pension plan costs (see subsection 4.), and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or groups of employees whose salaries and wages are chargeable to such Federal awards and other activities."

The condition found, including facts that support the deficiency identified in the finding.

The School Board is contractually insured for unemployment insurance and charges Federal programs based on rates provided by its insurer. The School Board has not changed its current method of charging unemployment insurance costs and is currently reviewing its methodology as well as responding to a draft report issued by the U.S. Department of Education.

Identification of questioned costs and how they are computed.

Questioned costs cannot be determined. Unemployment insurance was provided to personnel participating in the above major programs and an agreed-upon process to charge unemployment insurance has not yet been determined between the U.S. Department of Education and the School Board.

Information to provide proper perspective for judging the prevalence and consequences of the finding, such as whether the finding represents an isolated instance or a systemic problem. Where appropriate, instances identified should be related to the total population and the number stated and be quantified in terms of dollar value.

The finding is a systemic problem and applies to the unemployment insurance costs of the related programs.

(Continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

Schedule of Findings and Questioned Costs, Continued

The possible intended effect is provide sufficient information to the auditee and the Federal agency for pass-through costs in the case of a subrecipient to permit them to allocate the costs and effect in facilities promptly and proper corrective action.

Salary costs could be charged to a program for personnel who did not provide program services.

Recommendation to prevent future occurrences of the deficiency identified in the finding.

The School Board should implement a policy requiring all Federal program directors to maintain compliance with the applicable sections of 4-CF. In addition, each Federal program director should establish a policy and a procedure to obtain the required certifications in the appropriate format and establish a control (for example, a reporting control in the Finance Department) stating that all certifications were completed.

Views of responsible officials of the auditee when there is disagreement with the finding, or the extent provided. Not applicable.

Item #1-2

Federal program and specific federal award identification:

CFDA Title: National School Breakfast Program (awards referred to as School Breakfast)

CFDA Number: 18.535

Federal award number: None

CFDA Title: National School Lunch Program (awards referred to as School Lunch)

CFDA Number: 18.535

Federal award number: None

Year: 1997

Name of federal agency: United States Department of Agriculture

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Improving America's Schools Act (IASA) - Title I (awards referred to as Title I)

CFDA Number: 84.010

Federal award number: 91-001-36, 92-001-36, CO, 93-050-36, 93-950-36, CO, as listed in the Schedule of Federal Awards

Year: 1997

Name of federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Individuals with Disabilities Education Act (IDEA) Part B-Regular Education (awards referred to as IDEA)

CFDA Number: 84.027

Federal award number: 91-PT-36, 92-PR-36, 92-PT-36, CO, 91-PP-36, 92-PP-36, 92-PP-36, CO, as listed in the Schedule of Federal Awards

Year: 1997

Name of federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

(Continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

Schedule of Findings and Questioned Costs, Continued

Federal award number: None

CFDA Title: National School Lunch Program (herein referred to as School Lunch)

CFDA Number: 85.359

Federal award number: None

Year: 1997

Name of federal agency: United States Department of Agriculture

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Improving America's Schools Act (IASA) - Title I (herein referred to as Title I)

CFDA Number: 84.018

Federal award number: 97-057-36, 96-057-36, C/D; 96-827-36; 95-827-36, C/D, as listed in the Schedule of Federal Awards

Year: 1997

Name of federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

CFDA Title: Individuals with Disabilities Education Act (IDEA): Part H: Regular Education (herein referred to as IDEA)

CFDA Number: 84.027

Federal award number: 97-PT-36; 96-PT-36; 96-PT-36, C/D; 97-PP-36; 96-PP-36; 96-PP-36, C/D, as listed in the Schedule of Federal Awards

Year: 1997

Name of federal agency: United States Department of Education

Name of the applicable pass-through entity: Louisiana Department of Education

Criteria or specific requirements upon which the finding is based, including statutory, regulatory, or other sources - (2000 Circular A-57, "Core Principles for State, Local and Indian Tribal Governments," Attachment B, Section 1.10) (76 - Stat 2) states that "When employees are expected to work solely on a single Federal award or cost objective, changes in their status and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

The condition found, including facts that support the deficiency identified in the finding.

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

Identification of questioned costs and how they are computed.

Questioned cost cannot be determined.

Information to provide proper perspective for judging the prevalence and consequences of the finding, such as whether the finding represents an isolated instance or a systemic problem. Where appropriate, instances identified should be related to the total population and the number tested and be quantified in terms of dollar value. The finding is a systemic problem and applies to the entire costs of the related program.

(Continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
Year ended June 30, 1987

(I) Summary of Auditors' Results

- (a) The type of report issued on the general-purpose financial statements: unqualified opinion modified for change in accounting for fixed assets.
- (b) Reportable conditions in internal control were disclosed by the audit of the Financial Statements: Material weaknesses. 0
- (c) Noncompliance which is material to the general-purpose financial statements: 0
- (d) Reportable conditions in internal control over major programs: 0 Material weaknesses: 0
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to reported under section 110(a) of OMB Circular A-133: 0
- (g) Major programs:
- United States Department of Agriculture:
National School Breakfast Program (CFDA Number 10.551)
National School Lunch Program (CFDA Number 10.552)
- United States Department of Education:
Improving America's Schools Act (IASA) - Title I (CFDA Number 84.370)
Individuals with Disabilities Education Act (IDEA) - Part B- Regular Education
(CFDA Number 84.377)
- United States Environmental Protection Agency
Asbestos Abatement Grant (CFDA Number 66.100)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$2,000,411
- (i) Auditors qualified as a low-risk auditee under section 110 of OMB Circular A.133: 0

(II) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:
None

(III) Findings and Questioned Costs relating to Federal Awards:

Item FC-1

This finding affects the following major programs:

Federal program and specific federal award identification:

CFDA Title: National School Breakfast Program (herein referred to as School Breakfast)

CFDA Number: 10.551

(Continued)

ORLEANS PARISH SCHOOL BOARD

**Notes to Schedule of Expenditures of Federal Awards
June 30, 1997**

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Orleans Parish School Board (the School Board). The School Board reporting entity is defined in note 1 to the general purpose financial statements for the year ended June 30, 1997. All federal awards received directly from federal agencies is included on the schedule, as well as federal awards passed through other government agencies.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting, which is described in note 2 to the School Board's general purpose financial statements for the year ended June 30, 1997. The value of noncash awards is the value of the noncash items used during the year. Any received, but unused commodities are reflected as deferred revenue until used.

3. Relationship to General Purpose Financial Statements

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

	General Fund	Special Revenue Fund	Total
From federal sources	\$ 2,503,821	60,448,877	62,952,698
Indirect costs reimbursed through application of state-approved rate and other federal indirect cost reimbursements	1,039,207	—	1,039,207
	\$ 3,543,028	\$ 60,448,877	\$ 64,001,905

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related Federal financial reports, except for the amounts in reports submitted as of a date subsequent to June 30, 1997.

5. EPA Loans

The School Board has outstanding loans from the Environmental Protection Agency totaling \$4,137,193 as of June 30, 1997. These loans are to be repaid over the next seven-year period.

ORLEANS PARISH SCHOOL BOARD

Schedule of Expenditures of Federal Awards, Continued

Federal Officer/Year Through Grant/Program Title	Federal CFDA Number	Pass Through Grants/ Number	Program or Award Account	Revenue Received	Encumbrance
U.S. Department of Education - Direct Programs -					
Pass-Through State Department of Education, continued:					
Bilingual-Bicultural Program	84-094	-	\$ 118,000	83,341	83,341
Reading Assistance Program	84-094	-	-	23,290	23,290
Reading Assistance Program	84-094	-	150,000	125,471	125,471
Title III	84-716	-	-	238,820	238,820
Reading Status Project	84-716	-	945,491	-	-
Total U.S. Department of Education			-	602,922	602,922
National Science Foundation					
Urban Systems Initiatives	94-13666	038-940004	2,876,663	1,274,663	1,274,663
Urban Systems Initiatives	94-13666	038-940004	700,000	667,479	667,479
Urban Systems Initiatives	94-13666	038-940004	-	122,029	122,029
Total National Foundation			-	1,664,171	1,664,171
U.S. Department of Labor					
Pass-Through City of New Orleans:					
JTB Computer Lab	17-268	-	128,268	108,668	108,668
JTB Summer Program	17-268	-	-	1,602	1,602
Total Department of Labor			-	110,270	110,270
U.S. Department of Agriculture					
Pass-Through State Department of Education:					
Dietary/Fooding	10-559	-	-	1,094,000	1,094,000
Food Distribution	10-559	-	-	1,487,010	1,487,010
School Breakfast Program	10-555	-	-	4,887,648	4,887,648
School Lunch Program	10-555	-	-	11,081,408	11,081,408
Total Department of Agriculture			-	18,450,066	18,450,066
U.S. Department of Health and Human Services					
Schools - Direct Programs:					
E.P.S.E.T. Planning	11-714	-	-	1,397,711	1,397,711
A.R.S. Education	11-118	04RCC1860050-01	261,218	261,812	261,812
A.R.S. Education Prior Year	11-118	04RCC1860050-01	-	80,345	80,345
Pass-Through State Department of Education:					
Emergency Intergovt.	84-943	-	34,730	36,261	36,261
Total U.S. Department of Health and Human Services			-	1,675,929	1,675,929
U.S. Environmental Protection Agency -					
Airborne Abatement Grants (Title 2)					
	86-702	-	-	-	-
U.S. Department of Defense Direct Program - ROTC					
				421,908	421,908
Total Federal awards			\$ 63,811,628	\$ 63,811,628	

See accompanying notes to Schedule of Expenditures of Federal Awards.

ORLANDO PUBLIC SCHOOL BOARD

Summary of Expenditures of Federal Awards

Year ended June 30, 1997

Federal Component Through Grant Program Title	Federal CFDA Number	Fed Through Grant's Number	Program or Grant Amount	Revenue Received	Expenditures
L.S. Department of Education					
Direct Programs:					
Impover. Prevention	84.201 0	528 080 281 0 44	0	58,623	15,623
Impover. Prevention	84.201 0	528 080 000 0	-	1,140	1,140
Impov. Aid	-	-	-	502,200	502,200
Project Impact: Prices in Action	84.180	518 400 000 0	500,000	115,476	115,476
Project: Achieve	84.280	729 800 000 0 46	682,600	133,180	133,180
Project: Achieve	84.280	729 800 000 0 46	-	54,077	54,077
Pass-Through State Department of Education:					
IAEA Title I	84.000	95.0271-06	30,000,000	28,107,621	28,117,621
IAEA Title I Carryover	84.000	95.0271-06-C00	2,500,748	2,500,748	2,500,748
IAEA Title I	84.000	95.0271-06	-	1,142,490	1,142,490
IAEA Title I Carryover	84.000	95.0271-06-C00	-	2,214,285	2,214,285
IAEA Title I Capital Expense	84.000	-	191,500	191,500	191,500
IAEA Title I Capital Expense	84.000	-	-	206,750	206,750
IAEA Title I School Planning Grant	84.000	-	-	40,841	40,841
IAEA Title I School Development Grant	84.000	-	-	12,688	12,688
IAEA Title I Home State Family Library	84.210	95.1424-06-02	10,070	9,044	9,044
Impover. Education	84.001	95-06-28-30-1	833,000	113,134	113,134
Impover. Education	84.001	94.1489-28-30-1	81,000	81,124	81,124
IAEA Title VI	84.121	28-07-0000-0	213,239	279,284	279,284
IAEA Title VI	84.121	28.06.0000.0	-	15,714	15,714
IAEA Title VI Carryover	84.121	28-06-0000-0 CVD	808,083	66,722	66,722
IAEA Title VI Carryover	84.121	28.06.0000.0 CVD	-	2,680	2,680
IAEA Title II	84.101	28.06.0000-0	611,188	568,217	568,217
IAEA Title II	84.101	28.06.0000-0	-	773	773
IAEA Title II Carryover	84.101	28-06-0000-0 CVD	270,827	233,795	233,795
IAEA Title II Carryover	84.101	28.06.0000-0 CVD	-	26,248	26,248
Drug Free Schools	84.184	28-05-7000-0	1,433,712	813,173	813,173
Drug Free Schools	84.184	28-06.7000-0	-	81,071	81,071
Drug Free Schools Carryover	84.184	28-06-7000-0 CVD	880,876	278,274	278,274
ESIA P. L. 91-476	84.007	95-PT-76	1,736,588	1,640,144	1,640,144
ESIA P. L. 91-476	84.007	96-PT-76	-	667,393	667,393
ESIA P. L. 91-476-Carryover	84.007	96-PT-76 CVD	343,983	380,221	380,221
ESIA P. L. 91-476-Perennial	84.004	95-PT-76	326,968	290,476	290,476
ESIA P. L. 91-476-Perennial	84.004	96-PT-76	-	26,643	26,643
ESIA P. L. 91-476-Perennial-Carryover	84.004	96-PT-76 CVD	27,880	2,909	2,909
ESIA Pys II	84.181	95-C202-95	23,700	23,693	23,693
Adult Basic Education	84.002	-	349,773	347,177	347,177
Adult Basic Education	84.002	-	-	93	93
Project Independence	84.002	-	250,788	221,773	221,773
Project Independence	84.002	-	-	798,738	798,738
Vocational Education-Basic Grants	84.048	28-07-8M-1-80	1,288,813	478,623	478,623
Vocational Education-Basic Grants	84.048	28-06-8M-1-80, CVD	-	98,988	98,988
Vocational Education-Community Based Expenditures	84.048	28-06-8M-1-PA	-	670,880	670,880

(Continued)

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 would define matters involving the internal control over compliance and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-1 and 97-2.

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 can also be considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the School Board as of and for the year ended June 30, 1991, and have issued our report thereon dated November 4, 1991, which is modified for the change in capitalization policy for property, plant and equipment. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Board, the School Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

R. P. Pitt - Paul Marovich, CPA

Bruno + Lewalder

November 4, 1991

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

The Members of the
Orleans Parish School Board
New Orleans, Louisiana

Compliance

We have audited the compliance of Orleans Parish School Board (the 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, 1997. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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, *Audit of States, Local Governments, and Non-Profit Organizations*. These 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 these 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 these 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, 1997. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 90-1 and 97-2.

This report is issued for the information of the Board, the School Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

KPMG Pat Marsh, LLP

Brown + Caldwell

November 4, 1997

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

The Members of the
Orleans Parish School Board
New Orleans, Louisiana

We have audited the financial statements of Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1997, and have issued our report thereon dated November 4, 1997, which is modified for the change in capitalization policy for property, plant and equipment. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School Board in a separate letter dated November 4, 1997.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the School Board in a separate letter dated November 4, 1997.

Members, Orleans Parish School Board

December 11, 1997

Page 2

staff and/or equipment and will require the School Board's authorization and allocation of funds. More specifically, funding is crucial to: 1) replace the present, outdated mainframe computers and programs with state-of-the-art hardware and software that meet Louisiana Department of Education reporting requirements and is Year 2000 compliant; and 2) allocate funds for settlement of outstanding claims and judgments for general liability cases.

We consider staying aware of current compliance requirements and information technologies and systems to be an ongoing process. The examinations and reviews performed by the external auditing firms complement our efforts to enhance the quality of our services. Accordingly, we welcome the external auditors' comments and recommendations of opportunities to improve our procedures.

We thank all applicable staff members for their cooperation in addressing and responding to the independent auditors' findings and recommendations.

Sincerely,



Alberta L. Holmes, Ed D
Superintendent



Reginald E. Kane
Budget Director



Anthony J. Seale
Comptroller

MTHURIZ/AJS/tmb

Enclosures



NEW ORLEANS PUBLIC SCHOOLS

1500 GENERAL BISHOPVILLE DRIVE • NEW ORLEANS, LOUISIANA 70114

December 17, 1997

Members, Orleans Parish School Board:
4100 Toussaint Street
New Orleans, LA 70112

Enclosed for your review are the following reports, bound together, relating to the fiscal year ended June 30, 1997 (FY 1997), and issued by the independent accounting firms of KPMG Peat Marwick LLP and Bruce & Terrason:

- (1) Single Audit Reports and Findings (See Section I)
- (2) Independent Auditors' Management Letter (See Section III)

Management has compiled responses to these reports, and they are included after each of the respective reports in Sections II and IV.

Single Audit Reports and Findings

The Single Audit is performed in accordance with federal requirements. Under the new guidelines which were effective for fiscal 1997, two reports are issued. Each of these reports provides an assessment of compliance. The first report states that no material weaknesses were noted regarding internal control over financial reporting.

The second report addresses internal control over compliance for major federal programs. The external auditors' opinion is that the School District complied in all material respects with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. However, the external auditors noted two instances that are considered to be reportable conditions, as disclosed in the auditors' report.

Additionally, the Independent Auditors' Report states that the Schedule of Federal Financial Assistance (Schedule), detailing on pages 5 and 6 the revenues and expenditures for federally funded programs, is fairly presented in all significant respects in relation to the School Board's financial statements taken as a whole. The Schedule summarizes the \$69 million of revenues and expenditures for over thirty unique programs.

Independent Auditors' Management Letter

The Independent Auditors' Management Letter is prepared by the independent auditors to suggest areas in which there are opportunities for improvement in procedures or efficiency. We are in agreement with the independent auditors' suggestions. Certain recommendations involve additional

ORLEANS PARISH SCHOOL BOARD
Single Audit Report and Management Letter

June 30, 1997

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**SINGLE AUDIT REPORTS AND
FINDINGS**

**INDEPENDENT AUDITORS'
MANAGEMENT LETTER**

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

**FISCAL YEAR ENDED
JUNE 30, 1997**



Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the School Board's financial statements and our report thereon does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have read the other information included in the School Board's annual comprehensive financial report and noted no matters that came to our attention that could cause us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Disagreements With Management

There were no disagreements with management on financial accounting and reporting matters which, if not satisfactorily resolved, would have caused a modification of our report on the School Board's 1997 financial statements.

Consultation With Other Accountants

To the best of our knowledge, management has not consulted with or obtained an opinion, written or oral, from other independent accountants during the past year which were subject to the requirements of Statement on Auditing Standards No. 50, "Reporting on the Application of Accounting Principles."

Major Issues Discussed With Management Prior to Retention

There have been no major issues discussed with management prior to our retention as your auditors.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

ORLEANS PARISH SCHOOL BOARD

June 30, 1997

Our Responsibility Under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards is to express an opinion on the general purpose financial statements of Orleans Parish School Board (the School Board) as of and for the year ended June 30, 1997 based on our audit. In carrying out this responsibility, we assessed the risk that the financial statements may contain a material misstatement, either intentional or unintentional, and designed and conducted our audit to provide reasonable, not absolute, assurance of detecting misstatements that are material to the financial statements. In addition, we considered the internal control structure of the School Board to gain a basic understanding of the accounting system in order to design an effective and efficient audit approach, although not for the purpose of providing specific assurance on the internal control structure.

Significant Accounting Policies

The significant accounting policies used by the School Board are described in the "Summary of Significant Accounting Policies" note to the financial statements.

We noted no transactions entered into by the School Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus except for the following matters:

- The School Board discontinued the use of its Other Insurance Fund for the recording and funding of litigated general liability claims resulting, as of July 1, 1996, in a residual equity transfer of \$7.6 million to the General Fund and an increase in the General Long-term Obligations Account Group of \$79.8 million as disclosed in notes 6 and 10 to the financial statements.
- The School Board also changed its capitalization policy for property, plant and equipment as disclosed in the independent auditors' report to the financial statements and in notes 2(B) and 3, which resulted in the deletion of \$18.5 million from the General Fixed Assets Account Group.

Management Judgment and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We considered the calculation of liability for claims payable/retiree's loss to be estimates that are significant due to the amount of the estimate. Based on the work performed, we conclude that management's estimate appears reasonable at June 30, 1997.

Significant Audit Adjustments

We proposed routine audit adjustments to the financial statements.

Miscellaneous Statistical Data

June 30, 1967

(Unaudited)

Year of Incorporation:	1881		
Form of Government:	School Board / President		
Area of Parish:	995.5 square miles with 100.4 square miles (10%) of land		
Population:	480,260		
Number of Schools:	Enrolled		
Elementary	80	Elementary	40,943
Middle/Junior and Senior	36	Middle/Junior and Senior	33,758
Other	21	Other	1,308
Total	137	Total	76,009

Number of Teachers, Levels of Degrees, and Years of Experience

Degree	Education	
	Number of Teachers	% of Total
No Degree	7	0.18
Bachelor of Arts	2,791	80.78
Master's Degree	1,287	38.59
Master's - 30	428	12.64
Education Specialist	13	0.39
Doctorate	28	0.84
Total	4,544	100.00

Years of Experience	Experience	
	Number of Teachers	% of Total
0 - 5	579	12.74
6 - 10	547	12.04
11 - 15	583	12.83
16 - 20	817	17.98
21 - 25	604	13.31
26 - over	1,834	40.38
Total	4,544	100.00

* Excludes Librarians, Clerks, School Social Workers and Employees on Leave.

Teachers' Retirement System of Louisiana
Analysis of Funding ProgressLast Ten Years
(in millions of dollars)
(Unaudited)

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
						(6) / (5)
1988	\$7,098.8	\$41,293.8	17.0	\$4,178.2	\$2,253.8	185%
1989	8,081.7	42,076.5	19.2	4,488.8	2,187.0	205
1990	8,884.0	42,928.5	20.7	4,854.9	2,159.8	224
1991	9,184.1	43,823.4	21.1	4,888.9	2,181.4	224
1992	4,479.0	40,948.0	11.0	4,979.4	2,155.8	231
1993	5,694.5	44,455.5	12.8	4,821.1	2,148.6	224
1994	7,887.1	42,808.0	18.4	4,320.9	2,093.8	206
1995	2,144.0	42,888.8	5.0	4,408.8	1,987.3	222
1996	2,944.9	42,881.4	6.9	4,148.8	1,999.0	208
1997	3,629.0	41,427.8	8.8	3,828.2	1,788.2	214

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

Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit as a percentage of annual covered payroll approximately adjusts for the effects of inflation and adds analysis of Teachers' Retirement System's progress towards accumulating sufficient assets to pay benefits when due. Generally, the greater this percentage, the stronger the system. For the 1988 and 1990-1997 years, there were significant changes in the actuarial assumptions principally related to investment rate of return and utilization of these covered mortality tables.

Source: Teachers' Retirement System of Louisiana Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 1998.

	1992-93	1993-94	1994-95	1995-96	1996-97
BREAKFAST -- STUDENT PARTICIPATION					
Number of Schools Served	114	118	117	120	120
Number of Days Served	173	174	171	173	175
Free Breakfasts					
Number Served	3,228,828	3,558,548	3,244,475	3,878,524	3,987,023
Average Number Served	18,850	20,381	19,940	20,947	20,840
Reduced Price Breakfasts					
Number Served	52,320	52,320	48,403	48,273	50,851
Average Number Served	283	280	283	284	292
Full Price Breakfasts					
Number Served	40,667	40,891	41,388	35,871	33,123
Average Number Served	298	297	300	288	269
Total Served					
Number Served	3,679,645	3,990,639	3,658,646	4,174,278	4,127,027
Average Number Served	19,483	21,098	21,388	21,479	21,488
Average Daily Attendance	73,331	75,477	73,860	73,558	73,880
Number Served as Percentage of Daily Attendance	26.57	28.08	29.09	29.20	29.10
Price per Breakfast by Student					
Free Price - Elementary	0.00	0.00	0.00	0.00	0.00
Free Price - Secondary	0.58	0.50	0.58	0.50	0.58
Reduced Price - Elementary	0.28	0.28	0.28	0.28	0.28
Reduced Price - Secondary	0.28	0.28	0.28	0.28	0.28
Breakfast - Adult Participation					
Number Served to Adults	148,028	156,617	144,303	180,028	137,240
Average Number Served	868	897	844	937	786
Price per Breakfast to Adults	1.40	1.30	1.40	1.35	1.30

CHILDREN PAPER SCHOOL BOARD

Child Nutrition Program

School Lunch and Breakfast Data

(Continued)

	1992-93	1993-94	1994-95	1995-96	1996-97
LUNCH - STUDENT PARTICIPATION					
Number of Schools Served	121	128	120	120	120
Number of Days Served	173	174	171	163	176
Free Lunches					
Number Served	8,892,068	8,641,000	8,888,000	8,845,001	8,851,740
Average Number Served	51,115	51,811	51,550	49,088	50,288
Reduced Lunches					
Number Served	387,844	405,100	374,407	345,040	381,000
Average Number Served	2,242	2,280	2,189	1,808	2,097
Full Price Lunches					
Number Served	770,078	798,000	883,078	851,710	826,110
Average Number Served	4,450	4,580	5,098	5,168	4,677
Total Served	10,049,994	10,085,704	10,047,505	9,941,751	9,958,850
Average Number Served	57,810	57,847	57,880	55,754	56,288
Average Daily Attendance	72,837	73,845	74,830	70,008	71,860
Number Served as Percentage of Daily Attendance	78.20	78.47	77.35	79.64	78.11
Cost per Lunch to Students					
Full Price - Elementary	0.88	0.85	0.88	0.85	0.88
Full Price - Secondary	0.75	0.73	0.75	0.73	0.75
Reduced Price - Elementary	0.28	0.25	0.28	0.25	0.28
Reduced Price - Secondary	0.25	0.28	0.25	0.28	0.25
Lunch - Adult Participation					
Number Served to Adults	317,428	307,370	304,000	288,140	280,460
Average Number Served	1,820	1,791	1,780	1,781	1,520
Price per Lunch to Adults	0.20	0.20	0.20	0.20	0.20

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

Summary of Compensation Paid to School Board Members

Fiscal year ended June 30, 1997

(Unaudited)

<u>Board Members</u>	<u>Salary</u>	<u>Travel</u>	<u>Total</u>
Bill Bowers	\$8,129	-	\$8,129
Carolyn G. Ford	8,288	89	8,377
Cheryl G. Gramer	9,597	840	10,437
Gail M. Clayton	9,527	295	9,822
Harold R. Mayberry	8,249	-	8,249
J. Bronghton Bessieal	18,190	238	18,428
Mark Doherty	5,725	-	5,725
Maxwell W. Gade	10,283	-	10,283
Scott P. Shea	4,882	-	4,882
TOTAL	<u>\$98,771</u>	<u>\$1,372</u>	<u>\$100,143</u>

Note: Travel represents reimbursement for expenses of attending conventions.

New Construction, Bank Deposits, and Property Values

Last Ten Calendar Years

(Unaudited)

Calendar Year	New Commercial Construction (I)		New Residential Construction (II)		Bank Deposits (3) (in thousands)	Estimated Market Value of Property Values (3)
	Number of Units	Value	Number of Units	Value		
1986	129	\$ 76,891,263	699	\$53,624,915	\$7,011,260	\$12,427,891,060
1985	385	160,185,623	295	47,756,883	6,267,311	11,429,476,319
1984	349	82,143,887	300	32,287,686	6,008,243	11,287,894,850
1983	494	67,193,429	200	26,511,283	6,224,897	11,229,822,980
1982	350	68,287,286	180	28,833,241	6,184,171	11,212,538,584
1981	294	63,444,141	157	21,823,547	6,274,899	11,768,726,489
1980	345	58,976,449	204	21,244,183	6,178,174	12,699,829,779
1979	198	38,891,916	282	18,589,689	6,955,499	12,647,849,474
1978	152	48,184,225	371	24,245,414	6,048,896	13,007,329,623
1977	70	58,263,076	338	33,889,283	6,684,179	12,438,218,137

Sources:

- (I) Department of Safety and Permits, Building Permit Report, City of New Orleans.
- (II) Summary of Deposits (as of June 30) - bank branches located in New Orleans, Federal Deposit Insurance Corporation.
- (3) Board of Assessors, Orleans Parish.

Note: For the years 1980 through 1986, the amounts are on a permits issued basis, not a units issued basis as in the years 1977 through 1979.

ORLEANS PARISH SCHOOL BOARD

Table 30

Bonded Debt

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Bonded Debt</u>
1997	\$298,800,000
1998	285,000,000
1999	177,000,000
1999	160,818,800
1999	100,000,000
1999	170,840,018
1999	165,000,000
1999	188,700,000
1999	182,100,000
1999	187,000,000

ORLEANS PARISH SCHOOL BOARD

Table 12

Demographic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Population, '00	Total Students	Public Schools		Non-Public Schools	
			Number, '01	%	Number	%
1987	480,260	156,377	81,843	77.89	24,484	22.87
1986	480,038	159,098	82,066	78.47	25,814	24.88
1985	466,028	166,051	82,020	78.92	28,171	24.86
1984	469,021	169,725	82,484	78.12	27,299	24.88
1983	466,116	116,086	62,080	74.67	27,898	25.40
1982	487,200	108,888	61,623	78.12	20,962	24.87
1981	466,928	112,859	62,820	78.67	20,438	22.03
1980	422,604	112,814	62,410	78.98	20,484	22.01
1979	456,965	116,208	65,518	71.44	20,225	24.88
1978	555,045	158,400	82,601	78.81	24,799	22.89

(1) 1980 and 1980 U.S. Census, Louisiana Tech University for 1985-88 population and Woods & Paule Economics, Inc.

(2) Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1985-87 is 24,898. Total student enrollment is not available for prior years.

Ratio of Debt Service To General Fund Expenditures	Total General Fund Revenues	Ratio of Debt Service To General Fund Revenues
0.74%	\$26,000,000	0.27%
1.00%	300,000,000	0.24%
1.67%	304,300,000	0.44%
2.00%	310,000,100	0.60%
3.50%	308,800,000	0.50%
3.70%	300,700,000	1.60%
5.00%	271,000,100	4.80%
5.87%	371,700,000	1.40%
5.80%	200,010,000	5.80%
6.21%	310,700,000	4.80%

DELTA PARISH SCHOOL BOARD

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

Last Ten Fiscal Years

(Included)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>
1987	\$4,028,800	\$14,320,400	\$18,349,200	\$320,100,000
1988	3,080,000	7,890,085	10,970,085	310,400,400
1989	2,880,000	8,800,410	11,680,410	310,070,200
1990	2,890,000	8,908,390	11,798,390	313,384,440
1991	1,522,749	5,368,770	6,891,519	294,088,247
1992	1,340,000	61,715,173	63,055,173	288,180,110
1993	1,898,000	13,488,912	15,386,912	247,850,440
1994	-	12,894,208	12,894,204	203,800,750
1995	6,912,850	3,898,780	10,811,630	200,700,000

Table 10

Net Borrowed Debt	Ratio of Net Borrowed Debt to Net Assetual Value	Net Borrowed Debt per Capita	Net Borrowed Debt per Student
\$ 283,384,808	18.70%	\$288	\$3,438
254,575,368	17.90%	272	\$3,280
173,881,812	12.88%	178	2,137
102,892,561	10.91%	106	1,265
104,859,348	10.52%	108	1,288
188,908,838	12.03%	191	2,280
148,959,412	10.18%	151	1,798
183,302,840	10.58%	187	2,238
155,928,888	10.02%	159	1,908
120,282,888	8.22%	124	1,488

ORLEANS PARISH SCHOOL BOARD

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

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Population</u>	<u>Number of Students</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less: Debt Service Funds</u>
1987	480,000	81,948	\$ 1,428,384,831	\$ 208,896,551	\$ 10,800,888
1988	480,000	82,388	1,421,482,047	263,882,788	11,000,813
1989	480,000	82,508	1,353,822,321	177,822,289	2,980,301
1990	480,021	82,438	1,322,298,999	180,818,860	4,014,248
1991	480,178	82,080	1,348,827,888	189,048,850	4,387,301
1992	497,230	81,323	1,385,879,795	170,889,818	4,690,780
1993	496,938	82,889	1,458,480,481	185,088,897	6,882,683
1994	518,554	82,418	1,479,591,840	188,780,908	7,847,860
1995	528,881	82,110	1,476,028,733	182,180,908	8,208,204
1996	535,841	82,801	1,482,442,819	127,882,000	7,412,211

Source: Board of Assessors, Orleans Parish, City of New Orleans and Woods & Peck Economics, Inc.

Note: Referenced student enrollment is the number of students eligible for funding in the Minimum Foundation Program (MFP). Total student enrollment for 1995-97 is 84,898. Total student enrollment is not available for prior years.

ORLEANS PARISH SCHOOL BOARD

Table 2

Schedule of Debt and Overlapping Debt

December 31, 1988

(Unaudited)

	Net Outstanding Debt	Percentage Overlapping	Overlapping Debt
Orleans Parish School Board at June 30, 1987 (*)	\$ 208,895,581	100%	\$ 208,895,581
Overlapping debt:			
City of New Orleans - general obligation bonds	480,511,808	100%	480,511,808
Audubon Commission	63,428,908	100%	63,428,908
Beverage & Water Board of New Orleans	26,280,000	100%	26,280,000
Orleans Levee District at June 30, 1987 (*)	123,700,521	100%	123,700,521
Total overlapping debt	693,921,237	100%	693,921,237
Total direct and overlapping debt	\$ 902,816,818	100%	\$ 902,816,818

Source: City of New Orleans and Orleans Levee District.

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

ORLEANS PARISH SCHOOL BOARD

Table B

Computation of Legal Debt Margin

June 30, 1987

(Unaudited)

Net assessed value	\$ 1,428,284,891 (1)
Plus exempt property	<u>453,244,727</u>
Total assessed value	\$ <u>1,881,529,618</u>
Debt limit: 30% of assessed value (2)	\$ 564,458,885
Amount of general obligation bonded debt applicable to legal debt limit of Parishwide School District of Parish of Orleans	<u>325,000,000</u>
Legal debt margin	\$ <u>239,458,885</u>

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

(2) Source: Louisiana Revised Statutes Title 90, Section 502, as amended.

State Support and
Local Support Per Student

Last Ten Fiscal Years

(Rounded)

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>State Support</u>	<u>State Support per Student</u>	<u>Total Student Expenditure (1) (2)</u>	<u>Total Cost per Student</u>	<u>Local Support per Student</u>
1997	81,848 (3)	\$206,660,870	\$2,525	\$288,870,844	\$3,529	\$1,007
1998	82,289	200,000,878	2,431	300,887,890	3,656	1,225
1999	83,000	199,867,778	2,408	396,797,860	4,781	2,373
2000	83,490	188,508,478	2,258	384,871,818	4,609	2,351
2001	83,080	178,048,760	2,143	398,397,044	4,808	2,665
2002	81,503	178,723,197	2,194	391,822,476	4,807	2,613
2003	81,809	164,608,864	2,000	308,884,834	3,764	1,764
2004	83,478	160,708,824	1,925	290,888,248	3,485	1,560
2005	83,173	140,784,468	1,693	280,800,000	3,364	1,671
2006	83,801	127,100,420	1,517	220,800,044	2,635	1,118

- Notes: (1) For comparability, bond debt service expenditures have been excluded.
 (2) General Fund and Special Revenue Funds expenditures, except for CMM activities, have been included in total student expenditures.
 (3) Referenced student enrollment is the number of students eligible for funding in the Mainstem Foundation Program (MFP). Total student enrollment for 1998-99 is 84,608.

ORLEANS PARISH SCHOOL BOARD

Table 5

Principal Employees

December 31, 1998

(Unaudited, Amounts in Thousands)

<u>Name of Employee</u>	<u>Type of Business</u>	<u>1998 Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
BellSouth	Telephone utilities	994,000	4.4%
New Orleans Public Service, Inc.	Electric and Gas Utilities	82,910	0.3
A.T & T	Telecommunications	68,524	1.2
University Health	Medical complex	17,478	1.2
Hibernia National Bank	Financial institution	17,457	1.2
Windsor National Bank	Financial institution	16,800	1.0
First National Bank of Commerce	Financial institution	14,580	1.0
Metropolitan Life Insurance Co.	Insurance	13,218	0.9
International Floor Center	Real Estate	11,270	0.8
CS & M	Retail	11,011	0.8
Total Assessed Value of Principal Employees		<u>2,240,258</u>	<u>10.0%</u>

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

Property Tax Rates - Direct and Overlapping Governments

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

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of New Orleans	Orleans Levies Board	Orleans Sewerage & Water Board	Orleans Parish School Board	Audubon Commission	Total
1997	77.00	12.01	22.00	45.00	4.00	161.04
1998	77.00	12.01	22.00	45.10	4.00	161.14
1999	77.00	12.01	22.00	45.10	4.00	161.14
2000	77.00	12.01	22.00	45.10	4.00	161.14
2001	78.00 (1)	12.01	22.00	45.10	4.00	162.02
2002	78.00 (2)	12.01	22.00	45.10	4.00	162.04
2003	88.40	11.20	25.20	42.20	4.27	168.08
2004	88.40	11.20	25.20	42.20	4.27	168.08
2005	89.40	11.20	25.20	42.20	4.27	168.28

Source: City of New Orleans.

Notes: (1) Millage rates were adjusted upward to offset an approximate 5% decrease in assessment values, and generate the same level of income as fiscal year 1999-01.

(2) Effective for fiscal years beginning after June 30, 1999, the Homestead Exemption is not allowed for the new 0-100 Police and Fire Tax.

Assessed and Estimated Market Value of Taxable Property

Last Ten Calendar Years

(continued)

Calendar Year	* Net Assessed Value		* Total Net Assessed Value	Total Estimated Market Value	Ratio of Total Net Assessed to Total Estimated Market Value
	Real Estate	Personal Property			
1997	\$900,118,719	\$538,248,018	\$1,438,366,737	\$12,813,286,428	11.4
1998	885,838,225	535,898,822	1,421,737,047	12,427,581,068	11.4
1999	894,897,030	477,374,587	1,372,271,617	11,408,479,213	11.4
2000	825,898,157	454,881,582	1,280,779,739	11,287,884,888	11.3
2001	857,708,655	441,534,553	1,299,243,208	11,335,682,888	11.3
2002	885,858,429	468,537,028	1,354,395,457	11,213,828,888	12.0
2003	927,181,824	438,228,172	1,365,410,000	11,788,728,888	11.2
2004	952,587,012	528,843,238	1,481,430,250	12,888,888,779	11.2
2005	989,782,048	488,883,878	1,478,665,926	12,842,048,474	11.2
2006	927,713,878	524,732,443	1,452,446,321	12,957,528,888	11.2

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

(*) Excludes Homestead Exemptions

ORLEANS PARISH SCHOOL BOARD

Property Tax Levies and Collections - Cash Basis

School Board's Portion

Last Ten Calendar Years
(Unaudited)

Calendar Year	Real Estate Tax			Personal Property Tax		
	Amount of Tax Levied	Amount of Tax Collected	%	Amount of Tax Levied	Amount of Tax Collected	%
1997	\$41,790,000	\$39,361,000	94.40	\$24,000,000	\$20,418,077	85.09
1998	40,000,000	34,507,000	86.26	25,000,001	18,847,548	75.37
1999	37,020,000	33,170,470	89.62	23,000,000	18,847,000	81.94
2000	36,711,000	32,500,104	88.53	22,000,100	17,300,000	78.64
2001	38,257,787	34,040,804	89.26	22,488,888	19,870,000	88.37
2002	39,434,080	34,183,718	86.71	23,000,100	17,804,000	77.41
2003	40,000,100	33,000,000	82.50	22,000,100	17,500,000	79.55
2004	40,400,000	34,718,732	85.94	22,000,100	17,500,000	79.55
2005	41,000,000	33,818,000	82.48	22,000,100	16,740,148	76.07
2006	24,544,001	20,836,000	85.00	13,404,001	10,004,000	74.64

Sources: Board of Assessors, City of New Orleans, and Orleans Parish School Board financial records.

NR - Not Available

Table 2

1952-53	1951-52	1950-51	1949-50	1948-49	1947-48
137,783,070	113,954,328	132,700,505	94,577,661	86,222,234	82,888,553
96,262,664	84,733,512	20,823,251	28,769,479	26,777,646	22,515,275
22,800,648	29,224,256	15,875,888	15,848,084	15,445,449	11,561,232
7,854,862	7,855,681	7,145,574	6,258,685	6,234,221	5,268,287
2,977,844	2,815,720	3,290,521	3,224,242	3,202,021	3,028,589
13,826,804	14,039,244	12,285,458	12,564,221	11,762,072	11,239,694
58,926,502	57,212,709	45,473,831	3,285,433	3,155,438	2,417,000
27,434,324	24,170,725	21,091,868	22,827,291	21,257,158	20,827,174
17,582,465	12,689,653	12,781,873	8,712,327	8,801,408	9,477,286
4,624,373	5,853,443	5,576,282	48,227,478	28,287,282	21,814,658
1,821,289	1,479,222	5,086,724	775,221	22,484	-
<u>212,281,646</u>	<u>204,096,212</u>	<u>258,186,515</u>	<u>247,658,448</u>	<u>228,029,758</u>	<u>203,796,048</u>

ORLEANS PARISH SCHOOL BOARD
General Fund Expenditures by Function

Last Ten Fiscal Years

(Unaudited)

	1988-89	1989-90	1994-95 (1)	1995-96
Instructional:				
Regular	\$ 102,218,808	117,023,818	117,080,091	114,749,279
Special	28,082,840	27,283,793	28,888,485	27,868,148
Support Services:				
Payroll	22,281,800	22,881,908	22,744,860	21,584,244
Instructional Staff	7,324,589	8,599,901	7,189,112	8,022,212
General administration	4,576,255	5,084,054	5,185,404	3,079,773
School administration	15,737,707	15,089,957	15,549,098	13,889,907
Business Administration (2)				
Business services	11,622,288	14,732,817	16,020,779	15,944,028
Maintenance of plant	29,328,248	28,888,800	27,481,521	28,929,908
Payroll transportation	14,228,879	14,184,038	13,729,887	13,282,553
Central services	6,568,250	6,220,703	6,028,248	11,277,808
Debt Service (3)	<u>1,442,244</u>	<u>1,546,000</u>	<u>1,724,228</u>	<u>1,827,882</u>
Total (4)	<u>\$ 225,225,282</u>	<u>215,200,804</u>	<u>212,495,455</u>	<u>212,273,228</u>

- (1) The amount shown for Debt Service in this table represents expenditures for Bond Debt Service, the EPA loan, the LPPA short term loans, and capital lease rentals.
- (2) Millage related expenditures for 1990-91, 1991-92, and 1992-93 were included with the Special Revenue and Capital Projects Funds. Millage related expenditures for 1993-94, 1994-95, 1995-96, and 1996-97 are included in the Financial Section with the General Fund (for Purposes A, B, and C) and Debt Service and Capital Projects Funds (for Purpose D). Expenditures for Purposes A, B, and C are itemized in Note 11 (c).
- (3) Reflects the savings achieved through the fiscal 1994 restructuring of the risk management program and the increase in projected exposure to general liability lawsuit claims as a result of the 1994 Louisiana Supreme Court decision to eliminate the maximum award from School Boards.
- (4) In 1994-95, the State issued a one-time state pay supplement which increased salary expenditures in the various categories.

1990-99	1991-99	1992-99	1993-99	1998-99	1997-99
31,680,760	31,829,855	35,448,751	23,330,021	20,792,910	20,520,520
18,370,268	17,291,657	15,713,022	11,388,490	9,852,580	10,584,837
5,751,183	8,683,737	3,862,804	4,250,458	3,228,836	3,328,020
5,143,684	143,776	837,839	419,890	503,265	394,273
54,658,987	58,458,795	56,862,364	39,381,858	34,377,571	35,825,656
63,442,786	65,248,776	68,048,877	66,772,860	66,370,388	65,200,921
1,207,888	1,818,983	3,257,880	3,545,189	2,792,808	1,648,969
-4,021,132	3,282,238	2,528,195	2,584,937	2,180,809	2,887,137
125,445,738	128,443,752	130,268,264	128,228,889	125,792,622	123,827,472
188,192,890	174,280,781	111,893,543	102,760,504	93,018,217	83,711,268
-	19,237,273	14,888,827	16,824,687	9,058,149	8,716,443
3,883,835	3,852,854	3,411,704	3,435,873	5,437,584	4,123,428
4,181,130	33,528,347	32,827,812	28,810,738	32,868,584	12,585,814
179,048,752	178,328,387	184,889,894	180,841,820	140,294,448	118,828,211
-	-	-	342,747	712,648	688,824
2,095,728	2,388,728	1,535,012	2,521,815	1,300,582	2,724,585
2,645,140	1,884,670	1,488,080	1,672,878	1,720,472	1,288,181
1,403,830	1,345,134	1,398,220	558,489	362,707	272,188
6,241,248	5,516,530	4,927,180	4,827,828	4,118,109	5,258,688
308,833,842	285,785,462	271,555,183	271,733,827	238,518,261	235,724,648

ORLEANS PARISH SCHOOL BOARD

General Fund Revenues by Source

Last Ten Fiscal Years

(Unaudited)

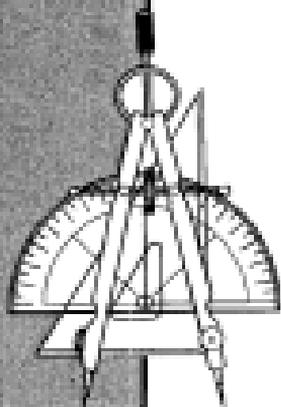
	1990-91	1991-92	1992-93	1993-94
Revenues from local sources:				
Real property tax	\$ 32,329,683	30,812,482	30,381,842	31,414,603
Personal property tax	50,415,977	18,607,918	18,798,201	17,387,298
Real and personal property tax (net)	4,488,789	3,568,228	3,728,519	4,840,500
Delinquent tax penalty	824,752	794,476	982,942	1,202,953
Total property tax (1)	<u>58,059,199</u>	<u>54,024,114</u>	<u>53,793,504</u>	<u>54,845,354</u>
Sales taxes	74,118,548	74,048,717	68,287,273	68,289,014
Interest on investments	1,891,348	728,488	1,081,417	870,218
All other	2,788,172	2,781,674	3,241,907	2,843,448
Total revenues from local sources	<u>136,865,267</u>	<u>131,578,093</u>	<u>125,403,101</u>	<u>126,848,027</u>
Revenues from state sources:				
Minimum Foundation Program (2)	195,959,625	195,941,890	183,628,814	178,884,428
State contribution to teachers' retirement	--	--	--	--
Revenue sharing	3,622,738	2,688,036	2,522,422	3,521,018
All other (3)	3,627,482	3,498,987	12,219,737	3,022,824
Total revenues from state sources	<u>203,209,872</u>	<u>202,128,903</u>	<u>198,371,273</u>	<u>185,430,270</u>
Revenues from federal sources:				
State Security XX	--	--	--	--
Public Law 974 - Impact Aid	303,282	1,796,238	1,871,759	2,518,717
Indirect cost	3,008,287	488,844	882,203	2,532,823
All other	3,061,639	1,783,833	1,378,441	1,818,176
Total revenues from federal sources	<u>3,373,208</u>	<u>4,074,915</u>	<u>4,132,402</u>	<u>4,869,716</u>
Total revenues	<u>\$ 341,448,277</u>	<u>\$297,830,911</u>	<u>\$291,906,676</u>	<u>\$297,148,123</u>

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

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

(3) In 1994-95 and 1995-96, the State of Louisiana funded state pay supplements in the amounts of \$6,407,618 and \$247,094, respectively.

**STATISTICAL
SECTION**



ORLEANS PARISH SCHOOL BOARD

B-3

General Fixed Assets Account Group

Schedule of Changes in General Fixed Assets - By Function

Year ended June 30, 1997

Function	Balance July 1, 1995	Additions	Deductions	Balance June 30, 1997
Support services:				
Pupils	\$ 403,774,588	4,011,651	50,464,154	357,322,085
Instructional staff	3,526,158	350,458	733,752	3,142,864
General administration	598,499	26,000	67,518	556,981
Business and central services	54,260,049	608,275	180,718	54,687,606
Operations, maintenance and other services	11,276,355	12,879	182,810	11,106,424
Bus transportation	12,752,582	6,455	260,714	12,498,323
Total support services	485,178,629	5,016,619	57,876,952	432,318,296
Construction in progress	4,651,826	2,752,885	4,621,626	2,783,085
Total general fixed assets	\$ 489,830,455	\$ 7,769,504	\$ 62,498,578	\$ 435,101,383

See accompanying independent auditor's report.

ORLEANS FISH SCHOOL, BOARD

2-3

General Fund Assets Account Group

SCHEDULE of General Fund Assets - By Function

June 30, 1987

Function	Buildings and Improvements					Total
	Land	Improvements	Furniture and Equipment	Vehicles		
Support services:						
Pupils	\$ 33,841,421	384,040,748	41,347,754	338,830	860,261,753	
Instructional staff	-	-	3,058,873	-	3,058,873	
General administration	-	-	348,218	-	348,218	
Business and central services	6,040,048	13,808,277	4,273,886	285,285	24,507,596	
Operations and maintenance	-	-	11,043,688	15,088	11,058,776	
Bus transportation	<u>34,800</u>	<u>347,880</u>	<u>338,817</u>	<u>11,288,084</u>	<u>12,409,661</u>	
Total support services	\$ <u>44,916,269</u>	<u>498,196,903</u>	<u>58,368,358</u>	<u>12,007,287</u>	<u>603,498,817</u>	
Construction in progress					<u>4,053,343</u>	
Total general fund assets					\$ <u>607,552,160</u>	

See accompanying independent auditors' report.

ORLEANS PARISH SCHOOL BOARD

2-1

General Fixed Assets Account Group

Schedule of General Fixed Assets - By Source

June 30, 1997

General Fixed assets:	
Land	\$ 29,844,280
Buildings and improvements	147,750,100
Furniture and equipment	69,627,529
Vehicles	12,027,284
Construction in progress	<u>4,885,948</u>
Total general fixed assets	\$ <u>412,935,131</u>
Investment in General Fixed Assets from:	
General and Capital Projects Funds	\$ 412,783,171
Individuals With Disabilities Education Act Funds	2,146,750
Improving America's Schools Act Funds	10,771,420
Vocational Education Funds	3,098,100
Child Nutrition Funds	10,481,020
Other Funds	<u>3,822,610</u>
Total investment in general fixed assets	\$ <u>443,492,071</u>

See accompanying independent auditor's report.

General Fixed Assets Account Group

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

Agency Funds

Comparing Statement of Changes in Assets and Liabilities

Total ended June 30, 1997

Statement Description	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Retirement Contributions				
Assets				
Cash and cash equivalents	\$ 274,739	-	274,739	-
Total assets	\$ 274,739	-	274,739	-
Liabilities				
Accounts payable	290,800	-	290,800	-
Due to other funds	99,190	-	99,190	-
Total liabilities	\$ 389,990	-	389,990	-
Payroll Withholding				
Assets				
Cash and cash equivalents	5,704,027	18,909,875	7,048,000	5,665,902
Due from other funds	3,273,188	-	3,273,188	-
Total assets	\$ 8,977,215	18,909,875	10,321,188	8,652,622
Liabilities				
Accounts payable	9,099,410	11,200,000	18,072,148	9,849,262
Due to other funds	-	710,000	-	710,000
Total liabilities	\$ 9,099,410	11,910,000	18,072,148	10,559,262
Student Activity Funds				
Assets				
Cash and cash equivalents	3,787,818	6,718,046	8,289,880	3,195,978
Receivables	21,472	-	4,888	26,660
Total assets	\$ 3,809,290	6,718,046	8,294,768	3,222,638
Liabilities				
Accounts payable	182,764	48,795	-	231,559
Due to student groups	2,845,438	8,712,848	9,841,497	3,059,217
Total liabilities	\$ 2,998,202	8,761,643	9,841,497	3,290,776
Total - All Agency Funds				
Assets				
Cash and cash equivalents	9,841,882	25,627,921	16,719,720	13,240,881
Receivables	81,472	-	4,888	26,660
Due from other funds	3,273,188	-	3,273,188	-
Total assets	\$ 13,196,542	25,627,921	20,007,796	13,267,541
Liabilities				
Accounts payable	9,586,795	11,207,014	14,082,734	9,847,845
Due to other funds	89,130	710,000	99,130	710,000
Due to student groups	2,845,438	8,712,848	9,841,497	3,059,217
Total liabilities	\$ 12,521,363	20,629,862	24,023,361	13,617,062

See accompanying independent auditor's report.

Agency Funds		Totals	
Capital Withdrawing	Statistical Activity	1997	1998
9,038,802	3,189,779	12,268,181	8,888,280
--	--	298,772	113,261
--	28,880	28,218	31,894
--	28,980	4,852	3,289,279
9,038,802	3,218,759	12,571,021	11,859,673
8,040,000	209,040	8,247,040	6,502,768
710,308	--	710,080	99,130
--	8,219,207	8,918,207	8,843,408
9,058,908	8,219,258	15,078,887	15,247,263
--	--	14,790	34,080
--	--	203,590	118,520
--	--	280,204	147,590
9,288,092	8,218,758	92,512,871	11,280,673

ORLEANS PARISH SCHOOL BOARD

Voluntary Funds

Combining Balance Sheet

June 30, 1990

with comparative totals for June 30, 1989

Assets	Trust Funds		Retirement Contribution
	Nonseparable	Separable	
Cash and cash equivalents	\$ 9,071	8,179	--
Investments	1,080	214,172	--
Receivables:			
Accrued interest	4	1,204	--
Due from other funds	4,450	--	--
Total receivables	<u>4,454</u>	<u>1,204</u>	<u>--</u>
Total assets	<u>14,728</u>	<u>224,555</u>	<u>--</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	--	--	--
Due to other funds	--	248	--
Due to student groups	--	--	--
Total liabilities	<u>--</u>	<u>248</u>	<u>--</u>
Fund Balances:			
Reserved for endowment restrictions	14,725	--	--
Unreserved, undesignated	--	223,809	--
Total fund balances	<u>14,725</u>	<u>223,809</u>	<u>--</u>
Total liabilities and fund balances	<u>\$ 14,725</u>	<u>223,809</u>	<u>--</u>

See accompanying independent auditor's report.

Fiduciary Funds

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

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

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

- Tax and Payroll Withholding Fund
- Student Activity Funds

Workers' Compensation Insurance	Other Insurance	Fees (1,000)	Totals	
			1997	1998
<u>209,115</u>	<u>(731,080)</u>	<u>(139,000)</u>	<u>(661,000)</u>	<u>(6,379,818)</u>
<u>250,000</u>	<u>--</u>	<u>--</u>	<u>(250,000)</u>	<u>6,840,100</u>
<u>--</u>	<u>1</u>	<u>--</u>	<u>1,000</u>	<u>1,384,470</u>
<u>41,300</u>	<u>(175,100)</u>	<u>--</u>	<u>(133,800)</u>	<u>29,800</u>
<u>668,336</u>	<u>(6,700,780)</u>	<u>48,000</u>	<u>(6,032,444)</u>	<u>(2,398,240)</u>
<u>(708,300)</u>	<u>(449,284)</u>	<u>(37,140)</u>	<u>(1,194,724)</u>	<u>2,015,887</u>
<u>--</u>	<u>--</u>	<u>800</u>	<u>(1,000,140)</u>	<u>(4,786,708)</u>
<u>--</u>	<u>(78,829,848)</u>	<u>--</u>	<u>(78,829,848)</u>	<u>(2,800,608)</u>
<u>(284,000)</u>	<u>(73,168,848)</u>	<u>--</u>	<u>(73,452,848)</u>	<u>(601,600)</u>
<u>(689,641)</u>	<u>(17,840,800)</u>	<u>(138,000)</u>	<u>(18,668,441)</u>	<u>(8,418,900)</u>
<u>600,000</u>	<u>780,641</u>	<u>100,000</u>	<u>1,480,641</u>	<u>5,000,000</u>
<u>--</u>	<u>(8,149,648)</u>	<u>--</u>	<u>(8,149,648)</u>	<u>--</u>
<u>(80,000)</u>	<u>(1,508,480)</u>	<u>(60,000)</u>	<u>(1,628,480)</u>	<u>(2,000,000)</u>
<u>187,500</u>	<u>--</u>	<u>--</u>	<u>187,500</u>	<u>488,000</u>
<u>187,500</u>	<u>--</u>	<u>--</u>	<u>187,500</u>	<u>(8,800)</u>
<u>187,500</u>	<u>--</u>	<u>--</u>	<u>187,500</u>	<u>480,000</u>
<u>54,000</u>	<u>(1,000)</u>	<u>--</u>	<u>(94,000)</u>	<u>91,000</u>
<u>180,000</u>	<u>1,000</u>	<u>--</u>	<u>181,000</u>	<u>(90,400)</u>
<u>(62,401)</u>	<u>--</u>	<u>--</u>	<u>(62,401)</u>	<u>(54,000)</u>

ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types
Internal Service Funds - Insurance Funds and FPM (SIC)

Consolidating Statement of Cash Flows

Year ended June 30, 1997
with comparative totals for June 30, 1996

	Health Insurance	Life, Dental and Disability Insurance
Cash flows from operating activities:		
Operating income (loss)	\$ 681,247	87,249
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Provision for claims payable—insured losses	--	--
Changes in assets and liabilities:		
Decrease in receivables	--	3,800
Increase (decrease) in other assets	--	--
Decrease (increase) in due from other funds	14,280,087	28,000
Increase (decrease) in accounts payable	2,291,470	28,700
Increase (decrease) in due to other funds	(1,027,874)	--
Decrease in claims payable—insured losses payable	(281,478)	--
Total adjustments	15,261,712	56,500
Net cash provided by (used in) operating activities	15,942,959	143,749
Cash flows from noncapital financing activities:		
Operating transfers in	2,249,000	--
Operating transfers out	--	--
Revised equity transfers	--	--
Net cash provided by (used in) noncapital financing activities	2,249,000	--
Cash flows from investing activities:		
Interest income	78,267	--
Gain (purchase) of investments	1,952,884	--
Net cash provided by investing activities	2,031,151	--
Net increase (decrease) in cash and cash equivalents	20,213,160	143,749
Cash and cash equivalents at beginning of year	188,501	47,114
Cash and cash equivalents at end of year	\$ 20,401,661	190,863

See accompanying independent auditor's report.

Workers' Compensation Insurance	Office Insurance	Firm Salary	Totals	
			1987	1988
2,421,023	2,884,700	646,642	57,648,389	22,221,262
--	--	--	12,478,180	9,222,228
<u>2,421,023</u>	<u>2,884,700</u>	<u>646,642</u>	<u>70,126,569</u>	<u>31,443,490</u>
2,328,089	982,276	--	2,212,865	2,482,724
98,000	2,521,480	--	89,225,600	22,044,700
(222,812)	--	--	(222,812)	2,061,428
<u>2,193,277</u>	<u>3,503,756</u>	<u>641,587</u>	<u>72,495,653</u>	<u>2,544,248</u>
<u>2,848,042</u>	<u>5,128,182</u>	<u>641,587</u>	<u>92,471,812</u>	<u>43,528,214</u>
(554,114)	(174,426)	(100,000)	(281,248)	(2,073,912)
<u>229,928</u>	<u>--</u>	<u>--</u>	<u>124,102</u>	<u>498,282</u>
(280,202)	(774,458)	(100,000)	(100,000)	(3,242,202)
<u>589,726</u>	<u>728,542</u>	<u>428,008</u>	<u>2,024,102</u>	<u>2,256,080</u>
589,680	21,262	--	2,662,982	(905,228)
88,172	(76,827,882)	--	(12,048,222)	(71,842,874)
--	<u>12,143,842</u>	<u>--</u>	<u>12,143,842</u>	<u>--</u>
<u>428,008</u>	<u>1,587,278</u>	<u>--</u>	<u>2,282,011</u>	<u>(21,245,812)</u>

CLERMONT PARISH SCHOOL BOARD

Proprietary Fund Types
 Internal Service Funds - Insurance Funds and Print Shop

Combining Statement of Revenues, Expenses,
 and Changes in Retained Earnings (Accumulated Deficit)

Year ended June 30, 1987
 with comparative totals for June 30, 1986

	Health	Life, Dental and Optical
	<u>286,365.68</u>	<u>69,887.00</u>
Operating revenues:		
Employee contributions	\$ 10,201,438	2,425,181
Employee contributions	2,008,738	471,584
Total operating revenues	<u>12,210,176</u>	<u>2,896,765</u>
Operating expenses:		
Benefit payments	88	-
Premium payments	(5,953,448)	1,094,268
Provision for claims payable/ self-insured losses	-	-
Other expenses	(27,248)	40,890
Total operating expenses	<u>(5,980,704)</u>	<u>1,135,158</u>
Operating income (loss)	649,472	(237,393)
Nonoperating revenue:		
Interest income	16,281	-
Income (loss) before operating losses	665,753	(237,393)
Operating transfers to	3,295,092	-
Net income (loss)	3,960,845	(237,393)
Retained earnings (accumulated deficit):		
Beginning of year	(1,048,781)	645,899
Retained equity transfer	-	-
End of year	<u>\$ 2,912,064</u>	<u>(591,494)</u>

See accompanying independent auditors' report.

Workers' Compensation Insurance	Oliver Insurance	Fair Ship	Totals	
			1997	1998
100,431	--	--	100,430	100,390
--	--	--	--	195,894
2,826,899	2,187,121	--	11,794,000	16,147,860
39,500	10,000	2,893	441,000	137,000
<u>2,866,399</u>	<u>2,197,121</u>	<u>2,893</u>	<u>11,837,000</u>	<u>16,422,754</u>
50,453	1,382,120	--	1,248,833	807,218
<u>2,917,852</u>	<u>3,579,241</u>	<u>2,893</u>	<u>13,131,833</u>	<u>17,238,140</u>
7,821	1,195,898	2,124	4,190,498	2,643,468
--	--	829	829	1,037,971
<u>2,925,673</u>	<u>3,802,248</u>	<u>--</u>	<u>3,833,420</u>	<u>16,058,987</u>
<u>2,933,494</u>	<u>3,799,971</u>	<u>2,893</u>	<u>3,839,699</u>	<u>16,307,261</u>
423,380	1,537,678	--	6,758,211	800,800
--	--	--	--	(71,078,133)
<u>423,380</u>	<u>1,537,678</u>	<u>--</u>	<u>6,758,211</u>	<u>(71,078,133)</u>
<u>2,117,820</u>	<u>4,877,892</u>	<u>1,022</u>	<u>12,791,409</u>	<u>15,229,141</u>

ORLEANS PARISH SCHOOL BOARD

Proprietary Fund Types

Internal Service Funds - Insurance Funds and Prol. Sick
Containing Balance Sheet

June 30, 1987
with comparative 1986 for June 30, 1986

Assets	Health Insurance	Life, Dental and Optical Insurance
Cash and cash equivalents	\$ 140,880	26,288
Investments	--	--
Receivables		
Due from other funds	4,598,087	1,283,808
Other receivables	75,854	87,139
Total receivables	<u>4,673,941</u>	<u>1,370,947</u>
Other assets - prepaid insurance	--	--
Total assets	<u>4,814,821</u>	<u>1,401,235</u>
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	3,291,478	207,894
Due to other funds	--	--
Liability for claims payable/un- settled claims	<u>1,344,046</u>	--
Total liabilities	<u>4,635,524</u>	<u>207,894</u>
Retained earnings (accumulated deficit):		
Reserve for salary wages and employee benefits	89,750	857,877
Accumulated deficit	--	--
Total fund equity = retained earnings (accumulated deficit)	<u>89,750</u>	<u>857,877</u>
Total liabilities and fund equity	\$ <u>4,725,274</u>	<u>1,065,771</u>

See accompanying independent auditor's report.

Proprietary Funds

Internal Service Funds

Insurance Funds and Print Shop Fund

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

- Health Insurance Fund
- Life, Dental and Optical Insurance Fund
- Workers' Compensation Insurance Fund
- Other Insurance Fund
(Nonlitigated General Liability Claims, Property and Casualty and Other)

Capital Fund, P. 1.	Capital Fund, P. 2.	Totals	
		1987	1988
--	2,078,000	2,078,000	917,200
298,187	183,240	5,299,800	2,424,119
--	--	188,840	249,000
--	--	127,714	--
<u>298,187</u>	<u>2,261,240</u>	<u>5,299,800</u>	<u>2,695,319</u>
55,789	--	55,789	1,819,247
--	145,270	266,447	288,640
--	--	913,000	218,214
40,000	1,222,440	2,493,640	2,667,294
--	262,654	1,241,486	298,104
<u>85,789</u>	<u>2,228,374</u>	<u>3,995,412</u>	<u>11,213,205</u>
--	--	127,122	1,276,444
<u>85,789</u>	<u>2,228,374</u>	<u>3,995,412</u>	<u>12,589,649</u>
<u>148,977</u>	<u>442,644</u>	<u>11,237,120</u>	<u>16,668,853</u>
--	--	--	644,856
--	(24,000)	(4,271,682)	(2,293,546)
--	--	--	(827,225)
--	--	26,000,000	61,391,288
--	--	--	1,000,000
--	<u>(261,000)</u>	<u>26,026,000</u>	<u>62,674,800</u>
<u>148,977</u>	<u>241,644</u>	<u>19,267,401</u>	<u>21,071,400</u>
<u>2,260,244</u>	<u>2,799,871</u>	<u>14,200,600</u>	<u>19,670,444</u>
<u>2,409,224</u>	<u>2,999,515</u>	<u>11,058,800</u>	<u>21,221,800</u>

ONEBAY PARK SCHOOL BOARD

Capital Projects Funds

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

Year ended June 30, 1989
with comparative data for June 30, 1988

	Capital Fund #1	Capital Fund #2	Capital Fund #3
Revenues:			
From local sources:			
Admission fees	\$ --	--	--
Interest on investments	141,824	4,376,455	50,488
Other:			
Use of surplus property	100,000	--	--
Maintenance	127,714	--	--
Total revenues	369,538	4,376,455	50,488
Expenditures:			
Capital projects:			
Site improvement services	--	--	--
Architectural and engineering services	41,873	100,575	15,100
Construction	804,666	--	337,614
Renovation	5,786,761	1,488,675	--
Other expenditures	--	108,540	--
Total capital projects expenditures	6,633,299	2,600,794	352,714
Other services:			
Bond interest costs	2,723	151,655	--
Total expenditures	6,636,022	2,752,449	352,714
Excess (deficiency) of revenues over expenditures	(3,266,484)	1,723,956	(302,226)
Other financing sources (used):			
Operating transfers in	--	--	--
Operating transfers out	(300,000)	(6,108,740)	--
Government market loan	--	--	--
Debt payments	--	--	--
Bond proceeds	--	18,500,000	--
Loan proceeds	--	--	--
Total other financing sources (used)	(300,000)	12,391,260	--
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,746,484)	14,667,496	(302,226)
Fund balances at beginning of year	3,468,624	70,884,280	1,698,138
Fund balances at end of year	\$ 1,722,140	85,551,776	1,395,912

See accompanying independent auditor's report.

Capital Fund # 1	Capital Fund # 2	Totals	
		2007	2008
5,875,118	6,486,790	12,361,907	12,358,315
--	--	87,440,208	74,878,837
6,258	2,788	1,818,032	758,880
--	552,420	1,918,028	1,454,825
--	--	--	354,788
<u>6,258</u>	<u>552,420</u>	<u>3,736,060</u>	<u>2,568,501</u>
<u>6,258</u>	<u>6,039,210</u>	<u>16,097,967</u>	<u>14,926,116</u>
--	88,227	481,288	1,258,248
--	84,775	288,878	482,117
<u>60,880</u>	--	<u>770,166</u>	<u>1,740,365</u>
<u>60,880</u>	<u>173,002</u>	<u>1,251,332</u>	<u>1,980,721</u>
124,807	621,824	3,008,717	6,888,871
<u>2,837,690</u>	<u>3,650,248</u>	<u>108,330,128</u>	<u>75,188,658</u>
<u>2,837,700</u>	<u>4,272,072</u>	<u>111,238,845</u>	<u>81,929,023</u>
<u>6,892,776</u>	<u>8,481,022</u>	<u>115,876,792</u>	<u>88,048,100</u>

ORLEANS PARISH SCHOOL BOARD

Capital Projects Funds

Comparing Balance Sheet

June 30, 1987
with comparative totals for June 30, 1986

ASSETS	Capital Fund #1	Capital Fund #2	Capital Fund #3
Cash and cash equivalents	\$ 774,004	2,287,101	1,660,036
Investments	--	87,440,205	--
Receivables			
Accounts receivable	528	1,607,839	1,814
Due from other funds	1,088,096	--	--
Other	--	--	--
Total receivables	1,586,524	1,607,839	1,814
Total assets	1,660,528	189,335,335	1,661,850
Liabilities and Fund Balances			
LIABILITIES			
Accounts payable	77,250	230,180	408
Retainage payable	2,875	100,100	--
Due to other funds	--	1,675,351	378,288
Total liabilities	80,125	2,905,631	378,696
Fund Balances			
Reserved for encumbrances	502,844	2,866,888	104,760
Unreserved, designated for subsequent year's expenditures	1,438,712	90,862,645	1,552,824
Total fund balances	1,941,556	189,335,335	1,657,584
Total liabilities and fund balances	\$ 1,941,556	189,335,335	1,657,584

See accompanying independent auditor's report.

Capital Projects Funds

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

Energy Related Project/Source 1994	Garden District 1995	EPA 1994	1996	
			1997	1998
--	--	--	941,000	2,477,000
91,077	--	--	231,000	544,000
--	--	--	541,000	2,033,000
<u>91,077</u>	<u>--</u>	<u>--</u>	<u>1,713,000</u>	<u>4,054,000</u>
--	--	--	54,000	61,071
373,000	90,000	338,000	4,000,000	3,400,000
187,443	81,100	--	74,000,000	3,600,000
--	--	--	13,100	1,070,000
<u>1,000,000</u>	<u>81,100</u>	<u>338,000</u>	<u>18,000,000</u>	<u>12,000,000</u>
<u>1,000,000</u>	<u>81,100</u>	<u>(338,000)</u>	<u>(2,441,000)</u>	<u>(6,000,000)</u>
940,000	170,000	330,000	21,000,000	10,000,000
--	--	--	(2,000,000)	--
--	--	--	--	(740,000,000)
<u>940,000</u>	<u>170,000</u>	<u>330,000</u>	<u>21,000,000</u>	<u>10,000,000</u>
17,000	48,000	--	3,000,000	5,000,000
<u>1,417,000</u>	<u>--</u>	<u>--</u>	<u>11,000,000</u>	<u>6,000,000</u>
<u>1,587,000</u>	<u>48,000</u>	<u>--</u>	<u>13,000,000</u>	<u>11,000,000</u>

ORLEANS PARISH SCHOOL BOARD

Fund Balance Funds

**Comparing Statement of Revenues,
Expenditures, and Changes in Fund Balances**

Year ended June 30, 1997
with comparative data for the year ended June 30, 1996

	Revolving Funds Series 1997	Revolving Funds Series 1995	Revolving Funds Series 1996	Debt Obligation Funds
Revenues:				
From local sources:				
Ad valorem taxes	\$ --	--	--	892,000
Interest on investments	89,176	12,872	89,884	92,440
Land-based taxes	--	--	--	636,000
Total revenues	<u>89,176</u>	<u>12,872</u>	<u>89,884</u>	<u>1,520,440</u>
Expenditures:				
Current:				
Business administration -				
Total charges	24,816	--	--	--
Debt service:				
Principal retirement	2,389,000	--	--	--
Interest charges	648,888	--	8,942,890	2,800,730
Bond interest costs	--	--	(8,150)	--
Total expenditures	<u>3,062,704</u>	<u>--</u>	<u>8,934,740</u>	<u>2,800,730</u>
Excess (deficiency) of revenues over expenditures	<u>(2,973,528)</u>	<u>12,872</u>	<u>(8,844,856)</u>	<u>(2,280,290)</u>
Other financing sources:				
Operating leases in	4,000,000	--	8,000,870	8,748,040
Operating leases out	--	(192,000)	--	--
Payment to refunded bond	--	--	--	--
contract agent	--	--	--	--
Bond proceeds in	--	--	--	--
Total other financing	<u>4,000,000</u>	<u>(192,000)</u>	<u>8,000,870</u>	<u>8,748,040</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>126,472</u>	<u>(179,128)</u>	<u>156,014</u>	<u>5,467,750</u>
Fund balances at beginning of year	<u>1,894,720</u>	<u>6,114,888</u>	<u>1,847,080</u>	<u>3,426,690</u>
Fund balances at end of year	<u>\$ 2,021,192</u>	<u>5,935,760</u>	<u>2,003,094</u>	<u>8,894,440</u>

See accompanying independent auditor's report.

Energy Facility Project Name	Kernan School Loan	EPA Assets	Totals	
			1987	1992
5.172	40,000	--	4,076,048	4,116,220
5,117,600	--	--	3,900,838	7,882,171
--	--	--	45,181	18,000
--	--	--	--	500,000
--	--	--	8,888,450	1,112,240
--	--	--	8,894,100	4,392,000
<u>1,128,638</u>	<u>40,000</u>	<u>--</u>	<u>18,878,142</u>	<u>71,881,800</u>
--	--	--	774,000	374,000
<u>1,128,638</u>	<u>40,000</u>	<u>--</u>	<u>19,652,142</u>	<u>72,255,800</u>
<u>1,128,638</u>	<u>40,000</u>	<u>--</u>	<u>19,652,142</u>	<u>72,255,800</u>

DALLAS PUBLIC SCHOOL BOARD

Debt Service Funds

Comparing Balance Sheet

June 30, 1997

with comparative data for year ended June 30, 1996

ASSETS	Refunding Bonds Series 1992	Refunding Bonds Series 1991	Refunding Bonds Series 1989	General Obligation Bonds
Cash and cash equivalents	\$ 1,000,000	2,000	1,200,000	1,000,000
Investments	-	-	1,800,000	600,000
Receivables:				
Accrued interest	-	-	-	-
Due from other governments	-	-	50,000	11,000
Due from other funds	-	3,000,000	-	-
Total receivables	-	3,000,000	-	3,000,000
Total assets	1,000,000	3,002,000	3,000,000	3,710,000
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	100,000	-	610,000	-
Fund Balances:				
Reserved for debt service	1,000,000	3,002,000	2,390,000	3,710,000
Total liabilities and fund balances	\$ 1,100,000	3,002,000	3,000,000	3,710,000

See accompanying independent auditor's report.

Debt Service Funds

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

ORLEANS PARISH SCHOOL BOARD

9-1

Child Nutrition Fund - Special Revenue Fund

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

Year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
From local sources	\$ 1,708,000	1,698,000	(100,000)
From state sources	814,000	814,000	-
From federal sources	20,718,741	20,496,808	(221,933)
Total revenues	<u>23,240,741</u>	<u>22,917,130</u>	<u>(323,611)</u>
Expenditures:			
Current			
Support services:			
Business administration	20,042,741	20,080,408	(37,667)
Total expenditures	<u>20,042,741</u>	<u>20,080,408</u>	<u>(37,667)</u>
Deficiency of revenues over expenditures	-	(360,278)	(360,278)
Other financing sources:			
Operating transfers in	-	784,000	784,000
Total other financing sources	<u>-</u>	<u>784,000</u>	<u>784,000</u>
Excess of revenues and other financing sources over expenditures	-	393,722	393,722
Fund balances at beginning of year	<u>198,270</u>	<u>198,270</u>	<u>-</u>
Fund balances at end of year	<u>\$ 198,270</u>	<u>\$21,552</u>	<u>\$176,718</u>

See accompanying independent auditors' report.

CHLIERE PARISH SCHOOL BOARD

B-2

State and Local Funds - Special Revenue Fund

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

Year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Adverse)</u>
Revenues:			
From local sources	\$ 824,830	995,942	(171,112)
From state sources	2,748,817	2,693,799	(55,018)
Total revenues	<u>3,573,647</u>	<u>3,689,741</u>	<u>(116,094)</u>
Expenditures:			
Current:			
Instructional:			
Regular	2,888,814	2,499,878	14,936
Special services:			
Payroll	(4,500)	7,817	11,317
General administration	87,817	29,440	58,377
Business administration	410,882	490,889	(80,007)
Total expenditures	<u>3,877,813</u>	<u>3,027,884</u>	<u>(84,927)</u>
Deficiency of revenues over expenditures	--	(34,912)	(34,912)
Other financing sources:			
Operating transfers in	--	85,812	85,812
Total other financing sources	--	<u>85,812</u>	<u>85,812</u>
Excess of revenues and other financing sources over expenditures	--	--	--
Fund balances at beginning of year	--	--	--
Fund balances at end of year	<u>\$ --</u>	<u>--</u>	<u>--</u>

See accompanying independent auditor's report.

ORLEANS PARISH SCHOOL BOARD

B-3

Other Federal Funds - Special Revenue Fund

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

Year ended June 30, 1987

	Budget	Actual	Variance - Favorable Disadvantage
Revenues:			
From Federal Sources	\$ 2,114,550	4,400,000	(2,285,450)
Expenditures:			
Current:			
Instructional			
Regular	3,718,871	3,870,881	(152,010)
Support services:			
Payroll	107,095	81,889	25,206
General administration	815,887	187,298	628,589
Business administration	306,000	328,820	(22,820)
Total expenditures	2,114,550	4,400,000	(2,285,450)
Deficiency of revenues over expenditures	-	(2,285)	(2,285)
Other financing sources:			
Operating transfers in	-	(2,285)	(2,285)
Total other financing sources	-	(2,285)	(2,285)
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	-	-

See accompanying independent auditor's report.

ORLEANS PARISH SCHOOL BOARD

2018

Individuals with Disabilities Education Act - Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual

Year ended June 30, 2017

	Budget	Actual	Favorable (Adverse)
Revenues:			
From federal sources	\$ 3,268,850	3,291,597	227,053
Expenditures:			
Current:			
Instructional:			
Special	1,200,207	1,167,600	32,607
Support services:			
Payroll	226,140	457,210	231,070
General administration	1,281,004	818,036	462,968
Business administration	329,649	375,000	45,351
Total expenditures	3,036,999	2,817,846	219,153
Excess of revenues over expenditures	231,851	473,751	241,900
Fund balance at beginning of year	--	--	--
Fund balance at end of year	\$ 231,851	473,751	241,900

See accompanying independent auditor's report.

DELEWARE PARISH SCHOOL BOARD

E-3

Improving America's Schools Act - Special Revenue Fund

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

Year ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Flow Federal sources	\$ 29,275,481	\$4,788,481	\$1,000,000
Expenditures:			
Current:			
Instructional:			
Regular	\$1,555,000	\$7,558,000	\$280,000
Support services:			
Pupils	528,500	798,500	80,000
General administration	1,768,887	1,388,887	400,000
Business administration	1,000,452	7,200,000	110,000
Total expenditures	<u>29,275,400</u>	<u>\$4,795,410</u>	<u>4,600,000</u>
Excess of revenues over expenditures	—	871	871
Other financing uses:			
Dipping transfer out	—	870	870
Total other financing uses	<u>—</u>	<u>870</u>	<u>870</u>
Excess of revenues over expenditures and other financing uses	—	—	—
Fund balance at beginning of year	—	—	—
Fund balance at end of year	\$ —	—	—

See accompanying independent auditor's report.

State and Local Funds	Cash Reserve	Totals	
		1997	1998
903,843	1,288,328	2,192,169	1,728,331
2,007,788	874,808	2,881,708	2,004,888
-	23,188,808	68,449,872	81,128,241
<u>2,911,631</u>	<u>24,391,944</u>	<u>71,183,749</u>	<u>85,861,460</u>
2,480,878	-	53,878,485	81,371,378
-	-	1,787,880	832,373
7,877	-	1,268,545	1,272,388
28,445	-	2,212,742	2,188,883
<u>458,882</u>	<u>28,888,428</u>	<u>58,158,652</u>	<u>85,665,022</u>
<u>2,872,482</u>	<u>28,888,428</u>	<u>71,818,501</u>	<u>87,224,802</u>
<u>853,910</u>	<u>(288,373)</u>	<u>(124,228)</u>	<u>(1,201,252)</u>
59,818	754,388	814,214	1,272,401
-	-	84	144,578
<u>59,818</u>	<u>754,388</u>	<u>814,298</u>	<u>1,416,979</u>
-	895,204	895,204	(72,148)
-	185,318	185,318	287,282
-	581,853	581,853	131,318

ORLEANS PARISH SCHOOL BOARD

Special Revenue Funds

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

Year ended June 30, 1987
with comparative totals for year ended June 30, 1986

	PSA Funds	TEEA Funds	Other Federal Funds
Revenues:			
From local sources	\$ --	--	--
From state sources	--	--	--
From federal sources	<u>34,765,401</u>	<u>3,781,601</u>	<u>4,493,607</u>
Total revenues	<u>34,765,401</u>	<u>3,781,601</u>	<u>4,493,607</u>
Expenditures:			
Current:			
Instructional:			
Regular	27,500,604	--	3,679,801
Special	--	1,187,800	--
Support services:			
Payroll	790,808	487,815	92,800
General administration	1,285,842	806,408	157,246
Business administration	<u>8,200,174</u>	<u>279,428</u>	<u>326,250</u>
Total expenditures	<u>34,766,418</u>	<u>3,781,601</u>	<u>4,496,600</u>
Excess (deficiency) of revenues over expenditures	<u>91</u>	<u>--</u>	<u>3,007</u>
Other financing sources (uses):			
Operating transfers in	--	--	3,000
Operating transfers out	<u>(91)</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>(91)</u>	<u>--</u>	<u>3,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances at beginning of year	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances at end of year	<u>\$ --</u>	<u>--</u>	<u>--</u>

See accompanying independent auditor's report.

State and Local Funds	Child Nutrition	Totals	
		1987	1988
1,181,880	--	8,848,290	8,014,817
288,800	274,188	855,007	628,400
<u>1,301,640</u>	<u>274,188</u>	<u>7,864,596</u>	<u>8,643,217</u>
--	808,777	808,777	668,600
<u>1,281,640</u>	<u>1,082,965</u>	<u>8,473,263</u>	<u>9,311,817</u>
39,200	274,188	481,870	720,400
1,082,717	--	8,801,287	7,290,718
<u>288,800</u>	<u>274,204</u>	<u>738,011</u>	<u>695,508</u>
<u>1,351,540</u>	<u>548,402</u>	<u>7,821,730</u>	<u>8,087,740</u>
--	881,833	881,833	795,010
--	881,833	881,833	795,010
<u>1,351,540</u>	<u>1,763,673</u>	<u>9,413,283</u>	<u>9,290,000</u>

ORLEANS PARISH SCHOOL BOARD

Special Revenue Funds

Combining Balance Sheet

June 30, 1987

with comparative totals for June 30, 1986

Assets	DECA Funds	KCA Funds	Other Federal Funds
Receivables:			
Due from other governments	\$ 4,737,048	--	1,140,371
Due from other funds	--	88,294	85,158
Total receivables	<u>4,737,048</u>	<u>88,294</u>	<u>1,185,429</u>
Inventory			
Total assets	<u>4,737,048</u>	<u>88,294</u>	<u>1,185,429</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	118,890	17,282	82,890
Due to other funds	4,628,158	--	915,395
Deferred revenues	--	47,002	186,150
Total liabilities	<u>4,737,048</u>	<u>64,284</u>	<u>1,184,435</u>
Fund balances:			
Reserved for inventory	--	--	--
Total fund balances	--	--	--
Total liabilities and fund balances	<u>\$ 4,737,048</u>	<u>64,284</u>	<u>1,184,435</u>

See accompanying independent auditors' report.

Special Revenue Funds

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

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

ORLEANS PARISH SCHOOL BOARD

8-3

General Fund

Schedule of Business Administration Expenditures - By Function
Budget and Actual - (Budget Basis)
(Not - GAAP)

Year ended June 30, 1997

with comparative totals for year ended June 30, 1996

	1997		Variances - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Business Services:				
Salaries	\$ 2,050,460	2,158,780	11,730	1,899,040
Purchased services	350,700	489,907	139,207	587,004
Materials and supplies	75,814	60,810	(15,004)	80,288
Capital outlay	173,820	30,800	(143,020)	27,500
Other expenditures	14,701	4,297	(10,404)	13,703
Fringe benefits - systems	60,046,580	59,740,700	(305,880)	55,856,883
Total business services	\$ 2,625,525	\$ 2,735,284	\$ 109,759	\$ 2,663,918
Central Services:				
Salaries	1,000,000	1,798,044	7,984	1,807,700
Purchased services	4,779,460	4,710,830	(68,630)	4,876,981
Materials and supplies	229,807	278,040	48,233	189,284
Capital outlay	100,000	64,800	(35,200)	10,810
Other expenditures	3,000	1,811	(1,189)	830
Total central services	\$ 6,112,267	\$ 6,953,525	\$ 841,258	\$ 6,885,795
Pupil Transportation:				
Salaries	6,580,000	6,078,060	(501,940)	5,799,501
Purchased services	6,750,000	7,093,470	343,470	7,113,700
Materials and supplies	891,071	863,000	(28,071)	732,701
Capital outlay	8,140	(1,000)	(9,140)	188,480
Total pupil transportation	\$ 14,219,211	\$ 14,033,530	\$ (185,681)	\$ 14,119,842
Maintenance of Plant:				
Salaries	17,810,748	17,646,000	(164,748)	18,720,000
Purchased services	10,481,000	8,890,788	(1,590,212)	10,076,000
Materials and supplies	1,840,798	1,810,000	(30,798)	180,000
Capital outlay	300,000	110,780	(189,220)	3,000
Other expenditures	47,000	300,000	253,000	75,000
Total maintenance of plant	\$ 20,479,546	\$ 19,757,568	\$ (721,978)	\$ 19,004,000
Total business administration:	\$ 41,026,839	\$ 41,481,737	\$ 454,898	\$ 40,729,781

(See accompanying independent auditor's report.)

ORLAKE PARISH SCHOOL BOARD

8-9

General Fund

Statement of Expenditures - Budget/Actual - Budget Basis
(2001 - 2002)

Year ended June 30, 1997

All comparative data for year ended June 30, 1996

	Budget	Actual	Variance - Favorable (Unfavorable)	1996 Actual
Instructional:				
Regular instruction:				
Salaries	\$ 125,000,000	122,188,018	2,811,982	126,880,000
Travel	50,000	55,000	(5,000)	50,000
Total - regular instruction	125,050,000	122,243,018	2,806,982	127,030,000
Special instruction:				
Salaries	25,750,000	26,088,012	(338,012)	25,000,000
Travel	50,000	45,000	5,000	45,000
Total - special instruction	25,800,000	26,133,012	(333,012)	25,045,000
Total instructional	150,850,000	148,376,030	2,473,970	152,075,000
Support services:				
Food service:				
Salaries	14,000,000	14,000,000	0,000	14,000,000
Purchased services	700,000	700,000	0,000	700,000
Materials and supplies	4,000,000	4,000,000	0,000	4,000,000
Depreciation	1,000,000	1,000,000	0,000	1,000,000
Other expenditures	100,000	100,000	0,000	100,000
Total food support	19,700,000	19,700,000	0,000	19,700,000
Instructional staff support:				
Salaries	4,000,000	4,000,000	0,000	4,000,000
Purchased services	500,000	500,000	0,000	500,000
Materials and supplies	100,000	100,000	0,000	100,000
Capital outlay	100,000	100,000	0,000	100,000
Other expenditures	50,000	50,000	0,000	50,000
Total instructional staff support	4,750,000	4,750,000	0,000	4,750,000
General administration:				
Salaries	1,000,000	1,000,000	0,000	1,000,000
Purchased services	1,000,000	1,000,000	0,000	1,000,000
Materials and supplies	500,000	500,000	0,000	500,000
Capital outlay	100,000	100,000	0,000	100,000
Other expenditures	1,000,000	1,000,000	0,000	1,000,000
Total general administration	4,600,000	4,600,000	0,000	4,600,000
School administration:				
Salaries	15,000,000	15,000,000	0,000	15,000,000
Purchased services	400,000	400,000	0,000	400,000
Total school administration	15,400,000	15,400,000	0,000	15,400,000
Business administration:				
Salaries	20,000,000	20,000,000	0,000	20,000,000
Purchased services	10,000,000	10,000,000	0,000	10,000,000
Materials and supplies	5,000,000	5,000,000	0,000	5,000,000
Capital outlay	100,000	100,000	0,000	100,000
Other expenditures	500,000	500,000	0,000	500,000
Fringe benefits	500,000	500,000	0,000	500,000
Total business administration	31,500,000	31,500,000	0,000	31,500,000
Total support services	60,450,000	60,450,000	0,000	60,450,000
Debt service	200,000	200,000	0,000	200,000
Total expenditures	\$ 211,350,000	208,826,030	2,523,970	212,070,000

See accompanying independent auditor's report.

ORLEANS PARISH SCHOOL BOARD

4-3

General Fund

Schedule of Revenues - Budget and Actual - Budget Basis
(Non-GRAP)Year ended June 30, 1987
with comparative totals for year ended, June 30, 1986

	1987		Variance - Favorable (Unfavorable)	1986 Actual
	Budget	Actual		
Revenues from local sources:				
Real estate taxes:				
Fuel property	\$ 55,876,650	54,528,550	\$13,481	\$2,881,214
Personal property	22,779,000	22,251,707	527,293	21,462,660
Sales Taxes	22,820,000	24,718,248	\$18,248	24,850,117
Transfer of investments	2,140,000	1,261,250	(878,750)	750,685
Tuition and other fees	1,800,000	1,664,000	(136,000)	1,472,841
Miscellaneous (1986/87)	600,000	1,152,000	552,000	1,144,401
Other	21,000	187,947	166,947	144,250
Total local sources	106,006,650	106,684,252	677,602	101,570,668
Revenues from state sources:				
Miscare Foundation Program	600,000,000	600,000,000	(0)	600,000,000
Revenue sharing	3,800,000	3,800,750	750	3,800,000
Professional Improvement Programs	4,000,000	5,581,000	1,581,000	4,862,810
Taxpayers education	800,000	744,000	(56,000)	747,800
Transportation	704,000	584,000	(120,000)	680,000
State pay supplements	--	587,000	587,000	--
Total state sources	612,304,000	611,303,750	(1,000,250)	610,092,610
Revenues from federal sources:				
Impact aid	2,200,000	683,000	(1,517,000)	1,790,000
Indirect cost	600,000	1,000,000	400,000	600,000
POTC safety support	411,000	571,000	160,000	400,000
Other	1,048,000	1,088,711	40,711	1,218,800
Total federal sources	4,269,000	3,342,711	(926,289)	4,018,800
Total revenues	\$ 1,682,580,300	\$ 1,681,330,713	\$ 1,249,587	\$ 1,626,672,078

See accompanying independent auditors' report.

ORANGE PARISH SCHOOL BOARD

A-2

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budget Basis
1997-1998

Year ended June 30, 1997

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues (Schedule A-3)	\$ 244,846,132	242,652,374	2,193,758
Expenditures (Schedule A-4)	252,138,282	250,819,488	1,318,794
Excess of revenues over expenditures	12,707,850	11,832,886	874,964
Other financing uses:			
Operating transfers out	(21,718,832)	(21,747,422)	28,590
Total other financing sources (uses):	(21,718,832)	(21,747,422)	28,590
Excess of revenues and other financing sources over expenditures and other financing uses	9,989,018	9,885,464	1,033,554
Fund balance at beginning of year	14,825,227	14,825,227	-
Residual equity transfer	7,889,228	7,889,228	-
Fund balance at end of year	\$ 22,713,473	22,521,919	1,911,554

See accompanying independent auditor's report.

ORLEANS PARISH SCHOOL BOARD

6-3

General Fund

Comparative Balance Sheet

June 30, 1997 and 1996

Assets	1997	1996
Cash and cash equivalents	\$ 23,489,669	23,197,208
Investments	19,196,000	187,878
Receivables:		
Ad valorem taxes	1,900,917	3,816,518
Sales taxes	12,989,000	7,724,425
Accrued interest	39,214	20,466
Due from other governments	7,328,170	4,890,208
Due from other funds	19,143,180	13,094,394
Other	437,744	3,704,707
Total receivables	<u>33,838,232</u>	<u>30,180,822</u>
Inventory	1,844,081	894,267
Total assets	<u>\$ 61,821,942</u>	<u>\$5,422,219</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	2,384,888	3,188,911
Salaries, wages and payroll taxes payable	4,914,471	5,680,898
Due to other funds	22,232,081	25,277,421
Due to other governments	1,412,215	2,946,482
Other liabilities	202,714	318,184
Accrued compensated absences	4,462,211	3,838,227
Total liabilities	<u>36,708,568</u>	<u>39,290,333</u>
Fund Balance:		
Reserved for:		
Encumbrances	1,271,515	3,745,839
Inventory	1,844,081	894,267
Unreserved:		
Designated for subsequent years' expenditures	12,878,501	7,217,500
Undesignated	12,738,232	5,967,882
Total fund balance	<u>28,228,240</u>	<u>17,845,889</u>
Total liabilities and fund balance	<u>\$ 61,821,942</u>	<u>\$5,422,219</u>

See accompanying independent auditor's report.

General Fund

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

- Local - Sales and Ad Valorem Taxes (including 1998 Dedicated Millage Revenue)
- State - Minimum Foundation Program

General Fund expenditures represent the costs of general school system operations and include the functional categories of Instructional and Support Services. Classifications within Support Services include:

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

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

Statements and Schedules

- Combining
- Individual Fund
- Account Group

DELRANS FRISCH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

(4) General Obligation Bonds

The School Board has approved the issuance of the fourth \$25,000,000 General Obligation Bonds series. The sale of these Series 1997A bonds is scheduled for November, 1987.

The School Board has approved a resolution to request authorization from the State Bond Commission to solicit bids to refinance the 2070 and 2020 maturities of Series 1996 bonds. Under this proposal, which is expected to receive approval and issue in January, 1988, \$8,500,000 of series 1996 bonds will be refinanced.

(4) Short-Term Financing

The School Board has authorized an application to request approval from the State Bond Commission to issue up to \$15,000,000 in revenue anticipation notes for interest financing purposes.

(4) GASB Revisions

In February 1986, the Governmental Accounting Standards Board (GASB) issued statement No. 20, Risk Financing Orphan (GASB 20). GASB 20 amends GASB Statement No. 18, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and modifies the liability and expense recognition and measurement methods to include specific, incremental claim adjustment expenditures, expenses and estimated recoveries in the determination of the liability for unpaid claims, and requires disclosure of whether other claim adjustment expenditures/expenses are included in the liability for unpaid claims. The provisions of GASB 20 are effective for financial statements for periods beginning after June 15, 1986. The School Board has included the impact of this statement in fiscal 1987. The effect was recorded in the General Long-Term Obligations Account Group and is not material.

In November 1984, GASB issued Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, which established new standards for the measurement, recognition, and display of pension expenditures/expenses and related liabilities, assets, net disclosures, and if applicable, requires supplementary information in the financial reports of state and local government employers. The provisions of this statement are effective for periods beginning after June 15, 1987. The School Board has modified the pension disclosure to meet the requirements of GASB No. 27 in fiscal 1987.

In March 1987, GASB issued Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Pensions/Funds, which establishes the value standards for most investments and requires the recording of investments at fair value. The provisions of the Statement are effective for periods beginning after June 15, 1987. The School Board does not anticipate a material impact upon implementation of this statement.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

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

A summary of the fiscal 1987 revenues, expenditures and changes in unexpended balances for the Dedicated Millage Purposes A, B and C as reported within the General Fund (Note 3)(a) is as follows:

	PURPOSE A	PURPOSE B	PURPOSE C	TOTAL
Revenues				
All Valuation Taxes	\$ 2,872,218	\$ 2,872,218	1,324,650	\$ 7,069,086
Expenditures				
Instructional - Regular	-	1,560,808	7,483,028	9,043,836
Instructional - Special	-	93,781	523,473	617,254
Support Services				
Payroll	2,882,456	841,587	582,477	4,306,520
General Administration	-	-	1,200,087	1,200,087
School Administration	-	695,825	742,382	1,438,212
Business Administration	-	-	2,833,888	2,833,888
Total Expenditures	2,882,456	2,690,212	12,641,674	28,214,342
Deficiency of Revenues Over Expenditures	(11,240)	(817,994)	-	(829,234)
Unexpended Balance at Beginning of Year	586,028	552,988	-	1,139,016
Unexpended Balance at End of Year	\$ 574,788	\$ 734,994	\$ -	\$ 1,309,782

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

Purpose C revenues prior to the 1986 roll-up is first used for debt service of the 1995 Capital Refunding Bonds; the remaining amount related to the rolled-up millage is dedicated to fund debt service requirements of the Series A Obligation Bonds. Purpose D ad valorem taxes are reported in the Debt Service and Capital Projects Fund Types. Total Purpose D revenues were \$3,021,267.

NOTE 12 - SUBSEQUENT EVENTS AND ACCOUNTING CHANGES

(a) Refunding Bonds - Excess Restructuring and Transferred Proceeds Parity

On October 21, 1987, the School Board completed a transaction that restructured the Excess Account for the Refunding Bonds, Series 1987 and revised the calculation of the transferred proceeds parity of the Refunding Bonds, Series 1985B. The net savings realized by the School Board from the transaction was \$868,747.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

64 Transfers

A summary of the transfers by fund for the year ended June 30, 1997 is as follows:

<u>FUND</u>	<u>TRANSFERS IN</u>	<u>TOTAL TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>TOTAL TRANSFERS OUT</u>
OPERATING				
General		\$ --		\$ 20,871,611
Special Revenues				
Implying Attorney's General Act Funds	\$ --		\$ 50	
Other Federal Funds	1,500		--	
State and Local Funds	64,602		--	
Grant Monies	704,500		--	
Total Special Revenues		870,602		50
Debt Service				
Refunding Bonds, Series 1987	4,131,688		--	
Refunding Bonds, Series 1991	--		100,000	
Refunding Bonds, Series 1995	6,086,812		--	
Energy Bonds/Project Bonds, Series 1992	200,000		--	
General Obligation Bonds	6,149,819		--	
Debt on School Leas	100,000		--	
EPA Loans	230,000		--	
Total Debt Service		21,898,319		100,000
Capital/Projects Funds:				
61	--		121,000	
62	--		4,140,767	
65	--		100,000	
Total Capital/Projects			4,361,767	
Proprietary:				
Health Insurance	3,140,000		--	
Workers' Compensation Insurance	600,000		--	
Other Insurance	700,000		7,000,000	
Post Shop	300,000		--	
Total Proprietary Funds		4,840,000		7,000,000
TOTAL OPERATING TRANSFERS		1 \$2,130,000		1 \$2,130,000
NON-GENERAL EQUITY (PROX. 66)				
General	\$ 7,000,000		\$ --	
Proprietary - Other Insurance	12,163,000		--	
TOTAL NON-GENERAL EQUITY TRANSFERS		\$ 19,163,000		\$ --

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

NOTE #1 - INDIVIDUAL FUND DISCLOSURES

(A) Interfund Receivables and Payables (Due from/other funds)

Individual fund interfund receivables and payables as of June 30, 1987 were as follows:

Fund	INTERFUND RECEIVABLE	TOTAL INTERFUND RECEIVABLE	INTERFUND PAYABLE	TOTAL INTERFUND PAYABLE
General		\$ 10,141,964		\$ 20,000,000
Special Revenues				
Improving Students School Act Fund	\$ --		\$ 4,000,000	
Individuals with Disabilities Education Act Funds	68,200		--	
Other Federal Funds	61,100		61,100	
State and Local Funds	148,500		1,000,000	
Other Revenues	--254,100		--	
Total Special Revenues		443,800		4,061,100
Debt Service				
Refunding Bond, Series 1987	--		100,000	
Refunding Bond, Series 1981	1,121,000		--	
Refunding Bond, Series 1985	--		610,470	
General Obligations Bonds	4,702,000		--	
Total Debt Service Fund		5,823,000		710,470
Capital Projects Funds				
#1	1,000,000		--	
#2	--		1,000,000	
#3	--		270,000	
#4	--		60,000	
#5	--200,000		--	
Total Capital Projects		1,000,000		1,330,000
Proprietary				
Health Insurance	4,000,000		--	
Life, Sickness and Dental Insurance	1,000,000		--	
Workers' Compensation Insurance	2,000,000		--	
Other Insurance	3,100,000		--	
Paid Stop	--		600	
Total Proprietary Funds		10,100,000		600
Fiduciary				
Nonexpendable Trusts	4,000		--	
Expendable Trusts	--		100	
Agency - Payroll Withholding	--		170,000	
Total Fiduciary		4,000		170,100
TOTAL - ALL FUNDS		\$ 26,465,764		\$ 26,465,764

COLLENS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

NOTE 10 - RISK MANAGEMENT

The School Board accounts for its insurance programs within the General Fund and the Insurance Fund. The primary programs under the Insurance Fund are summarized in Note 3(a). Changes in the Insurance Fund's claims liability amount were as follows:

FIYCAL YEAR	REVERSAL OF FISCAL YEAR LIABILITY	CURRENT YEAR CLAIMS & CHARGES IN ESTIMATES	CLAIM PAYMENTS AND OTHER DEDUCTIONS	BALANCE AT FISCAL YEAR-END
1993-1994	\$ 7,738,869	\$ 18,764,378	\$ 16,778,107	\$ 19,725,141
1994-1995	10,035,771	17,866,484	23,937,071	23,754,334
1995-1996	22,078,184	19,824,428	16,968,818	29,617,728
1996-1997	22,832,738	7,781,266	3,465,755	36,685,237
1997-1997	20,288,237	2,985,670	23,027,268	4,833,639

Included in the above claims liability of \$6,802,462 are health claims of \$1,244,548, workers' compensation claims of \$2,854,811, and the estimated liability for nonlitigated general liability claims of \$1,803,245.

Effective July 1, 1995, the School Board discontinued the use of the Internal Service Fund to account for and finance litigated claims. This resulted in a residual equity transfer through a reduction in the claims payable provision for claims payable in the Other Insurance Fund, an increase in the Long-term Obligations Account Group and a transfer of net assets of the Other Insurance Fund to the General Fund.

The transfer is comprised as follows:

Transfer of litigated claims liability to the General Long-term Obligations Account Group	\$18,868,268
Transfer of net assets (primarily due from General Fund assets) to the General Fund	<u>(2,064,601)</u>
	\$16,803,667

As summarized in Note 11(a), residual equity transfers do not appear in total because a portion of the transfer affected an account group for which an income statement is not presented. In total, for fiscal 1997, as summarized in Note 8(g), additions of \$27,448,791 (comprised of \$18,868,268 and current year changes in estimated claims liability) were recorded in the General Long-term Obligations Account Group. The same payments of \$23,627,245 consists of claims expense of \$3,212,855 and \$18,868,268 related to the residual equity transfer.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) Claims

The School Board is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the School Board, the outcome of those lawsuits will not have a material adverse effect on the financial statements and, accordingly, no additional provision for losses has been recorded for these lawsuits, except as reported in the financial statements.

(b) Labor Contracts

During August, 1987, School Board Representatives and the United Teachers of New Orleans (UTNO) - the teachers, clericals and paraprofessionals' collective bargaining agent, reached agreement on a new three-year contract, which was approved by the union members. Prior to July 1, 1987, the agreement was approved by the School Board on August 11, 1987. The pact includes: (1) \$230 raise for teachers and one additional paid holiday; (2) a \$750 raise for paraprofessionals and clerical staff; (3) an additional salary increase of 4% in 1990-1991 and 1992-2000 which is contingent upon voter approval of a millage; and (4) an increase in the UTNO Health and Welfare Fund contribution from \$760 to \$780 per month. This proposal will be included on the ballot with the request for approval of the millage for Proposals A, B and C.

(c) Federal Financial Assistance Programs

The School Board participates in a number of federal financial assistance programs. Although the grant programs have been audited through June 30, 1987, in accordance with the Single Audit Act Amendments of 1986, these programs are still subject to financial and compliance audits and resolution of identified questioned costs. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

Certain costs related to federal programs have been questioned by the U.S. Department of Education in a preliminary report. Concurrently, the School Board has identified costs which it believes should have been paid to the federal government. Management does not believe that the ultimate resolution of the matter will have a materially adverse impact on the financial position of the School Board.

(d) Arbitrage

Federal government regulations provide generally that interest income generated from investment of bond proceeds of a state or local government are exempt from federal income tax unless the bonds are "arbitrage bonds". Such bonds are generally defined as bonds the proceeds of which are invested at a yield higher than the bond yield. The regulations require that any profit, or "arbitrage", earned must be rebated to the Federal government at least once every two years. At June 30, 1987, the Orleans Parish School Board had a contingent liability of \$184,380 to the federal government.

The actual amount due as of the next required rebate installment payment date is subject to change due to bond and investment activity occurring after June 30, 1987. The required rebate installment payment must be paid no later than 60 days after March 30, 2087.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

Funding Policy: Plan members are required to contribute 6.1 percent and 9.1 percent of their annual covered salary for the Regular Plan and Plan A, respectively. The School Board is required to contribute at an actuarially determined rate. The current rate is 10.3 percent of annual covered payroll for both membership plans. Member contributions and employer contributions for TRSL are established by state law and rates are established by the Public Retirement System's Actuarial Committee. The School Board's employer contribution to TRSL, as provided by the state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the School Board.

The School Board's contributions to TRSL for the years ended June 30, 1987, 1988 and 1989, were \$30,629,620, \$38,090,773, and \$29,820,892, respectively, equal to the required contributions for each year.

PH Louisiana School Employees' Retirement System (LSERS)

Plan Description: LSERS provides retirement benefits as well as disability and survivor benefits. Two years of service credit is required to become vested for retirement benefits and five years is become vested for disability and survivor benefits. Benefits are established and awarded by state statute. LSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (504) 825-6464.

Funding Policy: Plan members are required to contribute 6.35 percent of their annual covered salary and the School Board is required to contribute at an actuarially determined rate. The current rate is 6.80 percent of annual covered payroll. Member contributions and employer contributions for LSERS are established by state law and rates are established by the Public Retirement System's Actuarial Committee. The School Board's employer contribution for LSERS are funded by the State of Louisiana through annual appropriations and by remittances from the School Board.

The School Board's contributions to LSERS for the years ended June 30, 1987, 1988 and 1989 were \$1,452,908, \$1,401,035 and \$1,287,804, respectively, equal to the required contributions for each year.

PH Other Retirement Benefits

As required by state statutes, the School Board must provide certain health care and life insurance benefits to vested employees. This future liability is not funded but will be payable by the General Fund out of future year operations. Substantially all of the School Board's employees may become eligible for such benefits upon reaching retirement age. Except for one-half of the dependent coverage, no contributions are required by the retirees to help finance these future benefits and at the present time, a minimum of one-half of the premiums are paid by the State of Louisiana. It is not known whether the State of Louisiana will continue, and if so, at what level, its funding of one-half of the future premiums for the retirees and their dependents.

Health care coverage for eligible retirees is available under the fully-insured health plan. Both the School Board and the retiree contribute a scheduled amount to the plan. Expenses are recognized when the fund liability is incurred for premiums and claims. For fiscal 1987, premiums to provide retiree health care and life insurance benefits, jointly shared between the School Board and the approximately 1,675 participating retirees were \$4,135,808.

DRELENS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

Future minimum payments under the capitalized lease consist of the following at June 30, 1997:

YEAR ENDING JUNE 30	AMOUNT	INTEREST	TOTAL
1998	\$ 300,000	\$ 72,891	\$ 372,891
1999	300,000	70,600	370,600
Total Minimum Payments	\$ 2,500,000	\$ 247,334	\$ 2,747,334

Interest expense on the outstanding obligation under the capital lease above was \$123,810 for fiscal 1997.

Operating Leases

The School Board has a number of operating leases for land, buildings and equipment used for schools and administrative centers. For these leases, the School Board has, as of June 30, 1997, contractual agreements requiring the following annual rental payments:

FISCAL YEAR ENDING JUNE 30	AMOUNT
1999	\$ 480,000
2000	148,000
2001	123,000
2002	123,000
1 year terms	90

Rental expenditures under operating leases for facilities for the current year amounted to \$240,175.

NOTE 6 - RETIREMENT PLANS

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

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

Plan Description: The School Board participates in two membership plans of TRS, the Regular Plan and Plan A. TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and ten years is required for disability and survivor benefits. Benefits are established and amended by the state statute. TRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-0448.

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

June 30, 1997

Certificate of Indebtedness

On April 22, 1991, the School Board issued a \$175,000 Certificate of Indebtedness, Series 1895. Recorded in Capital Fund #4, these funds are to be used to finance improvements and an addition to Jean Gordon Elementary School. Sections 2021 to 2026 inclusive of Title 33 of the Louisiana Revised Statutes of 1990 authorize the School Board to enter into contracts dedicating the excess of annual revenues of subsequent years to pay for the cost of public improvements. The loan is for a period of ten (10) years at a fixed interest rate of 8.24%.

Debt Service requirements on the financing are as follows:

YEAR	MONTH	LINE	AMOUNT	INTEREST	TOTAL	
1991	1	00,000	1	28,000	1	28,000
1992		00,000		26,000		26,000
2000		00,000		30,100		30,100
2001		00,000		28,300		28,300
2002		75,000		24,200		99,200
2003 - 2005		00,000		39,800		39,800
			1	216,200		216,200

Short-term Financing

On October 6, 1995, the School Board, in order to fund operations, used short-term financing from the Louisiana Public Finance Authority (LPFA) totaling \$14,375,800. Interest cost of \$261,470 was incurred on this loan which was repaid on April 1, 1997.

NOTE 7 - LEASE OBLIGATIONS**Capital Lease**

On June 13, 1993, the New Orleans Public Schools entered into a six-year municipal lease and option agreement to install new buses which provided for a total of 275 buses and security systems upgrade. Similar to the present municipal leases, the agreement qualifies as a capital lease under Financial Accounting Standards Board Statement 13. The terms of this lease include remaining quarterly payments of \$208,870 through July 1999 with an annual interest rate of 5.85 percent. As a municipal lease, under the laws of the State of Louisiana, the agreement includes a funding or "non-appropriated" clause which permits cancellation of the lease agreement in the event sufficient funds are not appropriated for any fiscal year during the life of the agreement.

The capitalized lease obligations for the lease-purchase for the school buses are accounted for in the General Long-term Obligations Account Group and General Fixed Assets Account Group.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

12) Other Long-term Obligations

The following is a summary of changes in other long-term obligations for the 1997 fiscal year:

LONG-TERM OBLIGATION	AMOUNT AS OF JULY 1, 1996	ADDITIONS	RETIREMENTS	AMOUNT AS OF JUNE 30, 1997
Accrued Compensated Absences (Note 8B)	\$ 11,732,493	\$ 5,532,902	\$ _____	\$ 17,265,395
Liability for Claims Payable/Retiree Issued				
Leases (Note 14)	_____	21,485,591	_____	21,485,591
Other Long-term Obligations Payable:				
EPA Loans	4,426,759	—	336,588	4,120,171
Certificate of Indebtedness	678,000	—	60,800	617,200
Capital Lease (Note 7)	2,930,127	_____	1,588,263	1,341,864
Subtotal	7,934,886	_____	1,485,651	6,449,235
TOTAL	\$ 20,602,378	\$ 21,618,593	\$ 1,485,651	\$ 29,745,320

As explained in Note 10, the addition of \$71,445,181 represents the transfer of litigated claims, effective for fiscal 1997.

EPA Loans

Approval has been obtained from the State Bond Commission to issue promissory notes on an interest-free basis and repayable over a twenty-year period. Proceeds from the notes finance the removal of asbestos from certain school buildings. The notes, issued to the U.S. Environmental Protection Agency (EPA), are recorded in Capital Fund #1 and are repaid by and payable from the revenues assigned to the School Board of the \$8,112,185 of authorized notes that had been advanced to the School Board, a remaining balance of \$4,127,183 is still outstanding and due at year-end. Principal payments on EPA loans totaled \$218,588 for fiscal 1997. Interest-free principal payments are made on the loans which have terms expiring in 2004, 2005, 2010, 2012 and 2013. Future annual payment on the EPA loans are as follows:

YEAR ENDING JUNE 30	AMOUNT
1998	\$ 336,588
1999	336,588
2000	336,588
2001	336,588
2002	336,588
2003 - 2007	1,448,711
2008 - 2010	600,230
2012	82,430
	\$ 4,448,036

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

(f) Debt Service Requirements

The annual requirements to amortize all long-term debt outstanding at June 30, 1997, excluding accrued compensated absences, EPA loans payable and the outstanding certificate of indebtedness (see Note 1(g)) are summarized below:

YEAR ENDING JUNE 30	GENERAL OBLIGATION BONDS		LEASING REVENUE INDEBTMENT BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
1996	\$ --	\$ 1,844,604	\$ 100,000	\$ 100,000
1997	800,000	2,794,076	100,000	104,819
2000	1,000,000	3,304,880	100,000	110,884
2001	1,700,000	3,090,040	100,000	488,214
2002	1,000,000	3,488,344	600,000	438,474
2003 - 2007	15,715,000	25,403,044	3,480,000	1,827,708
2008 - 2011	27,000,000	20,098,388	4,000,000	748,281
2012 - 2021	30,780,000	14,003,010	--	--
2022 - 2027	29,000,000	1,007,460	-----	-----
TOTAL	\$ 68,295,000	\$ 84,852,656	\$ 8,680,000	\$ 4,138,607

YEAR ENDING JUNE 30	REFUNDING BONDS		TOTAL, ALL BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
1996	\$ 5,820,000	\$ 8,036,480	\$ 6,310,000	\$ 9,036,150
1997	6,870,000	9,201,610	8,200,000	10,071,500
2000	6,670,000	8,772,074	10,200,000	14,888,600
2001	10,000,000	8,201,487	12,200,000	14,407,640
2002	10,000,000	7,764,798	12,600,000	13,892,140
2003 - 2007	61,880,000	28,488,580	76,120,000	55,745,000
2008 - 2010	16,400,000	16,698,600	64,100,000	55,740,000
2012 - 2017	15,000,000	14,180,507	49,140,000	38,290,000
2018 - 2020	-----	-----	34,500,000	4,200,000
TOTAL	\$ 225,540,000	\$ 201,962,652	\$ 291,960,000	\$ 221,688,400

The accrued interest of \$7,852,888 for Capital Appreciation Bonds is included in the interest column of the Refunding Bonds table above and is included in Bonds Payable in the General Long-Term Obligations Account Group. The Series 1997, Series 1991 and Series 1985 A and B Refunding Bonds have debt service requirements for monthly deposits of \$80,000 (1%) of the total interest payment due and one-twelfth (1/12) of the annual principal payments.

COLEMAN PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

At June 30, 1987, the outstanding balance of these 1985 Bonds, which are not included in the School Board's balance sheet as they are considered defeased, totaled \$108,040,800.

14) Changes in Bonds Payable

<u>BONDS PAYABLE</u>	BALANCE AS OF JULY 1, 1985	ADDITIONS/ DEDUCTIONS	RETIREMENTS/ DEFERMENTS	BALANCE AS OF JUNE 30, 1987
General Obligation Bonds:				
Series 1985 - Bond 120200	\$20,000,000	\$ -	\$ -	\$20,000,000
Series 1985 - Bond 220200	25,000,000	-	-	25,000,000
Series 1987 - Bond 240500	-	(5,000,000)	-	(5,000,000)
Local Revenue Bonds (Energy Refund Project)				
Series 1985 - Bond 020100	11,075,000	-	(90,000)	10,985,000
Refunding Bonds:				
Series 1987 - Bond 120100	10,000,000	-	(200,000)	9,800,000
Series 1981 - Bond 120100	22,720,750	1,800,000	-	24,520,750
Series 1985 - Bond 120100	17,000,000	-	-	17,000,000
Series 1985-1986 - Bond 120100	22,725,000	-	-	22,725,000
TOTAL BONDS PAYABLE	\$95,925,000	\$1,800,000	\$(290,000)	\$97,435,000

Included in the 1981 Refunding Bonds Payable is the cumulative accrued interest of \$7,852,880 on the 1981 Capital Appreciation Bonds.

15) Bond Indentures

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

16) Bonds Authorized and Unissued

On July 15, 1985, the voters of Coleman Parish, in a bond referendum, authorized the School Board to issue \$175,000,000 of general obligation bonds. Through June 30, 1987, \$79,000,000 of bonds remain unissued. The School Board anticipates issuing the remainder of the authorized bonds over the next year.

As of June 30, 1987, the statutory debt limit for general obligation bonds was \$852,204,775 and the net legal debt margin was \$557,204,775. There was \$8,716,319 available in the Debt Service Fund to pay debt service requirements on the general obligation bonds outstanding at June 30, 1987.

ORANGE PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

Refunding Bonds

\$427,695,800 Public School Refunding Bonds, Series 1982, dated December 1, 1987, and partially refunded by \$404,243,987 1990 Refunding Bonds - The purpose of these bonds was to refund Public School Refunding Bonds, Series 1980, and Public School Sales and Use Tax Bonds, Series 1985. The bonds are insured and payable from a combination of one percent sales and use tax (the "Dedicated Sales Tax") and ad valorem taxes - (27.65 mills or the "Constitutional Millage") authorized to be levied by the State Constitution.

\$121,698,760 Public School Refunding Bonds, Series 1991, dated December 1, 1991, partially refunded by the Series 1995 A and D Bonds described below - The purpose of these bonds was to refund the Public School Refunding Bonds, Series 1990. The bonds are insured and are payable from the Dedicated Sales Tax and the Constitutional Millage.

\$27,620,000 Public School Capital Refunding Bonds, Series 1995, dated October 1, 1995 - The purpose of these bonds is to advance refund \$27,100,000 of Public School Capital Financing Bonds, Series 1988A, dated June 1, 1990, which were subsequently called and are no longer outstanding. The bonds are insured and are payable from the Purpose D Millage fee, fleet tolls, prior to the mill forward established above under General Obligation Bonds, subject to a prior and superior pledge in favor of the owners of the School Board's Refunding Bonds, Series 1997.

The \$34,438,000 Series 1999A bonds were issued on June 1, 1999 and designated "Purpose D Bonds." The Purpose D Bonds were issued (7) to recover the costs of certain expenditures in order to provide funds for the maintenance of capital facilities, including the removal of asbestos and other health hazards and/or installation of smoke control machinery such as air conditioning in existing classroom facilities; and (2) to pay insurance costs.

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

\$85,878,000 (1995A) and \$22,845,000 (1995B) Public School Capital Refunding Bonds, Series 1995A through 800 1995B Tax Exempt, dated December 1, 1995 - The purpose of these bonds was to refund \$120,238,118 principal plus interest of \$8,680,351 on the Capital Appreciation Bonds of the Public School Refunding Bonds, Series 1991, which were subsequently called and are no longer outstanding. The bonds are insured and are payable from: (1) Dedicated Sales Tax and (2) Constitutional Millage, subject to a prior and superior pledge of the bonds in favor of the owners of the School Board's outstanding Refunding bonds, Series 1995. These bonds partially refunded the Capital Appreciation Bonds.

(b) Refunded Bonds

In August, 1995, the School Board entered into an advance refunding transaction to effect settlement of the School Board's obligations with respect to the 1992 through 1995 bonds outstanding, at June 30, 1995. At June 30, 1997, the outstanding balances of the 1992 through 1995 bonds, which are not included in the School Board's balance sheet, as they are considered defeased through the establishment of a fully funded escrow to pay debt service on such bonds with maturity, totaled \$22,445,000. The 1995 bonds were subsequently refunded and called with the proceeds of the Series 1997 bonds, as described below.

In December, 1997, the School Board entered into a \$127,855,000 (net) advance refunding transaction (Series 1997) for all of its outstanding bonds which consisted of \$48,021,339 Public School Refunding Bonds, Series 1991, and \$79,833,660 Public School Sales and Use Tax Bonds, Series 1985, for a total of \$127,855,000.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

The purpose of the General Obligation Bonds is to provide monies to improve land for building sites and playgrounds, including construction of necessary sidewalks and streets, to improve school buildings and other related facilities by acquiring necessary equipment and furnishings (bonds), and to complete these projects as both in Capital Improvements Program II.

The Educational Trust Fund (Trust Fund) (Trust Fund) is governed by the Board members of the School Board and serves as a conduit for the collection of specific revenues supporting the debt service requirements of the General Obligation Bonds. The Trust Fund is to collect any and all ad valorem property taxes levied and collected on property used for any permanent or temporary licensed casino gaming establishment or on any new local and its leased both (except for specific taxes levied by the City or Acadiana Development District) for the purpose of repairing, upgrading, improving and acquiring property and the construction of school buildings and related structures, improvements, and construction owned and operated by the School Board.

A cooperative endeavor agreement entered into on November 6, 1995, established the payment by the first basic casino of a minimum \$2,000,000 for the benefit and use of the School Board. During fiscal 1997, \$358,000 was received by the Trust Fund and paid to the School Board; such amounts are included in the Debt Service Funds in revenue on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances. Because the Trust Fund (1) will have no assets, (2) is governed by the Board of the School Board, and (3) will have all its activities included in the financial statement of the School Board, separate presentation of the Trust Fund as a component unit or separate entity is not considered necessary.

Lease Revenue Bonds

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

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

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

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

DELAWARE PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

NOTE 6 - LONG-TERM DEBT

14) Bonds Payable

A summary of the fiscal 1997 bonds payable including interest rates, maturity, interest expense and June 30, 1997 balance is as follows:

BOND ISSUE	PERCENT OF INTEREST IS REMAINING TERM	TERM, MATURITY	INTEREST EXPENSE 1996, 1997-\$	BALANCE AS OF JUNE 30, 1997
General Obligation Bonds:				
Series 1995 - Issued 10/29/95	4.5 - 5.75%	06/1/00	\$ 2,045,176	\$ 15,000,000
Series 1996 - Issued 6/20/96	6.1 - 7.0%	06/1/00	1,989,800	10,000,000
Series 1997 - Issued 6/4/97	4.0 - 7.0%	06/1/02	-	10,000,000
Lease Revenue Bonds (Energy Referral Project)				
Series 1995 - Issued 6/27/95	4.1 - 6.75%	06/1/97	967,440	10,000,000
Refunding Bonds:				
Series 1987 - Issued 10/16/87	7.7 - 7.8%	03/1/99	393,000	0,770,000
Series 1991 - Issued 10/19/91	5.250 - 7.00%	03/1/95	-	24,870,500
Series 1993 - Issued 10/16/93	6.0 - 6.7%	06/1/99	1,189,800	21,900,000
Series 1995 RAB - Issued 10/16/95	6.0 - 6.87%	03/1/04	1,139,147	12,700,000
TOTAL			\$ 7,362,563	\$ 92,070,500

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

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

General Obligation Bonds

Three (3) series of General Obligation Bonds for \$35 million each have been issued: Series 1995, dated October 1, 1995, Series 1996, dated March 1, 1996 and Series 1997, dated March 1, 1997. These bonds are insured and are payable from: (1) the annual levy and collection of an ad valorem mill valuation tax on all taxable properties; (2) additional revenues generated by the 1995 mill levies of certain existing property taxes to the maximum authorized millage level, as deducted by the Board, anticipated to generate approximately \$2 million per year; (3) interest earned on real bond proceeds and debt service assets; and (4) revenues collected by the Educational Trust F and District, as described on the following page.

COLLENS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

SCHOOL FACILITY	PROJECT AMPLIFICATION	EXPENSES AS OF June 30, 1987	COMMITTED
JOHNSON	187,000	18,400	187,000
KARR	1,150,000	88,600	1,880,000
LAYTON	84,000	4,000	70,000
LAKE FOREST	144,000	2,044	148,000
LITTLE WOODS	80,000	8,000	91,400
IMMERSION	80,000	2,070	68,000
MOORE	124,000	4,910	118,000
OSBORNE	180,000	4,000	88,000
PHILLIPS JUNIOR	115,000	5,000	104,000
REED S.	70,000	7,000	84,000
SHAWNEE FOREST	81,750	8,800	84,000
WALKER	150,000	3,000	107,710
WYKLEY	80,000	5,000	70,000
TURNERS	90,000	2,100	90,000
TURMAN	304,000	80,000	214,000
WOODSON	1,088,000	91,000	1,888,000
WALTERS	100,000	6,871	80,000
WILLIAMS S.	70,000	4,800	87,000
SUBTOTAL	74,800,000	1,700,000	11,800,000
CAPITAL PROJECTS (2000 \$)			
PLU S	83,711	10,500	71,224
CARVER	80,000	4,800	75,000
CHESTER	234,810	100,000	240,800
COLTON	37,000	12,700	50,000
CARROLLS BLEWIS LARRY	50,000	40,000	11,000
BARTY (MAYOR) - GENERAL	871,770	70,000	880,000
MCDONOUGH (GENERAL)	810,110	204,000	707,700
MCDONOUGH ST	170,000	171,500	88,000
SCHWAB	80,000	3,800	87,000
VARIOUS	814,000	100,000	610,000
WALKER/TON, S. T.	500,700	208,800	40,000
WYCKER	71,000	—	20,000
SUBTOTAL	3,200,000	7,800,711	1,300,000
GRAND TOTAL	\$ 78,000,000	\$ 1,707,800	\$ 13,100,000

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

Computation for approval. Taxes are due and payable by January 1, the first date and the date on which an enforceable lien attaches on the property. As of February 1, taxes become delinquent and interest and penalty accrue.

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

Sales taxes are assessed and due on the first day of the month subsequent to the month of sale of any retail sales of goods used or consumed within Orleans Parish, including leases and rentals of movable tangible property. The rate of sales tax declared by the School Board is one and one-half percent. Revenues arising from the one percent sales tax authorized by the voters of Orleans Parish in 1985 are used exclusively for the payment of salaries of teachers and/or for the general operations of the school district.

The proceeds of the one-half percent sales tax, which was authorized in 1983, are used for the payment of salaries of teachers and other educational employees of the School Board, for the expenses of maintaining and operating schools and for providing funds to pay for capital improvements.

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

NOTE 4 - DUE TO/FROM OTHER GOVERNMENTS

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

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets for fiscal 1987 is as follows:

TYPE	BALANCE			BALANCE JUNE 30, 1987
	(\$1,711,000)	ADDITIONS	DELETIONS	
Land	\$ 29,887,500	\$ -	\$ 790,500	\$ 29,641,250
Buildings & Improvements	344,791,000	2,488,188	-	347,156,120
Furniture & Equipment	66,282,860	3,887,768	21,793,117	49,021,500
Intangibles	12,077,607	40,007	7,000	12,080,264
Construction in Progress	4,881,520	2,260,888	3,827,300	4,881,520
TOTAL	\$ 428,920,507	\$ 6,676,851	\$ 43,620,917	\$ 454,982,440

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

Statement of Restricted Portion of Fund Balances

RESTRICTION PURPOSE	GOVERNMENTAL FUND TYPE				EXTRABUDGETARY FUND TYPE	TOTAL
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST & AGENCY	
Construction	21,507,100	3	1	6,068,217	6	27,583,327
Inventory	1,044,081	587,000	-	-	-	1,631,081
Cash Reserve	-	-	15,801,000	-	-	15,801,000
Endowment Reserves	-	-	-	-	14,725	14,725
TOTAL	22,551,181	590,000	15,802,000	6,068,217	14,725	45,026,123

(3) Claims and Judgments

The School Board provides for losses and anticipated expenses resulting from claims and judgments including claims adjustment expenditures/expenses, savings and subrogation. Liability for such losses is recorded in the Internal Service Fund - Insurance Funds and the General Long-Term Obligations Account Group (See Note 10). Insured but not reported claims as of June 30, 1997 have been considered in determining the accrued liability.

(4) Comparative Total Data (Memorandum Only)

Comparative total data for the prior year have been presented in the combined financial statements in order to provide an understanding of changes in the School Board's financial position and operations. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the individual statements since their inclusion would make the statements unduly complex and difficult to read. Changes in presentation and accounting include the reclassification of related claims from the Other Insurance Fund to the General Long-Term Obligations Account Group.

The total data, captioned "Memorandum Only", are the aggregate of the fund types and account groups. No consolidating or other eliminations were made in arriving at the totals. Thus, they do not present consolidated information.

NOTE 3 - AD VALOREM AND SALES TAXES

Ad valorem taxes are collected by the City of New Orleans and remitted to the School Board on a periodic basis. Values are established by the Orleans Parish Assessors' Offices each year based on 10% of the assessed market value of residential property and commercial land and on 12% of the assessed market value of commercial buildings, public utilities and personal property.

Ad valorem taxes must be levied prior to January 1 of the assessment year, based on the assessed value as of the prior August 15. However, before taxes can be levied, the tax rolls must be submitted to the State Tax

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

- **Vacation** - Full-time employees who each year must are granted vacation in varying amounts (maximum of 22 days per year) as established by School Board policy. Unused vacation days earned prior to July 1, 1997 may be carried forward indefinitely. Vacation earned after July 1, 1997 during each fiscal year must be taken on or before December 31st of the following fiscal year; in the event of termination, an employee is reimbursed for accumulated vacation days up to thirty days.
- **Sick Leave** - Under terms of union contracts and School Board policy, each employee is entitled to ten days of sick leave per year. Sick leave may be accumulated without limit; however, employees are only reimbursed for accumulated sick leave up to twenty-five days upon death or retirement with twenty or more years of service.
- **Sabbatical Leave** - Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Leave may be granted for rural and insular, and professional and cultural employment. While on sabbatical leave, the employee receives regular compensation less \$50 per day.

At June 30, 1997, \$4,850,077 has been accrued as a current liability in the General Fund, which represents the portion of the estimated compensated absences and related benefits for vacations, sick leave, and sabbatical leaves which will be taken or reimbursed within twelve months of the Balance Sheet Date. The remaining amount of \$12,403,452 has been accrued in the General Long-term Obligations Account Group, representing that portion of the estimated compensated absences and related benefits for the General Fund which will not be normally liquidated with expendable available financial resources.

04 Fund Equity

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

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

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

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

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

A breakdown of investments as of June 30, 1987 is as follows:

	CATEGORY				MARKET VALUE
	1	2	3	SOFT	
Certificates of Deposit	\$110,004,201	\$	\$	\$110,004,201	\$110,004,201
U.S. Savings Bonds	1,000	--	--	1,000	1,000
Flexible Repurchase Agreements (over 90 days at acquisition)	1,117,000	--	--	1,117,000	1,117,000
Marketable Securities			\$2,732	\$2,732	\$2,732
TOTAL INVESTMENTS	\$111,124,201	\$	\$ 2,732	\$112,124,201	\$112,124,201

Marketable Securities consist of eleven (11) common stocks traded on the New York Stock Exchange. These securities are held in the Alceecee Foundation Fund which is reported within the Interdependent Trust Fund Proceeds from this fund are to be used for projects at Alceecee Senior High School.

In January, 1987, the School Board sold its investment in collateralized mortgage obligations of a minimal gain.

(B) Inventory

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

Inventory in the General Fund consists of expendable supplies held for consumption.

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

(C) Property, Plant and Equipment

Land, buildings and improvements, furniture and equipment are recorded as expenditures in the governmental funds and are capitalized in the General Fixed Assets Account Group at cost. Donated fixed assets are valued at their estimated market value on the date of donation. No depreciation has been provided on general fixed assets, nor has interest been capitalized. Leases (Note 7) that qualify as a capital lease are capitalized.

Effective July 1, 1986, the School Board raised its capitalization threshold for property, plant and equipment to \$380. \$18,278,075 of previously capitalized equipment was deleted from the General Fixed Assets Account Group as a result of the change in accounting policy.

(D) Compensated Absences

The School Board's three types of compensated absences which accumulate or vest are described on the following page.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

Those funds used to increase interest earnings were:

- **Federated Trust for U.S. Treasury Obligations;**
- **Manulife Treasury Securities Money Market Fund;**
- **Prudential Government Securities Money Market Fund; and**
- **The Citicorp U. S. Treasury Securities Money Market Fund.**

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

- C. **Securities of the U.S. Government and Other Government Agencies:** These investments consist of bonds, notes or other securities or instruments issued or guaranteed by U.S. Government instrumentalities, which are federally sponsored, such as:
- **U.S. Treasury Notes;**
 - **Federal Home Loan Bank;**
 - **Federal Home Loan Mortgage Corporation; and**
 - **Federal National Mortgage Association.**

(f) Investments

Investments are stated at cost, or amortized cost, unless other than temporary market declines have occurred. State statutes authorize the School Board to invest in U.S. Bonds and Treasury Notes, securities of U.S. Government agencies and instrumentalities, and repurchase agreements secured by U.S. Government obligations. In addition, certificates of deposit with original maturities not ninety days are also included in the investment category.

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

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

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

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

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

14) Encumbrances

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

15) Cash and Cash Equivalents

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

The breakdown of cash and cash equivalents, as of June 30, 1987, is as follows:

Cash	100,487,075
Certificates of Deposit	17,300,000
Repurchase Agreements (Cost approximately market)	2,071,250
Money Market Funds	2,850,000
TOTAL	122,708,325

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

- 1) **Cash and Certificates of Deposit:** The School Board is authorized by state statute to open depositories in those banks with branch offices in the state. The State of Louisiana requires Louisiana banks and savings and loans to secure deposits of all Louisiana public entities by pledging government securities as collateral for amounts in excess of federal depository insurance. As of June 30, 1987, the entire amount of cash and certificates of deposit were covered by federal depository insurance or collateral for amounts in excess of federal depository insurance. At year-end, all the collateral was held in the School Board's name at a Federal Reserve Bank or at a correspondent financial institution.
- 2) **Repurchase Agreements:** Repurchase Agreements are overnight investments backed by government securities held by the financial institution. These are classified as Category 3 investments.
- 3) **Money Market Funds:** During 1986-87, the School Board used four Money Market Funds to increase the interest earnings, as shown on the following page.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

the Internal Service Fund, of which \$8.7 million was designated as available, upon Board approval, to handle payments of claims and judgments.

5. Expenditures for Special Revenue Fund Budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than 5% unless a budget revision is approved by the State Department of Education. For the Child Nutrition Program, budget amendments follow requirements of the General Fund.
6. Capital Projects Funds are allocated by project using architectural and engineering estimates. All projects receive preliminary and final cost estimates until the School Board decides to eliminate the project. Accordingly, budget and actual comparisons are not reported in the general purpose financial statements for those funds.
7. All budget amounts presented in the general purpose financial statements have been adjusted for legally authorized revisions of the annual budgets incorporated into interim financial reports presented to the School Board. No legal restrictions, other than those mentioned previously, are placed on the General Fund budget.
8. Appropriations are valid only for the year in which made, and any part of such appropriation which is not encumbered or expended before the end of the year. The level of control over the budget is exercised at the department or program level for the General Fund and Special Revenue Funds.
9. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis for the General Fund differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP). Because the budgets in the Special Revenue Funds are prepared on a modified accrual basis, no differences in budget basis and GAAP basis occur for those funds.

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

Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis at June 30, 1987 (Exhibit 2)		223,581,873
Add encumbrances at June 30, 1987:		
Total encumbrances	8,187,176	
Less encumbrances on inventory	(151,829)	1,583,526
Less encumbrances at June 30, 1986:		
Total encumbrances	13,748,838	
Less encumbrances on inventory	(128,519)	(13,620,319)
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis at June 30, 1987 (Exhibit 2)		422,463,256

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

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

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

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

Allowances for uncollectible receivables are recorded as necessary. As of June 30, 1987, no provision had been recorded.

14) Budgetary Data

The School Board employs the following procedure in establishing the budgetary data recorded in the general purpose financial statements:

1. Annually, the Superintendent of Schools submits to the School Board a proposed annual budget of expected revenues and expenditures for the General Fund and Special Revenue Funds. Legally adopted budgets are only required for the General Fund and the Special Revenue Funds. The budgets are prepared under the modified accrual basis of accounting except that in the case of the General Fund outstanding encumbrances at the close of the fiscal year are treated as expenditures.
2. A public hearing is advertised and conducted to obtain public input and the proposed budgets are published.
3. The budget is adopted by the School Board and, as required, is submitted no later than September 30 to the State Department of Education for approval.
4. The Superintendent is authorized to move budgeted items within line items within departments or programs in the School Board's approved General Fund Budget but he may not increase the total amount authorized. If during the course of the fiscal year, it becomes evident that estimated revenues, expenditures or beginning fund balance may vary substantially (5%) from the amounts budgeted, then the Superintendent shall inform the Board of the shortfall. Based on the information submitted, the School Board will adopt an amended budget according to the procedures set forth by the State Legislature in R.S. 39:1508 and 1518, and send a copy of the revision to the Louisiana Superintendent of Education. Other budget revisions are submitted to the School Board for approval on a quarterly basis. In connection with the reallocation of the estimated liability for litigation legal cases as long term obligations, the Board approved the residual equity transfer of \$7.8 million of assets from the Other Insurance Fund of

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

Account Groups

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

- **General Fixed Assets Account Group** - This account group has been established to account for the general fixed assets with a cost of \$200 or greater.
- **General Long-term Obligations Account Group** - This account group has been established to account for contractual general obligation indebtedness, the long-term portion of compensated absences, estimated liability and expenses related to litigated claims and other long-term obligations of the School Board.

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

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

The School Board recognizes an estimate for its liability for claims and judgments as soon as the loss is known and reasonably determinable, even if a claim has not been asserted. However, only that portion of estimated liabilities for claims and judgments that would normally be liquidated with expendable available financial resources at June 30, 1997 are reflected as a liability and expenditure in the General Fund. The remaining balance of the liability is reported in the General Long-term Obligations Account Group.

(b) Basis of Accounting

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

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

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

ORLANDO PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1987

Through April 30, 1984, the School Board self insured the litigated claims. Subsequent to April 30, 1984, the School Board obtained commercial reinsurance for claims exceeding \$500,000. Prior to fiscal 1987, the School Board accounted for its general liability litigated and nonlitigated claims in the Other Insurance Fund. Effective July 1, 1986, as a result of increasing litigated claims, the School Board discontinued the use of the Other Insurance Fund for litigated claims. As explained in Note 10, the estimate of litigated claim liability is recorded in the General Long-Term Obligations Account Group.

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

Fiduciary Fund Types

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

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

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

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

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

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

To streamline procedures and increase interest earning potential, the School Board closed its Retirement Contribution Fund during fiscal 1987.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

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

Capital Fund #5 includes projects funded from the non-refunded Capital Funding Series 1989A Bonds. (Note 6). Debt service on the Bonds is provided by the Purpose C millage approved by voters on April 10, 1988. In addition to the bond proceeds, receipts in excess of annual O&M service, over the original four-year and subsequent construction periods, have been and will be used to fund additional projects. Expenditures include system-wide interior renovations, asbestos removal, roof replacement, heating and air conditioning improvements, fire and life safety, energy conservation and electrical improvements.

Proprietary Fund Types

The Proprietary Fund is used to account for the School Board's ongoing operations and activities which are similar to those often found in the private sector. The School Board applies all applicable FASB pronouncements issued on or before November 30, 1986, in accounting and reporting for its proprietary fund operations unless these pronouncements conflict with or contradict GASB pronouncements. The measurement focus is upon determination of net income. The School Board's proprietary fund type is limited to Internal Service Funds as follows:

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

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

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

Workers' Compensation Fund - This fund is used to account for claims arising from employment related injuries. Prior to December 3, 1994 this fund was self-insured by the School Board for claims up to \$150,000 per occurrence. Subsequently, and until April, 1995, coverage was on a fully insured basis. In April, 1995, the School Board initiated participation in a self-insurance plan which included the purchase of excess insurance for claims in excess of \$250,000 per occurrence.

Other Insurance Fund - This fund is used to account for other insurance programs and negotiated general liability claims of the School Board. The significant insurance programs of this fund consist of the following types: (1) fleet insurance, which is fully insured with physical damage having an aggregate deductible of \$100,000 per occurrence; (2) property insurance for fire and windstorm damage, which is fully insured with a deductible of \$50,000 per occurrence; (3) fleet insurance, which is fully insured with a cumulative deductible of \$15,000 per occurrence; (4) unemployment insurance, which is fully insured with no deductible; and (5) professional liability, which is fully insured with a \$1,000 deductible.

DELEWARE PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

2. **General Fund** - The General Fund is the primary operating fund of the School Board and receives most of the revenues derived by the School Board from local sources (principally ad valorem and sales taxes) and state sources (principally the Minimum Foundation Program funding). Ad valorem taxes include revenues from general purpose millage and dedicated millage. There are two types of dedicated millage revenues: (1) "Dedicated Millage for Purposes A, B and C", which was approved in an April, 1995 referendum; and (2) Construction Improvement Program Article 2005 (CIP-B) Millage, which was authorized by a July, 1995 referendum.

Purposes A, B and C dedicated millage revenues are used as follows: Purpose A: Textbooks and Supplies; Purpose B: Early Childhood Development, Discipline and Dropout Prevention, and Purpose C: Salary and Employee Benefits. 1995-97 dedicated millage revenues and expenditures are detailed in Note 1 (c). CIP-B Millage is used for debt service on the bonds issued for the \$775 million renovation project.

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

3. **Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. These funds account for the revenues and expenditures related to federal, state and local grant and entitlement programs for various educational objectives and child nutrition services.
4. **Debt Service Funds** - Debt Service Funds, established to meet requirements of bond covenants and other long-term borrowing, are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. A separate Debt Service Fund is maintained for each similar bond issue type (e.g., General Obligation Bonds, CFA bond) or each referring or unique issue, and long-term debt currently outstanding.
5. **Capital Projects Funds** - Capital Projects Funds are used to account for the receipt and disbursement of the proceeds of general bond issues and other special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, Special Revenue Fund capital outlays, and those projects financed by the proprietary fund).

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

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

Capital Fund #2 includes projects which are being funded from the \$775 million bond issue Referendum approved by the voters on July 15, 1995. These funds will be used to upgrade facilities to meet health and safety codes and to correct critical structural problems.

Capital Fund #3 includes projects funded from the one-half percent sales tax proceeds and the proceeds of a 1995 \$75,000,000 bond issue. Expenditures within this fund are for major repairs, renovations, property acquisition and building of new facilities.

ORLEANS PARISH SCHOOL BOARD

Notes to General Purpose Financial Statements

June 30, 1997

NOTE 1 - REPORTING ENTITY

The Orleans Parish School Board (School Board) is a political subdivision created for providing public education to the citizens of Orleans Parish under Louisiana Revised Statutes 17:51 and 17:52, as amended. The School Board has the power to sue and be sued, and to make rules and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the State Board of Elementary and Secondary Education. The School Board is presently composed of seven members elected by district serving concurrent four year terms; these terms began January, 1997.

The School Board is authorized to establish public schools as it deems necessary to provide adequate facilities for the citizens of the parish, to determine the number of teachers to be employed and to determine local supplements to their salaries. Accordingly, the School Board is considered a primary government. There are no component units, except for the Educational Trust Fund District which is governed by the School Board members; since it has no assets, inclusion as a component unit is not considered necessary. The School Board members are elected by the public and have decision-making authority, the power to designate managers, the ability to significantly influence operations and primary accountability for fiscal matters. These financial statements include all of the funds and account groups and all activities considered to be part of or controlled by the School Board.

The School Board is composed of a central office, 127 schools and educational support facilities. Student enrollment for the 1996-97 year was 84,898 regular and special education students, of which 61,040 were funded through the State Incentives Foundation Program. The School Board employs approximately 8,280 persons (full time) of which approximately 87% are directly employed at school sites. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and financial services. The regular school term begins in late August and runs through early June.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation - Fund Accounting

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

Governmental Fund Types

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

Fiduciary Fund Miscellaneous	Totals	
	Miscellaneous Fund	
	1987	1988
Trust		
<u> P. 828</u>	<u> (200,000)</u>	<u> (2,378,000)</u>
--	(220,010)	6,646,180
--	3,001	1,104,470
--	(600,000)	26,000
--	6,013,478	(2,287,004)
--	1,100,000	3,010,000
--	(1,000,740)	(4,780,700)
--	(70,211,000)	(2,000,000)
--	(10,000,000)	900,000
<u> (8,000)</u>	<u> (10,000,000)</u>	<u> (2,100,000)</u>
--	2,000,000	5,000,000
--	(2,100,000)	--
--	10,000,000	5,000,000
540	100,000	400,000
8,000	144,704	(5,440)
<u> 12,040</u>	<u> 244,704</u>	<u> 394,560</u>
300	(20,700)	10,000
<u> P. 830</u>	<u> 200,000</u>	<u> 310,000</u>
<u> P. 831</u>	<u> 340,000</u>	<u> 650,440</u>
12,204,101	12,207,040	9,308,684
<u> (12,204,000)</u>	<u> (12,204,000)</u>	<u> (9,810,000)</u>
<u> P. 831</u>	<u> 340,000</u>	<u> 950,440</u>

ORLEANS PARISH SCHOOL BOARD

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

Year ended June 30, 1997
with comparative totals for year ended June 30, 1996

	Proprietary Fund Internal Service
Cash flows from operating activities:	
Operating loss	\$ (881,089)
Adjustments to reconcile operating income to net cash used in operating activities:	
Provision for claims payable/self-insured losses (note 10)	(222,210)
Changes in assets and liabilities:	
Decrease in receivables	3,551
Decrease (increase) in other assets	(603,257)
Decrease (increase) in due from other funds	5,013,470
Increase in accounts payable	1,125,005
Decrease in due to other funds	(1,528,742)
Decrease in claims payable/self-insured losses	(60,811,200)
Total adjustments	(12,213,283)
Net cash used in operating activities	(13,094,372)
Cash flows from noncapital financing activities:	
Operating transfers from other funds	3,893,848
Residual equity transfer	12,343,848
Net cash provided by noncapital financial activities	16,237,696
Cash flows from investing activities:	
Interest income	154,100
Sale of investments	133,251
Net cash provided by investing activities	287,351
Net increase (decrease) in cash and cash equivalents	(60,325)
Cash and cash equivalents at beginning of year	564,895
Cash and cash equivalents at end of year	\$ 504,570
Reconciliation of cash and cash equivalents as listed on Exhibit 1:	
Cash and cash equivalents	\$ 504,570
Less amounts not included in nonexpendable trust fund	-
Total cash and cash equivalents	\$ 504,570

See accompanying notes to general purpose financial statements.

Totals (Miscellaneous Only)	
1997	1998
27,840,000	28,320,000
<u>10,270,180</u>	<u>9,528,330</u>
38,110,180	37,848,330
3,210,000	3,480,700
35,900,000	30,368,700
(220,000)	0,000,000
<u>3,470,000</u>	<u>3,570,000</u>
39,407,000	43,938,700
(300,000)	(0,000,000)
<u>39,107,000</u>	<u>43,938,700</u>
(200,000)	(0,000,000)
<u>3,880,000</u>	<u>3,800,000</u>
3,680,000	(200,000)
(12,000,000)	(71,110,000)
<u>10,140,000</u>	<u>-</u>
<u>5,780,000</u>	<u>(12,000,000)</u>

ORLEANS PARISH SCHOOL BOARD

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

Year ended June 30, 1997
with comparative totals for year ended June 30, 1996

	Proprietary Fund Types General Service	Fiduciary Fund Types Nonexpendable Trust
Operating revenues:		
Employer contributions	\$ 27,848,283	-
Employee contributions	10,278,580	-
Total operating revenues	<u>38,126,863</u>	<u>-</u>
Operating expenses:		
Benefit payments (note 18)	8,212,065	-
Premium payments	28,825,080	-
Provision for claims payable self-insured losses (note 10)	(228,810)	-
Other expenses	2,453,591	8,820
Total operating expenses	<u>39,472,936</u>	<u>8,820</u>
Operating loss	(1,346,073)	(8,820)
Nonoperating revenues:		
Interest income	154,182	843
Loss before operating transfers	(1,191,891)	(8,977)
Operating transfers in (note 11B-D)	3,883,848	-
Net increase (loss)	2,691,957	(8,977)
Retained earnings (accumulated deficit)/fund balances at beginning of year	(12,948,220)	24,805
Residual equity transfer (note 1E and 11B-C)	12,149,948	-
Retained earnings (accumulated deficit)/fund balances at end of year	\$ <u>2,793,685</u>	<u>14,728</u>

See accompanying notes to general purpose financial statements.

CLEVELAND PUBLIC SCHOOL BOARD

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

Year ended June 30, 1997
with comparative data for the year ended June 30, 1996

	Governmental Fund Types			Capital Projects
	General	Special Revenue	Fund Balance	
Revenues				
From local sources:				
Ad valorem taxes (100-1100)	\$ 26,000,000	-	266,000	1,633,200
State funds	15,110,200	-	-	-
Interest on investments	1,000,000	-	270,000	1,200,000
Tuition and other fees	1,400,000	-	-	-
Other	1,800,000	2,112,500	100,000	370,500
Total revenues from local sources	26,510,200	2,112,500	366,000	2,973,700
From state sources:				
Maximum Foundation Program	100,000,000	-	-	-
Revenue sharing	5,000,000	-	-	-
Professional development Program	600,000	-	-	-
Other	1,000,000	2,000,000	-	-
Total revenues from state sources	106,600,000	2,000,000	-	-
From federal sources:				
Total revenues	133,620,200	4,112,500	366,000	2,973,700
Expenditures				
Current				
Instructional				
Regular	120,210,000	26,070,000	-	-
Special	20,000,000	1,100,000	-	-
Total instructional expenditures	140,210,000	27,170,000	-	-
Support services				
Payroll	30,000,000	1,200,000	-	-
Instructional staff	3,000,000	-	-	-
General administration	4,000,000	1,000,000	-	-
Business administration	10,000,000	-	-	-
Business administration	11,000,000	20,000,000	50,000	-
Total support services expenditures	68,000,000	22,200,000	50,000	-
Capital projects	-	-	-	6,000,000
Debt service				
Principal retirement (notes/fund T)	1,000,000	-	4,000,000	-
Interest and bond charges (notes/fund T)	800,000	-	14,000,000	-
Serial maturity bonds (fund B)	-	-	75,000	750,000
Total debt service expenditures	1,800,000	-	18,075,000	750,000
Total expenditures	209,810,000	49,370,000	18,125,000	6,723,700
Excess (deficiency) revenues over expenditures	33,810,200	(45,257,500)	184,000	(3,750,000)
Other financing sources (uses):				
Issuance proceeds (note 11(a))	-	500,000	2,000,000	-
Operating transfers and notes 11(b)	(2,100,000)	(50)	(200,000)	1,200,000
Unassigned encumbrances on investments	-	-	-	-
Payment to educational trust sources agent	-	-	-	-
Repayments	-	-	-	10,000,000
Loan proceeds	-	-	-	-
Total other financing sources (uses)	(2,100,000)	450,000	1,800,000	11,200,000
Excess (shortage) and other financing sources over expenditures and other financing uses	31,710,200	(44,807,500)	1,604,000	12,453,000
Fund balances at beginning of year	11,000,000	100,000	1,000,000	8,000,000
Residual equity transfer (notes 11 and 11(b))	1,000,000	-	-	-
Fund balances at end of year	\$ 13,710,200	\$ 50,000	\$ 1,604,000	\$ 12,453,000

See accompanying notes to general purpose financial statements.

Proprietary Fund Type Internal Service	Fiduciary Fund Types Trust and Agency	Account Groups		Totals	
		General Fixed Assets	General Long-term Obligations	(Memorandum Only) 1997	1998
4,508,458	8,887,048	--	--	15,507,502	15,724,000
--	--	--	--	268,879	443,117
--	--	--	--	4,574,471	3,600,038
820	713,983	--	--	32,478,844	20,411,805
--	3,918,217	--	--	1,413,210	2,348,482
--	--	--	--	3,918,217	2,843,428
--	--	--	--	793,071	855,585
--	--	--	--	322,718	215,194
--	--	--	12,400,453	18,022,724	18,608,638
5,802,400	--	--	20,448,181	27,277,509	28,280,227
--	--	--	204,980,801	204,980,501	205,082,705
--	--	--	5,851,879	6,261,278	7,787,886
<u>8,889,680</u>	<u>12,374,247</u>	<u>--</u>	<u>219,180,214</u>	<u>408,462,022</u>	<u>386,602,181</u>
--	--	442,407,250	--	442,487,258	458,171,410
3,752,211	--	--	--	3,752,211	800,800
--	--	--	--	--	(12,876,732)
--	14,738	--	--	23,882,548	21,489,118
--	228,599	--	--	121,828,275	88,833,249
--	--	--	--	10,734,252	8,847,882
<u>3,752,211</u>	<u>248,334</u>	<u>--</u>	<u>--</u>	<u>458,357,136</u>	<u>331,874,357</u>
<u>3,752,211</u>	<u>238,324</u>	<u>442,407,250</u>	<u>--</u>	<u>803,489,018</u>	<u>303,146,388</u>
<u>33,231,898</u>	<u>12,212,621</u>	<u>442,407,250</u>	<u>208,186,614</u>	<u>1,212,981,738</u>	<u>842,046,572</u>

ORLEANS PARISH SCHOOL BOARD

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1997
with comparative totals for June 30, 1996

Liabilities, Equity and Other Credits	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Accounts payable	\$ 3,201,808	491,510	--	491,009
Retainage payable	--	--	--	290,879
Salaries, wages and payroll taxes payable	4,074,471	--	--	--
Due to other funds (note 11a)	22,332,800	6,691,207	779,700	2,094,007
Due to other governments (note 4)	1,410,311	--	--	--
Due to student groups	--	--	--	--
Deferred revenues	--	220,811	--	--
Other liabilities	200,718	--	--	--
Accrued compensated absences (notes 20) and (6g)	4,420,271	--	--	--
Liability for claims payable/un- insured losses (notes 29), (6j) and (6)	--	--	--	--
Bonds payable (note 6a) and (6)	--	--	--	--
Other long-term obligations payable (note 6g)	--	--	--	--
Total liabilities	38,730,200	7,802,730	779,700	2,721,909
Equity and Other Credits:				
Investments in general fixed assets	--	--	--	--
Retained earnings (accumulated deficit):				
Reserved for equity				
Incess and employee benefits	--	--	--	--
Accumulated deficit	--	--	--	--
Fund balances (note 22) :				
Reserved	2,016,808	591,500	15,091,898	5,908,277
Unreserved:				
Designated for subsequent years' expenditures	12,879,501	--	--	108,509,125
Unassigned	13,724,892	--	--	--
Total retained earnings (accumulated deficit) fund balances	28,320,200	591,500	15,091,898	112,898,292
Total fund equity and other credits	28,320,200	591,500	15,091,898	112,898,292
Total liabilities, equity and other credits	\$ 67,050,400	\$ 8,415,000	\$ 15,076,140	\$ 115,718,207

See accompanying notes to general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types Trust/Grat Agency	Account Groups		Totals	
		General Fund Assets	General Long-term Obligations	(Encumbrance Only) 2007	2008
233,618	12,284,121	--	--	55,732,180	48,825,240
--	275,772	--	--	111,785,200	78,889,182
--	--	--	--	1,803,317	3,878,818
--	26,219	--	--	10,288,226	7,724,425
--	--	--	--	1,728,888	298,485
--	--	--	--	14,268,470	19,874,926
11,724,223	4,458	--	--	52,475,864	39,411,625
143,288	--	--	--	781,188	2,116,624
<u>11,877,602</u>	<u>20,888</u>	<u>--</u>	<u>--</u>	<u>61,438,700</u>	<u>41,528,249</u>
--	--	--	--	1,872,808	1,248,867
1,040,872	--	--	--	1,248,523	807,210
--	--	442,487,228	--	442,487,228	450,171,417
--	--	--	15,681,808	15,681,808	15,681,811
--	--	--	282,294,800	222,224,228	273,848,327
<u>13,781,800</u>	<u>19,212,871</u>	<u>442,487,228</u>	<u>298,196,604</u>	<u>1,612,881,728</u>	<u>1,462,848,327</u>

ORLEANS PARISH SCHOOL BOARD

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1997

with comparative totals for June 30, 1996

Assets and Other Debits	Governmental Fund Types			
	General	Special Revenues	Debt Service	Capital Projects
Assets:				
Cash and cash equivalents (note 2)(c)	\$ 20,429,029	--	4,370,848	15,303,007
Investments (note 2)(f)	18,180,000	--	3,899,526	97,440,205
Receivables:				
Advances taxes (note 3)	1,085,917	--	--	--
Sales taxes	13,285,808	--	--	--
Accounts Receivable	38,214	--	45,101	1,819,032
Due from other governments (note 4)	7,809,170	6,949,208	--	--
Due from other funds (note 1)(a)(2)	10,045,180	638,267	8,009,408	1,819,000
Other	627,764	--	--	--
Total receivables	<u>33,961,013</u>	<u>7,587,475</u>	<u>8,054,516</u>	<u>3,638,032</u>
Inventory (note 2)(g)	1,044,850	628,777	--	--
Other assets	--	--	--	--
Property, plant and equipment (note 5)	--	--	--	--
Other Debits:				
Amount available in debt service funds	--	--	--	--
Amount to be provided for retirement of general long-term obligations	--	--	--	--
Total assets and other debits	<u>\$ 51,891,669</u>	<u>8,418,252</u>	<u>18,375,140</u>	<u>110,219,287</u>

See accompanying notes to general purpose financial statements.

**GENERAL
PURPOSE
FINANCIAL
STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

The Members of the
Orleans Parish School Board
New Orleans, Louisiana

We have audited the general purpose financial statements of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 1987, as listed in the accompanying table of contents. Those general purpose financial statements are the responsibility of the management of the School Board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Orleans Parish School Board, as of June 30, 1987, and the results of its operations and the cash flows of its proprietary and nonproprietary trust fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 1987 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

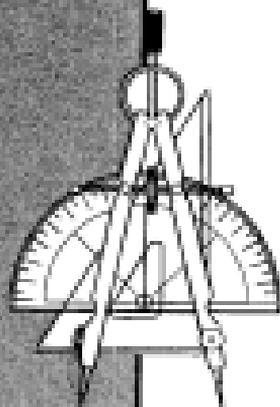
Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional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

As discussed in Note 2(b), the School Board changed its capitalization policy for property, plant and equipment.

KPMG Peat Marwick LLP *Bruno & Tervalon*

November 4, 1987

**FINANCIAL
SECTION**



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ORLEANS PARISH SCHOOL BOARD

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 1995

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

John C. Bland
President

Ann H. Kuyper
Executive Director

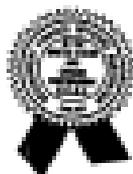
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orleans Parish School
Board, Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

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



Spida K. Savitely
President

Jeffrey L. East
Executive Director

Certificate of Excellence

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting in School Systems to the Orleans Parish School Board for its comprehensive annual financial report for the fiscal year ended June 30, 1998, which represents the twelfth time within the last thirteen fiscal years that we have received this award.

The Certificate of Excellence in Financial Reporting in School Systems is an award of recognition granted by the Association of School Business Officials of the United States and Canada. The award certifies that the recipient school system has presented its comprehensive annual financial report to the ASBO Panel of Review for critical review and evaluation and that the report was judged to have complied with the principles and practices of financial reporting recognized by ASBO. Presenting the award is recognition that a school system has met the highest standards of excellence in school financial reporting.

Other Awards

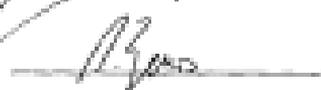
The School Board received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for fiscal 1997. In order to qualify for the Distinguished Budget Presentation Award, the School Board's budget document was judged to be proficient in several categories including policy communication, financial planning and organization. Additionally, the School Board's Cash Management and Investment Policy, adopted in March 1996, was certified by the Municipal Treasurer's Association of the United States and Canada (MTA). When the certification was awarded in 1996, only one other jurisdiction's policy in the State of Louisiana had received MTA Certification.

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the staff of the Finance Department as well as staff from other departments within the Division of Financial Services. We express our sincere appreciation to all members of the Division who assisted and participated in its preparation. We also thank the Members of the Orleans Parish School Board and the Administration for their interest and support in maintaining the fiscal accountability and responsibility of the school system.

Respectfully submitted,



Mark L. Givens, Director, Superintendent

Reginald Jern, M.B.A., Budget Director
Acting Division Head

Anthony J. Slatc, C.F.A., Comptroller

MSL:WZ 4,100/mh

Enclosure

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

Ninety-nine (99) percent of the investments held by the School Board at June 30, 1997 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Micro-computer collateral control procedures are used to ensure that cash and investments are adequately collateralized in accordance with State law and good business practices.

Risk Management

During 1996-97, the Risk Management Department continued the programs implemented during prior years. These activities included: 1) the Playground Restoration Project, 2) the Student Injury Data Log Project, 3) the promotion of procedures in the Employee Safety Handbook, 4) the "Support Your Back" Project, and 5) mandatory drug screening for all post-accident employee injuries.

Insurance coverage was also expanded by: adding all schools to the flood insurance policy, increasing the coverage limits on the property and casualty policy from \$100 million to \$200 million and vehicle fleet insurance from \$5 million to \$10 million, and the addition of professional liability coverage.

Additionally, the Department and the School Board's insurance advisors recommended an Owner Controlled Insurance Program (OCIP), a vehicle for avoiding contractors in obtaining insurance on CIP II projects. Under OCIP, the School District will purchase general liability and workers' compensation insurance in bulk for construction projects. If successful, OCIP should not only reduce construction insurance costs but enable better control for safety concerns and facilitate participation of smaller contractors.

Other Information

Independent Audit

The financial records of the Orleans Parish School Board for the year ended June 30, 1997 have been audited by the independent certified public accountant firm of SPENCE Neal MATHEWS LLP and Boutin & Trivette. Their independent auditor's opinion has been included as part of the Comprehensive Annual Financial Report. The June 30, 1997 audit was an organization-wide single audit under the provisions of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The independent auditor's report relating specifically to the single audit are presented in a separate report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Orleans Parish School Board for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing performance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such GAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Orleans Parish School Board has received a Certificate of Achievement for twelve of the last thirteen consecutive years (fiscal years ended 1984-1996). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

As indicated earlier, on July 15, 1995, the voters of Orleans Parish authorized the issuance of \$175,000,000 of General Obligation Bonds. These Bonds are to be used in connection with improvements set forth in the Capital Improvement Program II (CIP II). The School Board has issued bonds of \$38,000,000 on December 5, 1995, \$25,000,000 on March 28, 1996 and \$12,000,000 on April 7, 1997.

For the year ended June 30, 1997, the School Board had outstanding bonds totaling \$298,000,000, including \$7,000,000 cumulative capital appreciation interest-to-date on the Refunding Bonds, Series 1997. All of the School Board's outstanding debt is insured.

Cash Management

Cash (temporarily idle during the year) was invested in commercial bank certificates of deposit, repurchase agreements and various securities guaranteed by the United States Government or its agencies. Total investment income for all funds amounted to \$7,725,227. The exhibit below shows the amount of interest earned and the change by each fund type for the 1997 and 1996 fiscal years.

SUMMARY OF INVESTMENT INTEREST EARNED

FUND TYPE	1996, 1997	1996, 1996	INCREASE/ DECREASE
General and Agency Funds	\$1,80,388	\$ 720,480	\$1,279,870
Debt Service Fund	279,201	19,800	80,940
Capital Projects Fund	5,299,000	3,420,719	1,880,724
Expendable Trust Fund	11,040	9,400	7,980
Nonexpendable Trust Fund	620	940	(270)
Interest Service Funds	180,120	180,000	(21,800)
TOTAL	\$7,290,369	\$4,350,339	\$2,939,284

Interest earnings, while reported as gross revenue, are offset by \$261,470 of short-term interest expense related to a budgetary loss. A brief analysis of the changes in investment earnings follows:

- General Fund -** Increased interest earnings due to:
Higher cash and investment balances during the year and higher interest rates and lower banking fees obtained by the new banking agreement achieved through an open bid process.
- Debt Service -** Increased interest earnings due to:
Higher cash and investment balances due to the sinking fund requirements of the refunded debts and the transfer of earned interest from the funds in Capital Improvement Project II.
- Capital Projects -** Increased interest earnings due to:
Higher cash and investment balances due to receipt of additional \$75 million on April 7, 1997 and a full year of investing in fiscal 1996 bond proceeds.
- Expendable Trust -** Increased interest earnings due to:
Higher cash and investment balances due to donation of \$708,135 by the High School Scholarship Association.
- Interest Service -** Decreased interest earnings due to:
Reduction in interest allocation to the Other Insurance Fund as a result of the revised equity transfer.

The summary below reports the School Board major insured programs, method of insurance and accounting for each program as of June 30, 1987.

Type of Insurance	Type of Insurance Contract	Fund
Health Insurance	Commercial	Internal Service
Life, Dental and Optical Insurance	Commercial	Internal Service
Workers' Compensation	Excess Commercial: \$355,000 Retained Risk: each occurrence	Internal Service
Unemployment	Commercial	Internal Service
Small Tort Claims	\$7,500 Retained Risk	Internal Service
Litigated Claims, including a) Professional Liability b) Comprehensive General Liability c) Auto Liability	Commercial \$500,000 Retained Risk per claim (effective fiscal 1986), retail commercial	General Fund and General Long-term Obligations Group

The estimated liability for self-retained risk was determined as of June 30, 1987 to be \$20,377,583. Of this amount, \$21,445,181 relates to litigated claims in the General Long-term Obligations Account Group, \$1.3 million is for retained risks for the health insurance program, \$2.7 million accounts for workers' compensation claims filed, and \$1.8 million reports the amount allocated for small tort claims. This represents an overall increase of \$1 million from the 1986 fiscal year-end liability.

The Internal Service Fund ended the 1985-86 fiscal year with accumulated deficits of \$2,048,791 and \$10,827,332 in the Health Insurance and Other Insurance Funds, respectively. The School Board had adopted a plan in 1985 to fund continuing deficits to fiscal 1998. However, as of the first quarter of fiscal 1987, the Administration questioned the General Fund's ability to brook/cover by 1998 these deficits. Based on anticipated salary and operational needs, the Administration determined the General Fund could not solve the deficits within that time.

In November, 1986 the School Board adopted a resolution transferring the estimated liability for litigated claims from the Other Insurance Fund to the General Long-term Obligations Account Group. Through fiscal action, related assets, consisting primarily of a \$8 million receivable from the General Fund, were moved through a netted equity transfer to the General Fund. \$2.3 million of these assets were used to eliminate the Health Insurance Fund deficit. Accordingly, the Designated Fund balance of the General Fund incurs \$5.7 million for future year litigated claims. For the future, the School Board will review and consider funding of litigated claim payments on a case-by-case basis, as presented by School Board legal counsel.

Fiduciary Operations

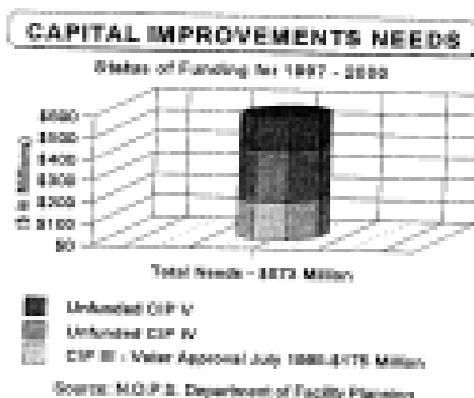
The Fiduciary Funds are used to account for the assets held by the School Board in a trust or agency capacity. Resources contributed by individuals to the School Board which are to be expended for specific purposes are accounted for in the Trust Funds. The Agency Funds are maintained to account for cash held by the School Board as an agent. Agency activities included in the role are collection of payroll withholdings and supervision of the Student Activity Funds.

Bond Administration

During 1985-86 and 1986-87, long-term debt was increased as a result of five new bond issues and one note payable, in part offset by refunding of other bond issues and several principal retirements.

Unfunded Projects

Meanwhile, a large number of top priority projects remain unfunded. The total estimated needs for the School Board for fiscal years 1997 through 2000 are \$573 million. Of this amount, \$308 million or 54% remains unfunded. The graph below illustrates the expected bond proceeds for Capital Improvement Programs (CIP) III, as well as unfunded needs for Capital Improvement Programs IV and V.



Property, Plant and Equipment

The property, plant and equipment of the School Board are those fixed assets used in the performance of its main educational functions.

The total cost of property, plant and equipment was \$442,407,295 at June 30, 1997 as compared to \$459,171,417 at June 30, 1996. Such assets are generally accounted for at historical costs. Depreciation of general fixed assets is not recognized in the School Board's accounting system.

The decrease in property, plant and equipment is primarily attributable to a change in accounting policy which eliminated assets with a net order \$200 from the fixed asset system.

Contingency Account

The school system has not effectively had an adequate contingency account for more than ten years. A government auditor the size of the School Board should have approximately \$1.7 million, or 5% of revenues, reserved for revenue shortfalls and contingencies. The current underfunded surplus of \$18.7 million will be needed to fund negotiated salary increases, fund year 2000 technology needs and emergencies that may arise.

Proprietary Operations and Insurance Programs

Internal Service Funds - Insurance Funds and Print Shop Fund

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

Capital Projects Funds

The Capital Projects Funds includes all major renovation, construction and repair projects of the School Board other than those accounted for in the General and Special Revenue Funds. Total capital project expenditures for the year ended June 30, 1987 amounted to \$8,325,501, compared to \$11,216,842 for the year ended June 30, 1986.

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

Capital Improvement Program I includes all projects which were funded from: 1) a variety of sources prior to June, 1988, 2) the \$475,000 loan for a joint construction endeavor with the parents of Jean Gordon School, and 3) the Louisiana Public Facilities Authority (LPTA) Lease Revenue Bonds (Energy Retrofit Project).

Within Capital Improvement Program I, the major activities during the fiscal year ended June 30, 1987 included the completion of the Gordon School classroom addition and the Energy Retrofit Project. The latter program is designed to produce energy savings over a fifteen year period sufficient to retire the debt.

Capital Improvement Program II represents projects funded by Purpose D Dedicated Millage (ad valorem tax proceeds, after use of tax proceeds to fund debt service requirements). Capital Improvement Program II includes the funds from bonds sold on June 28, 1985 as well as Purpose D cash in excess of debt service. During the fiscal year ended June 30, 1987, Purpose D millage was spent on major projects, including renovations at Cassin and Dunbar Schools. Looking ahead to fiscal year 1987-88, funds from Capital Improvement Program II will be spent on completing many electrical, fire and life safety improvements and renovations in Lafayette School.

Capital Improvement Program II was authorized by the voters in a bond referendum on July 15, 1985. A total of \$175 million in bonds will be issued for this program to be used for life safety, health compliance, air conditioning, and major renovations. \$105 million of general obligation bonds have been issued through fiscal year 1987.

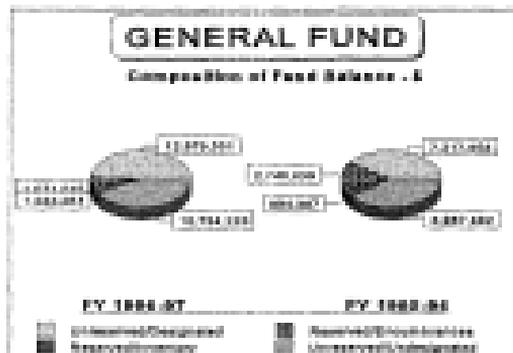
The major activity in Capital Improvement Program II during the fiscal year ended June 30, 1987 included the Carver Auditorium, McDonogh 7 renovations and Hayes roofing and heating renovations. A total of 29 renovation projects are now underway. Also, on June 24, 1987, the Board approved a \$8.4 million construction management contract with Parson-Planning.

These Capital Improvement Programs (II) have been allocated to the Capital Project Funds and identified by the project numbers listed below. Sources of funding/origination of program information are also provided.

CAPITAL IMPROVEMENT PROGRAM	SOURCE OF FUNDS/ ORIGINATOR OF PROGRAM	CAPITAL FUND	PROJECT
I	Sales Tax and Related Funds, Classroom Addition Fund Loans and LPTA Lease Revenue Bonds	1 3 4	1, 3, 4, 5, 6, 7, and 8 9
II	Purpose "D" 1985 Ad Valorem Tax	5	10
III	July 15, 1985 Bond Issue	2	2

Systems Administration expenditures increased by \$1.8 million, primarily due to a decrease in insurance fund transfers. Debt Service expenditures experienced a decrease of 6.7% as a result of the declining interest expense on capital lease agreements as principal is paid. Debt Service expenditures are composed of the principal and interest charges on the capital lease for school buses, and the interest on a short-term loan.

The composition of the General Fund accumulated surplus as of June 30, 1997 and 1996 is graphically reflected below.



Source: 06/30/97 and 06/30/96 CAFRs, Exhibit 1, Page 4

Fund Balance

The total Fund Balances as of June 30, 1997 and 1996 are \$28,229,348 and \$17,949,818, respectively. The unassigned and undesignated General Fund balance as of June 30, 1997 is \$10,734,000. In addition, \$1,571,515 is reserved for contingencies, \$1,248,051 is reserved for inventory and 12,876,837 has been designated for subsequent year expenditures.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Total revenues received from all sources for the year ended June 30, 1997 amounted to \$71,183,712, as compared to \$65,823,448 for the prior year, an increase of \$5,360,264. Total expenditures increased by \$4,587,858 for fiscal year 1997-98.

Federally funded special support and instructional programs, which include the Improving America's Schools Act (IASA) Titles I, II, IV, and VI, the Individuals with Disabilities Education Act (IDEA), and numerous other grants, had expenditures of \$41,998,871 for fiscal 1997, as compared to \$38,227,448 for the prior year, an increase of \$3,771,423. Expenditures for State and Local Funds exceeded revenues by \$65,912.

The Child Nutrition Fund is used to account for all revenues and expenditures related to providing breakfasts and lunches to children of the School System. Total revenues do not include other sources for the year ended June 30, 1997 amounted to \$28,277,123 as compared to \$24,871,879 for the prior year, a increase of \$3,405,244. Total expenditures for the year amounted to \$28,885,838, an increase of \$1,088,143 from the prior year.

The capital excess of expenditures of \$434,728 were offset by transfers from the General Fund. As of June 30, 1997, the fund balance of \$581,853 is reserved for purchased inventory on hand.

Expenditures

General Fund expenditures increased by 3.9% or \$12,355,001 for the year-ended June 30, 1997. Expenditures totaled \$223,185,955 compared to \$210,830,954 in the prior year. Expenditures of \$19,267,665 (1996-97) and \$19,860,800 (1995-96) for the 1998 Dedicated Millage Purposes, A, B, and C are included. An itemized listing of expenditures classified by major function and the increase or decrease for each category is presented in the table that follows.

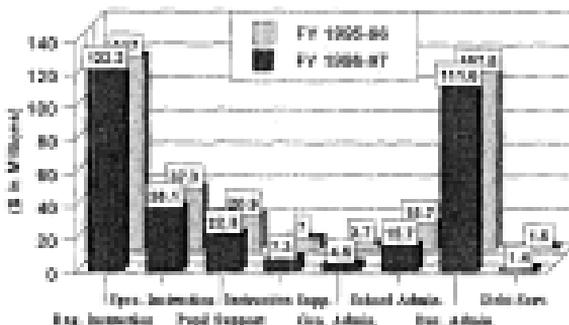
SUMMARY SCHEDULE OF EXPENDITURES
(in millions)

EXPENDITURE TYPE	1996-97	1995-96	INCREASE/ DECREASE	% INCREASE/ DECREASE
Current				
Instructional				
Regular	\$120.1	\$115.0	\$5.2	4.6%
Special	99.1	97.9	1.2	1.1
Support Services				
Payroll	22.0	20.9	1.4	6.7
Instructional Staff	7.3	7.0	0.3	4.3
General Administration	4.0	3.7	0.3	74.3
School Administration	16.7	16.7	-	-
Business Administration	11.9	10.9	1.0	9.2
State Service	1.8	1.8	0.0	0.0
TOTAL	\$223.2	\$210.8	\$12.3	5.9%

Instructional expenditures increased by \$5.2 million, an increase of 4.6% as compared to the previous year. The increase was the result of the 1997 teacher pay raises. Increases in the outlay for Support Services in the Payroll, Instructional Staff, and General Administration areas are primarily attributed to the 1997 pay raises. A graphic summary of General Fund expenditures by major category is shown below.

GENERAL FUND EXPENDITURES

By Major Functions - FY 96-97 vs FY 95-96



Source: 939597 CAFR - Exhibit 2, Page 6

GENERAL GOVERNMENTAL FUNCTIONS

General Fund

Revenues

For the year ended June 30, 1987, General Fund revenues totaled \$245,852,279 (compared to \$238,212,388 in the prior year), an increase of \$6,639,891, or 2.8%. These results include 1986 Dedicated Mortgage Revenues for Purposes A, B and C of \$19,185,852 (1986-87) and \$19,246,580 (1985-86), as per Note 71(c). The amount of revenues from various sources and the increase or decrease over last year are shown in the following tabulation.

SUMMARY SCHEDULE OF REVENUES (in millions)

Revenue Source	1986 - 87	1985 - 86	INCREASE/ DECREASE	% INCREASE/ DECREASE
Local Sources:				
As follows: Property Taxes	\$ 58.1	\$ 56.0	\$ 2.1	3.8%
Sales Taxes	24.1	24.1	—	—
Insurance Income	2.0	0.7	1.3	185.7
Tuition and Other Fees	5.4	5.2	(0.2)	(4.2)
Other	5.4	7.0	1.6	22.9
State Sources:				
Minimum Foundation Program	190.8	190.8	0.0	0.0
Revenue Sharing	8.8	8.7	(0.1)	(1.2)
Professional Improvement Program	3.7	4.0	(0.3)	(7.5)
Other	1.8	1.4	(0.4)	(28.6)
Federal Sources	—	—	—	—
TOTAL	\$245.2	\$238.2	\$7.0	2.9%

The \$1.1 million increase in property taxes resulted from increased property measurements. Increased investment earnings arose from higher cash and investment balances and amortization of the cash funds in higher interest yielding instruments. Increased revenue from state sources for the Minimum Foundation Program (MFP) resulted primarily from the allocation of funds for teacher pay raises. A summary of revenues is presented below.

GENERAL FUND REVENUE

By Major Source - FY 1986-87 vs FY 1985-86



Source: 4/10/87 CERP - Exhibit D, Page 4

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

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

Budgetary Controls

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

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

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

Reporting of Millage Revenue

To improve clarity for readers of the School Board's financial statements and budget, revenues and expenditures for the Constitutional Tax of 27.66 mills and the 1988 Dedicated Millage - Purpose A, B and C - are shown within the General Fund financial statements. Purpose D revenues are shown in the Capital Projects and Debt Service Funds sections. The 1988 Dedicated Millage are used for the following purposes:

Purpose A	Textbooks and Supplies	2.15 mills
Purpose B	Early Childhood Development, Discipline and Dropout Prevention	2.15 mills
Purpose C	Salary and Employee Benefits	15.00 mills
Purpose D	Air Conditioning, asbestos removal and Major Facility Renovation and Debt Service	3.70 mills

Fiscal year 1997 revenues and expenditures for 1988 Dedicated Millage are reflected in Note 11(c) to the financial statements. As a result of reassessed millage in fiscal year 1996, the above millage were rolled forward. The reassessed revenue from the rolled forward Constitutional and Purpose D millage is dedicated to fund debt service requirements for the Series 1995, 1998 and 1997 General Obligation Bonds.

Also, as authorized in the July 1996 bond referendum, 0.3 mills for debt service on the General Obligation Bonds were assessed in Fiscal 1997. The generated revenue is reported in the Debt Service Section.

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

The Task Force is now focused on the five-year transition from junior high schools. The transition has been completed for Colton and Walker. Plans are in progress for the middle school transition at Laveland and Carver scheduled for spring and fall 1988.

- **Communications:** In an ongoing effort to increase the knowledge about the needs and accomplishments of the New Orleans School District, communications efforts (electronic, print and community outreach) intensified.

The School Board's Cable Channel 48-75 broadcast public school news to the community as well as providing a variety of live and taped programs about curriculum, testing, adult education, community health news and school information. Internal and external publications and brochures were created and distributed throughout the schools and the community. Press releases went out regularly to all media. Employees received copies of school news with their paychecks, and the *Monthly Bulletin* was published and distributed to all schools and departments.

- **Staff Development:** For the third year, in recognition of the importance of involving teachers in the process of "creating a whole new culture of teaching and learning," Teachers of the Year and lead teachers from every school site gathered together to develop strategies and methods for turning goals into action. The plan developed for an improved school district includes traditional staff development, new mentoring programs, and retraining. The classroom teachers will continue working toward implementation of this vision in the 1987-88 school year.

- **Urban Systems Initiative (USI):** The "Year Two" accomplishments of the Urban Systems Initiative include the fact that exemplary programs for mathematics and science have been selected and are in place, and that letters have been written to the parents of more than 3,400 sophomore students urging the parents to encourage their children to register for higher level mathematics and science courses.

Among many other accomplishments, USI-related community outreach components galvanized the entire community in support of rigorous academics in mathematics, science and technology for all students. The USI efforts are evident in the schools and throughout the community through parent outreach programs, mall programs, community media programs, and student award and incentive programs.

- **Superintendent's Student Advisory Committee (SSAC):** The purpose of this initiative is to get more students involved in their schools and communities as leaders. Annual youth seminars on ethics and morality provide a forum for students to discuss ethical and moral behavioral patterns as they relate to establishing a climate for academic and social growth. Student-led discussions generate ideas on how to incorporate students' conclusions into the curriculum.

The third summit was held in 1986-87 and focused on the importance of "respect" in academics, health, conflict resolution, as well as how the media can be used to promote respect. The second summit, held in 1985-86, focused on conflict resolution, decision-making skills and leadership development. Project Respect originated in the 1984-85 summit.

FINANCIAL INFORMATION

Internal Controls

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

The *Six Simple Measures of Success* directed the attention of the School Board and the Community to the classroom to the extent that the theme of the 1998-99 school year became "A Focus on the Learner and the Learning." The *Six Areas of Focus for the 98-99 School Year* laid out the basic foundation of the *Six Simple Measures of Success* and outlined a series of steady and deliberate steps which are vital to the student achievement. Finally, Project Respect, a zero-tolerance discipline initiative, expanded to include students and their families as forces for positive change in the School District and in the community.

The *New Orleans Public Schools' Five-Year Strategic Plan Outline - 1998-2003* was published and disseminated during the 1998-99 school year. This official document synthesized the key documents of the Orleans Parish School Board and the administration into a published five-year strategic plan. The plan addressed the following initiatives: early childhood, elementary, middle school and high school.

Among the many educational initiatives introduced or maintained and strengthened during the 1998-99 school year, the following deserve particular attention:

- **Vision 2000 - Strategic Facilities Plan.** In addition to 218 capital improvement projects already initiated by the Facility Planning Department, the Orleans Parish School Board selected a *Construction/Program Manager* to lead up \$148 million in major projects beginning with the 1997-98 school year. The School Board also replaced old, leaky faucets in 38 schools, curbing water consumption to decrease and saving an estimated \$42,808 per month in water bills. Old lighting systems were replaced with energy efficient systems which will result in savings of more than \$580,000 per year.
- **Project Respect.** In its second year, Project Respect, the "zero-tolerance discipline initiative" was expanded to include the families of students. The thrust of the initiative is to urge students and their families to work together to grow in respect for themselves and others. More than 128,000 booklets were distributed to students, parents, community residents, ministers, business leaders and elected officials. The Discipline Initiative was the topic of forums, workshops and instructional television programs.
- **Conflict Resolution.** An important strategy of Project Respect is conflict resolution, which has become a major initiative of its own. The goal is to teach students to solve problems before the problems erupt into violence. If children learn to recognize verbal and non-verbal pressure from peers, and if they are trained to work with their peers to defuse situations, then school violence can be decreased. As the children learn – and practice – conflict resolution in their schools, the violence also decreases in the community.
- **Parent Involvement.** In 1998-97, more parents were recruited and welcomed into our schools than ever before. Superintendents Parent Forums focused more on parent leadership training and parents were more active in planning and facilitating the forums. Parent Engagement Week continued the theme of "Parents as Equal Partners."

Parents learned how to take a more active role in their children's education through working on the Six Year-Plan Improvement Plans. They also learned more about the School District's budget in order to share the information with others. The three-day *Title I Parent Spring Workshop* attracted more than 400 parents each day. Thousands of parents attended open houses, school awards programs, the Superintendent's Academic Achievement Awards Program, and graduation ceremonies.
- **Middle School Task Force.** The Middle School Task Force advanced the Middle School Initiative in the 1998-99 school year through its Middle School Initiative, designed to enrich the professional growth of middle school educators and parents; its Middle School Grants for Middle School Staff Development in the World of Work Academy programs, which seek to link success in the classroom with success in the workplace; and its Rites of Passage program, a system-wide promotional celebration in eighth-grade students, to help them achieve a sense of academic purpose and make a personal commitment to their educational goals.

ECONOMIC CONDITION AND OUTLOOK

On the national level, the economy remains strong. Unemployment is at a twenty-year low, inflation remains in check, and Gross Domestic Product (GDP) continues at a 3%–4% growth rate. Given the strong growth and low unemployment, the Federal Reserve continues to be on the lookout for wage inflation. The strong dollar and uncertainty in overseas markets tend to put a damper on inflation. Interest rates have remained in a trading range with only one rate hike during the year. Corporate profits have remained strong with re-engineering, increased productivity and changing technology allowing corporations to increase profits without having to raise prices. Congress passed a balanced budget amendment which could lead to reduced federal deficits and lower taxes.

The State of Louisiana has followed the national trend with lower unemployment and a stronger economy. The strength in the oil and gas sector has helped Louisiana keep pace with the national trend. This renewed interest is evidenced by the record number of offshore leases purchased by oil drilling companies from the federal government and the already expanded level of drilling efforts in the Gulf of Mexico. New technology has enabled drilling in deeper water but with lower costs. Currently, industry sources predict the level of drilling will quadruple by the year 2000. The healthy state economy has provided the impetus for two construction booms in Louisiana markets. This is part of an effort to bring the state teacher salary schedule up to the southern states average. Additionally, other education initiatives and college tuition subsidies have been funded.

The total New Orleans economy followed the national and state trends with lower unemployment and stronger growth. The New Orleans business community mirrored the national trend as several local businesses were merged into larger firms. The Metropolitan Report, prepared by the Division of Business and Economic Research at the University of New Orleans, forecasts a slight increase in total wage and employment. Although the tourism area has been solid with high hotel occupancies, the strongest growth areas are projected to be in the health services and durable goods areas. The Metropolitan Report forecasts strong growth in the value of imports and a slight decline in the value of exports.

In summary, the outlook calls for continued moderate economic growth with tolerable inflation at an annual rate of 3.5 percent, one percent higher than 1996, per the U.S. Department of Labor's Consumer Price Index. According to the UNO Study, long-term interest rates are expected to remain stable through the second quarter of 1997, and then fall slightly, but the prime rate is expected to rise over the next four quarters. In summary, the outlook calls for continued moderate U.S. economic growth with allowable inflation.

MAJOR INITIATIVES - 1996-97

The major initiatives of the 1996-97 school year, the Peter Dejean Public School Board continued to focus every initiative, activity, and event around the motto: "WORKING TOGETHER TO BUILD RESPECT FOR LIFE, PROPERTY & LEARNING."

This community became even more involved as an active partner with the School District, participating in countless ways through planning activities, designing policies, reviewing capital needs, assisting the schools, and advising the Board and the Administration.

The Administration continued to target its initiatives to meet the challenges that had been identified in previous years. The blueprint for growth and improvement that has guided the School Board since 1993, the publication *Six Simple Measures of Success*, sums up the indicators for successful schools:

- 1) Schools that are disciplined, safe, orderly, and friendly;
- 2) Schools that are accountable for academic results to students, parents, and taxpayers;
- 3) Schools that produce high academic achievement for all students, measured through 12th-grade;
- 4) Schools where parents, community, and business leaders assume responsibility and stay involved in our system's development;
- 5) Schools that are clean and attractive -- like a neat, well-kept home; and
- 6) Schools where absenteeism is high among students and staff.



NEW ORLEANS PUBLIC SCHOOLS

2018 GENERAL DISBURSEMENT - NEW ORLEANS, LOUISIANA, 70114

November 7, 1987

The President and Members
Orleans Parish School Board

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board (School Board) for the fiscal year ended June 30, 1987. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School Board.

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

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

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

All funds and entities controlled by or dependent on the School Board are included in the CAFR. Accordingly, various funds and account groups included in this report are referenced in the Table of Contents. The School Board provides a full range of regular education and related services as contemplated by the Louisiana State Statutes.

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



NEW ORLEANS PUBLIC SCHOOLS

311 GENERAL DEGAULLE DRIVE • NEW ORLEANS, LOUISIANA 70114

November 7, 1987

President and Members
Orleans Parish School Board
8150 Touro Street
New Orleans, Louisiana 70123

Dear Board Members:

Attached herewith is the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board (School Board) for the fiscal year ended June 30, 1987. A summary of the financial results and educational initiatives are presented in the Letter of Transmittal immediately following this message.

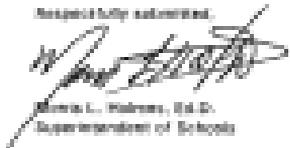
This report joins the preceding fifteen (15) annual reports in which the financial records of the New Orleans Public Schools have been audited by independent certified public accountants. We were among the first group of school systems in the state to make regular use of such independent services.

Last year's CAFR received both the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting from the Government Finance Officers' Association and the Association of School Business Officials, respectively. This marked the fourth year that both of these prestigious awards were received by the School Board, an achievement that has been attained by only a select number of governmental entities nationally. The Division of Financial Services and also the auditing firm of KPMG Peat Marwick LLP and Stone & Tanenbaun should be commended for their achievement of such high standards in financial reporting.

Timely financial data, a critical ingredient necessary for the proper management of an organization, is provided for you and the community in this year's CAFR, as has been the case with past years' CAFRs. I am pleased to report that our financial administrators and their staff members have met the challenges of the 1987 fiscal year. As a few examples, during the past year, we have: 1) continued the reengineering and improvement in the cash management area resulting in financial benefits to the School District; 2) issued an extremely favorable case the third series of general obligation bonds for the Vision 2000 Construction Improvement Program III; 3) revised the fixed asset accounting procedures to improve accountability and efficiency; 4) developed a plan approved by the Board in August, 1987 to improve financial management and the internal control environment for the operation of Student Activity Funds in schools; and 5) continued refinement of our Risk Management operations. The Division of Financial Services, along with the auditing firm, should be recognized for their efforts in the timely completion of the fiscal 1986 and 1987 CAFRs.

Additionally, I would like to take this opportunity to thank you, the School Board, for your support and to thank the volunteer members of the Audit Advisory Committee for their help in achieving high standards of fiscal accountability.

Respectfully submitted,



Morris L. Palmer, Ed.D.
Superintendent of Schools

M:rlp/jg

ORLEANS PARISH SCHOOL BOARD PRINCIPAL OFFICIALS

SCHOOL BOARD MEMBERS

Five-Year Term, Expires January 1, 1987

President	J. Bevington Brachtel, Ed.D.	District 4
Vice President:	Gail Moore Glendon, M.Ed.	District 2
	Maurelle Davis Cade, M.S.W.	District 1
	Scott P. Stene, J.D.	District 3
	Carolyn Green Ford	District 5
	Bill Howers	District 6
	Cheryl G. W. Cozart	District 7

Five-Year Term, Expires December 31, 1986

Maurelle Davis Cade, M.S.W.	District 1
J. Bevington Brachtel, Ed.D.	District 4
Gail Moore Glendon, M.Ed.	District 2
Mark Deberry, J.D., LL.M.	District 3
Carolyn Green Ford	District 5
Rev. Harold R. Mayberry	District 6
(Effective April 22, 1986 through October 30, 1986)	
Bill Howers	District 6
(Effective December 9, 1986)	
Cheryl G. W. Cozart	District 7

Officers are elected for a term of one calendar year by Board Members. 1987 and 1986 officers are shown above.

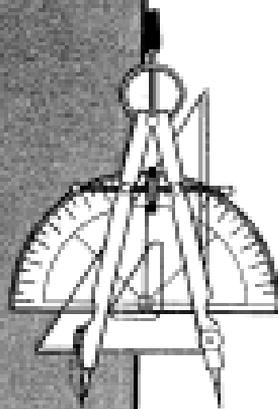
SECRETARY OF THE BOARD

Wyatt V. Dague

ADMINISTRATIVE OFFICIALS

Superintendent	Meris L. Holmes, Ed.D.
Executive Assistant to the Superintendent	Cynthia R. Williams, M.Ed.
Chief Financial Officer	James Henderson, Jr., M.B.A., C.F.A.
Associate Superintendent, Area I Schools	J. Peter Coman, Ed.D.
Associate Superintendent, Area II Schools	Linda Fostberg, Ph.D.
Associate Superintendent, Area III Schools (through October 1986)	John L. Smith, M.Ed. + 30
Meris Associate Superintendent, Area III Schools (Effective November 1986)	Cynthia R. Williams, M.Ed.
Associate Superintendent, Parent/Community Participation, Instructional Support & Communications	Linda J. Golly, Ph.D.
Director of Facility Planning	Kenneth Decote, Ph.D.
Director of Personnel (through January 18, 1987)	Ella R. Voolbal, M.A. + 30
Interim Director of Personnel (Effective January 17, 1987)	Judith A. Doh, M.A. + 30

**INTRODUCTORY
SECTION**



ORLEANS PARISH SCHOOL BOARD

Comprehensive Annual Financial Report

Year ended June 30, 1997



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ORLEANS PARISH SCHOOL BOARD

Comprehensive Annual Financial Report

Year ended June 30, 1997



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 1997

Orleans Parish School Board
New Orleans, Louisiana



COORDINATED BY THE
DIVISION OF FINANCIAL SERVICES

REGINALD ZENO, MBA, BUDGET DIRECTOR

ANTHONY J. STOLTZ, CPA, COMPTROLLER

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 1997

Orleans Parish School Board
New Orleans, Louisiana

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

Printed Date: **FEB 04 1997**

*REBUILDING OUR SCHOOLS TODAY --
FOR A BETTER TOMORROW*
