

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Annual Financial Audit
Including Management Discussion and Analysis
And Independent Auditor's Report
As of and For the Year Ended June 30, 2004

With Supplemental Information Schedules

JIMMIE SELF, CPA
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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 entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-05

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MADISON PARISH SCHOOL BOARD
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Annual Financial Report
For the Year Ended June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Madison Parish School Board
Tallulah, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison Parish School Board as of and for the year ended June 30, 2004, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Madison Parish School Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

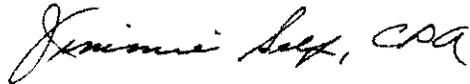
In my opinion, except for the effects of adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to asset amounts, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison Parish School Board, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2004, on my consideration of the Madison Parish School Board's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulation, contracts, and grants. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management Discussion and Analysis and Budgetary Comparison Schedules are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Parish School Board basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



Jimmie Self, CPA
Monroe, Louisiana
December 30, 2004

Required Supplementary Information
(Part I)

Management Discussion
and
Analysis

MADISON PARISH SCHOOL BOARD

TALLULAH, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2004

The Management Discussion and Analysis (MD&A) of the Madison Parish School Board provides an overview and overall review of the School Board's financial activities for the fiscal year ended June 30, 2004. The intent of the MD&A is to look at the School Board's financial activities for the fiscal year ended June 30, 2004. It should, therefore, be read in conjunction with the Comprehensive Annual Financial Report (CAFR) and the School Board's financial statements found in the Financial Section starting on Page 1, and the notes thereto.

The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 – *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2003-2004) and the prior year (2002-2003) is required to be presented in the MD&A for State and Local Governments.

Financial Highlights

Key financial highlights for the 2003-2004 fiscal year include the following:

Net assets decreased by \$356,286 for the fiscal year ended June 30, 2004. This represents a 23% decrease over fiscal year 2003. This decrease occurred due to implementation of GASB 34, since fixed assets were valued and depreciated.

Total revenues for the fiscal year amounted to \$18,842,439. General revenues accounted for \$16,660,746 or 88% of total revenues. Charges for services, operating grants and contributions, and, capital grants and contributions accounted for \$23,222,921 of total revenue.

Total expenses related to governmental activities for the fiscal year ended June 30, 2004, amounted to \$17,913,073 of the expenses was offset by charges for services, operating grants, and contributions, and capital grants and contributions. The balance of the expenses of \$16,660,746 was offset by general revenues made up mostly of property and sales taxes and state minimum foundation program funding. (MFP)

The General Fund, a major fund, decreased its fund balance by 1,252,327 to \$3,993,549. This represents a 31% decrease in fund balance. The decrease is due mainly to calculating prior year's depreciation and allocating \$553,653 to the general fund expenditures.

USING THE CAFR

The School Board's CAFR consists of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of the School Board as a whole, i.e., an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial statements.

The "Basic Financial Statements" Section, consisting of the Statement of Net Assets, and the Statement of Activities, provides highly consolidated financial condition. They present an aggregate view of the School Board's finances as a whole and present a longer-term view of the School Board's finances. Also included following the Basic Financial Statements are the Fund Financial Statements which report on governmental activities of the School Board. These statements seek to answer the question, "How did the School Board do financially during the 2003-2004 fiscal year?" These statements include *all assets and liabilities* using the *accrual basis* of accounting which is used by most private-sector enterprises. The *accrual basis* takes into account all of the Board's current year revenues and expenses regardless of when paid or received. The General Fund is the School Board's most significant fund.

REPORTING THE SCHOOL BOARD AS A WHOLE

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the School Board as a whole and its activities in a way to try to inform the reader as to how the School Board did financially during the fiscal year 2004. In short, is the School Board better off financially or is it worse off financially than it was this time last year? These statements report all assets and liabilities of the School Board on the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School Board as a whole, the financial position of the School Board improved or declined. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors affecting the School Board include the parish's sales and property tax bases and the state and federal government's continued funding.

The Statement of Net Assets and the Statement of Activities report the governmental activities of the School Board. Most of the School Board's programs and services are reported here including instruction, support services, operating and maintenance of plant, transportation, and feeding programs.

MADISON PARISH SCHOOL BOARD

TALLULAH, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS June 30, 2004

REPORTING THE SCHOOL BOARD'S MOST SIGNIFICANT FUNDS

Fund Financial Statements also provide more in-depth data on the School Board's most significant funds, such as its General Fund, School Lunch Fund, and the federally funded Title I Program. These funds are considered "major funds" under GASB Statement No. 34. The relationship between governmental *activities* reported in the Basic Financial Statements and the governmental *funds* reported in the Fund Financial Statements are reconciled in the financial statements.

Governmental Funds

Most of the School Board's activities are reported as governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance education programs. The relationship (or difference) between governmental activities (reported in Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The School Board is Self-Insured for workers compensation. Transactions related to meeting the claims incurred in this area are accounted for in the Internal Service Proprietary Fund. Expenses in the Internal Service Fund are recognized as claims are incurred. Liabilities are recognized for incurred but unpaid claims. The Internal Service Proprietary Fund transactions are reported in a separate section consisting of a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

The School Board as Trustee

The School Board is the trustee, or fiduciary, for its Student Activity Funds – the Statement of Fiduciary Net Assets – presents financial information relative to assets held by the School Board on behalf of students and others in a position of trust, and accounted for in the School Activity Fund. See Statement J for information on the School Activity Fund. The School Board is responsible for ensuring that these assets are used for their intended purposes.

The School Board as a Whole

The School Board's Net Assets were \$21,372,278. Of this amount, the School Board has restricted net assets of \$2,901,572. Restricted Assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. The School Board's Net Assets also include \$3,648,492 of un-designated balances. Restricted balances have been designated by the School Board for specific uses. The following analysis focuses on the net assets and changes in the net assets of the School Board's governmental activities.

MADISON PARISH SCHOOL BOARD GOVERNMENTAL ACTIVITIES TABLE I 6/30/2004

NET ASSETS	
Assets	
CURRENT AND OTHER ASSETS	\$ 6,401,537
CAPITAL ASSETS	16,269,328
TOTAL ASSETS	\$ 22,670,865
Liabilities	
CURRENT AND OTHER LIABILITIES	\$ 1,298,587
	0
TOTAL LIABILITIES	\$ 1,298,587
Net Assets	
INVESTED IN CAPITAL ASSETS, NET OF DEBT	\$ 14,822,214
RETAINED EARNINGS	1,059,752
RESTRICTED	17,723,786
UNRESTRICTED:	
DESIGNATED	0
UNDESIGNATED (DEFICIT)	3,648,492
TOTAL NET ASSETS	\$ 21,372,278

MADISON PARISH SCHOOL BOARD

TALLULAH, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS June 30, 2004

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities on page 9. Table 2 reports the information from the Statement of Activities in a different format so that total revenue for the year can be more easily identifiable.

**MADISON PARISH SCHOOL BOARD
GOVERNMENTAL ACTIVITIES TABLE 2
6/30/2004**

CHANGES IN NET ASSETS

Revenue:	
Program revenues:	
Charges for services	\$ 3,420
General revenues:	
Ad valorem taxes	465,759
Sales taxes	1,498,212
State equalization - grants	9,462,508
Interest on investments	89,679
Federal income	3,848,957
Other general revenues	2,248,377
Compensated absences	-96,411
Fixed assets	1,253,730
TOTAL REVENUES	\$ 18,269,359

Functions/Program Expenses:

Instruction:	
Regular programs	5,447,742
Special programs	2,414,846
Vocational programs	127,720
Other instructional programs	396,113
Adult/continuing education	40,934
Support Services:	
Pupil support services	919,608
Instructional staff support services	229,474
General administration	1,192,572
School administration	826,647
Business services	249,990
Plant services	7,053
Student transportation services	1,857,913
Central services	4,141
Noninstructional services:	
Food services operations	1,334,698
Facility acquisition and construction	13,823
Compensated absences	
Principal retirement (int free)	
Other	713,378
TOTAL EXPENSES	17,913,073
CHANGE IN NET ASSETS	-356,286

Governmental Activities

As reported in the *Statement of Activities* on page 9, the cost of the School Board's governmental activities for the year ended June 30, 2004 was \$23,222,921. However, not all of this cost was borne by the taxpayers of Madison Parish. Of this amount, \$3,941,752, was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and \$3,848,957 was paid through various federal and state grants. Consequently, the net cost of \$15,432,212 after taking into consideration these fees and subsidies, was paid by the taxpayers of the Parish through ad valorem taxes, sales and use taxes, the Minimum Foundation Program (MFP) from the State of Louisiana, and other general revenues.

Table 3 below shows the total cost of services and the net cost of these services (after charges for services and grants received for the largest categories of expenses of the School Board for the year ended June 30, 2004). The "net cost" presentation allows Parish taxpayers to determine the remaining cost of the various categories which were borne by them, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

MADISON PARISH SCHOOL BOARD

TALLULAH, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2004

Total and Net Cost of Governmental Activities
Year Ended June 30, 2003
(In Millions)

Total Cost	Net Cost
\$23,222,921	\$17,913,073

In the table below, we have presented the total cost of each of the School Board's five largest functions – regular programs, special education programs, school administration, plant services and food services, as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

MADISON PARISH SCHOOL BOARD GOVERNMENTAL ACTIVITIES TABLE 3 Year Ended June 30, 2004

	Total Cost Of Services	Net Cost Of Services
Regular programs	\$ 5,447,742	\$ 5,447,742
Special education programs	2,414,846	2,414,846
School administration	826,647	826,647
Plant services	7,053	7,053
Food service operations	1,334,698	1,334,698
Subtotal	10,030,976	10,030,976
All others	13,191,945	7,882,097
Total	<u>\$ 23,222,921</u>	<u>\$ 17,913,073</u>

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and manage money for particular purposes (e.g., dedicated taxes and grant programs). The Fund basis financial statements allow the School Board to demonstrate its stewardship over the accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2004, its combined fund balance of \$21,728,564 compared to a combined fund balance of 21,372,278 as of June 30, 2003, a difference of \$(356,286).

General Fund Budgetary Highlights

Over the course of the year, the School Board revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less, or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The original budget for the School Board was adopted on 6/30/03 and the final budget amendment was adopted on 6/30/04.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in this CAFR beginning with Schedule 1. The School Board did better in some areas and worse in other areas than had been budgeted in its major funds since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind. The General Fund finished the fiscal year about \$2,876,298 more and \$38,204 less in the School Lunch Fund than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$2,063,488 better with the School Lunch Fund \$1,158 than expected. The expenditure situation arose because some benefits from the federal government grants had not been budgeted. The revenue situation arose because of the receipt of unbudgeted grant revenues received near the end of the fiscal year. This deficit of \$812,810 will be rolled into the beginning fund balance for the 2004-2005 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the School Board had approximately \$14,822,214 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year. Table IV below shows the net book value of capital assets at the end of the 2003-2004 fiscal years.

MADISON PARISH SCHOOL BOARD

TALLULAH, LOUISIANA

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2004

Table IV
Capital Assets at
June 30, 2004 and June 30, 2003

	2004	2003
<u>Total Fixed Assets</u>	\$14,822,214	\$13,568,484

During the current fiscal year, \$4,544,025 of fixed assets were capitalized as additions while \$4,651,493 were deleted. Depreciation has been calculated for the first year of GASB 34 implementation. The prior period depreciation resulted in the amount of 4,651,493. The only major capital asset project planned for the 2003-2004 fiscal year is the completion of the rebuilding of the burned out building of the school board.

At June 30, 2004 the School Board had long-term obligations of accrued sick leave. At June 30, 2004, this amounted to approximately \$334,340. Vacation time must be used or is lost. Consequently, there is no accrual for this type of leave.

FOR THE FUTURE

The Madison Parish School Board is strong financially, even though the fund balance increase in 2004 was not significant. This was due to capital projects which costs exceeded insured amounts.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

While the CAFR is designed to provide full and complete disclosure of the financial condition and operations of the School Board, citizens groups, taxpayers, parents, students, other parish officials, investors or creditors may need further details. To obtain such details, please contact, Brenda Wilson, Business Manager, at the Madison Parish School Board Office, Post Office Box 1620, Tallulah, LA 71284, or by calling (318) 574-3616 during regular office hours, Monday through Friday, 8:00 a.m. to 4:00 p.m., central time.

Basic Financial Statements

MADISON PARISH SCHOOL BOARD
TALLULAH, LA

STATEMENT A

STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
June 30, 2004

ASSETS:

Cash and Cash Equivalents	\$	2,437,674
Investments, at cost		1,255,112
Receivables from Other Funds		420,220
Receivables - Accounts		62,123
Inventory		19,740
Due from State Government		1,490,549
Due from Federal Government		484,270
Other Assets-prepaid expenses		231,849
Capital Assets (Net of Accumulated Depreciation		14,822,214
Amount to be Provided for Long-Term Debt		1,447,114

TOTAL ASSETS \$ 22,670,865

LIABILITIES

Accounts and Other Payables	\$	376,329
Salaries Payable		725,968
Due to General Fund		57,014
Deferred Revenue		38,190
Due in one year		101,086

LONG-TERM LIABILITIES: -

Total Liabilities: \$ 1,298,587

Net Assets:

Invested in Capital Assets, net of related debt	\$	14,822,214
Restricted for:		
Long term Debt		1,496,816
Workers Comp		1,059,752
Food Service		345,004
Undesignated		3,648,492

TOTAL NET ASSETS \$ 21,372,278

The notes to the financial statements are an integral part of this statement.

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

Statement B

**Statement of Activities
For the Year Ended June 30, 2004**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	CAPITAL PROJECTS	DEBT SERVICE	
Governmental activities:					
Instruction:					
Regular programs	\$ 5,447,742	\$ -	\$ -	\$ -	\$ 5,447,742
Special programs	2,414,846	-	-	-	2,414,846
Vocational programs	127,720	-	-	-	127,720
All other programs	396,113	-	-	-	396,113
Adult/Cont Ed	40,934	-	-	-	40,934
Support services:	71,154	-	-	-	71,154
Student services	919,608	-	-	-	919,608
Instructional staff support	2,377,864	-	(83,123)	-	2,294,741
General administration	1,616,942	-	(424,370)	-	1,192,572
School administration	826,647	-	-	-	826,647
Business services	249,990	-	-	-	249,990
Plant Services	7,053	-	-	-	7,053
Operation and Maintenance	1,422,163	-	(46,160)	-	1,376,003
Student transportation services	481,910	-	-	-	481,910
Central services	4,141	-	-	-	4,141
Food services	1,334,698	-	-	-	1,334,698
Facility maintenance	13,823	-	-	-	13,823
Long-term Debt-Compensated Absences	111,084	(111,084)	-	-	(111,084)
Capital outlay	4,544,025	-	(4,544,025)	-	-
Transfers out	713,378	-	-	-	713,378
Bond Principal	101,086	-	-	(101,086)	-
Total Governmental Activities	<u>\$ 23,222,921</u>	<u>\$ (111,084)</u>	<u>\$ (5,097,678)</u>	<u>\$ (101,085)</u>	<u>\$ 17,913,073</u>
Taxes:					
Property taxes, levied for general purposes					\$ 465,759
Earnings on Investments					89,679
Sales and use taxes, levied for general purposes					1,498,212
Revenue from Local Sources					16,260
Other					368,368
Minimum Foundation Program					9,462,508
Other Sources					888,034
Sale of Surplus Item					1,605
Meals					21,364
Federal Sources					3,848,957
Total general revenues and special items					<u>\$ 16,660,746</u>
Excess of Revenues over expenses					(1,252,327)
Net assets - July 1, 2003					<u>5,245,876</u>
Net Assets - June 30, 2004					<u>\$ 3,993,549</u>

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Statement C

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2004

	#30 GENERAL FUND	#31 PL-94 Fd Prod	#2 PL-94 Proj 89/90	#22 School Lunch Fund	#22 Summer Food FUND	#15 Title I FUND	#19 Title I 98/99 FUND	#26 Title VI Class Reduction	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS										
Cash and cash equivalents	\$ 493,138	\$ -	\$ -	\$ 750,757	\$ 3	\$ 90,634	\$ -	\$ -	\$ 24,679	\$ 1,359,209
Investments	1,255,112	-	-	-	-	-	-	-	-	1,255,112
Receivables	23,875	-	-	-	-	-	-	-	38,248	62,123
Receivables from Other Funds	365,153	-	-	3,740	-	-	51,327	-	-	420,220
Interfund receivables	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	19,740	-	-	-	-	-	19,740
Due from state government	1,490,549	-	-	-	-	-	-	-	-	1,490,549
Due from Federal government	43,040	-	-	-	-	197,368	8,942	46,988	187,934	484,270
Other Current Assets	231,849	-	-	-	-	-	-	-	-	231,849
TOTAL ASSETS	\$ 3,902,714	\$ -	\$ -	\$ 774,237	\$ 3	\$ 288,000	\$ 60,269	\$ 46,988	\$ 250,861	\$ 5,323,072
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts, and other payables	\$ 38,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,090	\$ 151,980
Salaries Payable	215,332	-	-	429,179	-	36,388	50,730	-	42,567	774,196
Due to General Fund	-	-	-	-	-	251,612	9,539	46,988	57,014	365,163
Deferred revenues	-	-	-	-	-	-	-	-	38,190	38,190
Total Liabilities	\$ 254,222	\$ -	\$ -	\$ 429,179	\$ -	\$ 288,000	\$ 60,269	\$ 46,988	\$ 250,861	\$ 1,328,519
Fund balances:										
Reserved for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-	-	-
Capital construction	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for:										
School Lunch fund	-	-	-	345,058	3	-	-	-	-	345,061
Undesignated	3,648,492	-	-	-	-	-	-	-	-	3,648,492
Total Fund Balances	3,648,492	-	-	345,058	3	-	-	-	-	3,993,553
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,902,714	\$ -	\$ -	\$ 774,237	\$ 3	\$ 288,000	\$ 60,269	\$ 46,988	\$ 250,861	\$ 5,323,072

The notes to the financial statements are an integral part of this statement.

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

Statement D

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2004**

Total Fund Balances at June 30, 2004 - Governmental Funds		\$	3,993,553
Cost of capital assets at June 30, 2004			14,822,214
Service Funds			1,059,696
Long-term liabilities at June 30, 2003:			
Compensated absences	\$	334,340	
Bonds payable		1,162,476	
	\$	<u>1,496,816</u>	1,496,816
Net Assets at June 30, 2003			<u><u>\$ 21,372,279</u></u>

The notes to the financial statements are an integral part of this statement.

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

STATEMENT E

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2004**

	GENERAL FUND	#02 LUNCH FUND	#18 Part A Proj 04-6-33 FUND	#19 Title 1 98/99 FUND	#26 Class Reduc Size FUND	#30 PL-94 FD PROJ FUND	#31 PL-94 FD PROJ FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES									
Local sources:									
Taxes:									
Ad valorem	\$ 465,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,759
Sales and use	1,498,212	-	-	-	-	-	-	-	1,498,212
Revenue from Local Services	16,260	-	-	-	-	-	-	-	16,260
Interest earnings	84,656	5,023	-	-	-	-	-	-	89,679
Charges for services	-	-	-	-	-	-	-	-	-
Income from Meals	-	21,364	-	-	-	-	-	-	21,364
Other	363,957	4,411	-	-	-	-	-	-	368,368
Total Local Sources	2,428,844	30,798	-	-	-	-	-	-	2,459,642
Slate sources:									
Minimum Foundation Program	9,227,943	234,565	-	-	-	-	-	-	9,462,508
Other	888,034	-	-	-	-	-	-	-	888,034
Total State Sources	10,115,977	234,565	-	-	-	-	-	-	10,350,542
Federal Sources									
	-	1,002,402	1,133,628	381,657	206,608	171,542	247,491	705,629	3,848,957
TOTAL REVENUES	\$ 12,544,821	\$ 1,267,765	\$ 1,133,628	\$ 381,657	\$ 206,608	\$ 171,542	\$ 247,491	\$ 705,629	\$ 16,659,141
EXPENDITURES									
Current:									
Instruction:									
Regular programs	\$ 5,419,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,962	\$ 5,447,742
Special programs	1,393,146	-	668,398	259,957	-	-	-	93,345	2,414,846
Vocational programs	127,720	-	-	-	-	-	-	-	127,720
All other programs	396,113	-	-	-	-	-	-	-	396,113
Adult/cont ed	40,934	-	-	-	-	-	-	-	40,934
Support services:	70,606	-	-	-	-	-	-	548	71,154
Student services	806,782	-	-	-	-	37,124	75,702	-	919,608
Instructional staff support	1,318,683	-	412,986	76,806	185,351	134,418	166,697	-	2,294,741
General administration	730,948	-	-	-	-	-	-	461,624	1,192,572
School administration	825,509	-	-	-	-	-	-	1,138	826,647
Business services	249,990	-	-	-	-	-	-	-	249,990
Plant services	-	-	-	-	-	-	-	7,053	7,053
Operaton and Maintenance	1,376,003	-	-	-	-	-	-	-	1,376,003
Student transportation services	481,910	-	-	-	-	-	-	-	481,910
Central services	4,141	-	-	-	-	-	-	-	4,141
School food services	2,255	1,273,317	-	-	-	-	-	59,126	1,334,698
Facility acquisition and Maintenance-Supplies	13,823	-	-	-	-	-	-	-	13,823
Total expenditures	\$ 13,258,343	\$ 1,273,317	\$ 1,081,384	\$ 336,563	\$ 185,351	\$ 171,542	\$ 242,399	\$ 650,796	\$ 17,199,695
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (713,522)	\$ (5,552)	\$ 52,244	\$ 45,094	\$ 21,257	\$ -	\$ 5,092	\$ 54,834	\$ (540,553)
OTHER FINANCING SOURCES (Uses):									
Operating transfers in	140,848	43,756	-	-	-	-	-	-	184,604
Indirect Costs	-	-	52,244	45,094	21,257	-	-	21,661	140,256
Sale of Surplus Items	1,605	-	-	-	-	-	-	-	1,605
Equity Transfers in	251,275	-	-	-	-	-	-	-	251,275
Operating transfers out	1,039,002	-	-	-	-	-	-	-	1,039,002
Total other financing sources (uses)	1,432,730	43,756	52,244	45,094	21,257	-	-	21,661	1,616,742
NET CHANGES IN FUND BALANCES	(1,328,796)	38,204	-	-	-	-	5,092	33,173	(1,252,327)
FUND BALANCES - JULY 1, 2003	4,977,288	306,853	-	-	-	-	(5,092)	(33,173)	5,245,876
FUND BALANCES - JUNE 30, 2004	\$ 3,648,492	\$ 345,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,993,549

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Statement F

**Reconciliation of the Governmental Fund:
Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities:**

For the Year Ended June 30, 2004

Total net change in fund balances - governmental funds (Statement E)	<u>\$ 3,993,549</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.	
Total capital outlays during the period: 4,479,810	(4,479,810)
Depreciation allocated to governmental functions	<u>(553,653)</u>
Interest on long-term debt in the Statement of Activities is not shown since the bonds are QZAB bonds, and are not interest bearing.	
Principal paid on long-term debt	(101,086)
Reduction in proprietary fund	<u>(111,027)</u>
Change in net assets of governmental activities (Statement E)	<u>\$ (1,252,027)</u>

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Statement G

PROPRIETARY FUND - GOVERNMENTAL ACTIVITIES -
INTERNAL SERVICE FUND

Statement of Net Assets
June 30, 2004

ASSETS

Cash and cash equivalents	\$ 1,035,845
Interfund receivables	5,657
Prepaid insurance premiums	21,510
Total Assets	<u>1,063,012</u>

LIABILITIES

Accounts payable	3,260
Total Liabilities	<u>3,260</u>

NET ASSETS

Restricted	1,059,752
TOTAL NET ASSETS	<u><u>\$ 1,059,752</u></u>

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Statement H

**PROPRIETARY FUND - GOVERNMENTAL ACTIVITIES -
INTERNAL SERVICE FUND**

**Statement of Revenues, Expenses, and
Changes in Fund Net Assets
For the Year Ended June 30, 2004**

OPERATING REVENUES

SERVICES TO OTHER FUNDS	\$ 3,420
Total Operating Revenues	<u>3,420</u>

OPERATING EXPENSES

COMPENSATION PAYMENTS	<u>75,500</u>
OFFICE EXPENDITURES	<u>33,233</u>
Total Operating Expenses	108,733
Operating Income	<u>(105,313)</u>

NONOPERATING REVENUES (Expenses)

Earnings on investments	<u>8,902</u>
Changes in Net Assets	<u>(96,411)</u>

TOTAL NET ASSETS - BEGINNING 1,156,163

TOTAL NET ASSETS - ENDING \$ 1,059,752

The notes to the financial statements are an integral part of this statement.

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

Statement I

**PROPRIETARY FUND - GOVERNMENTAL ACTIVITIES -
INTERNAL SERVICE FUND**

**Statement of Cash Flows
For the Year Ended June 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,420
Compensation payments	(75,500)
Office Expenditures	(33,233)
Interest Received	<u>8,902</u>
Net Cash Provided(Used) by Operating Activities	\$ (96,411)
Net Increase(Decrease) in cash and cash equivalents	<u>(96,411)</u>
TOTAL NET ASSETS, BEGINNING	1,156,163
TOTAL NET ASSETS, ENDING	<u><u>\$ 1,059,752</u></u>
Rconciliation of operating income (Loss) TO	
Net Cash Provided (used) by operating activities	
Operating Income	(96,411)
Net Cash provided(used) for Operating activities	<u><u>\$ (96,411)</u></u>

Disclosure of accounting policy:

For purposes of the statement of cash flows, the School Board considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Statement J

Statement of Fiduciary Net Assets
June 30, 2004
With Comparative Totals for June 30, 2003

	<u>2004</u>	<u>2003</u>
	<u>AGENCY FUND</u>	<u>AGENCY FUND</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 12,278</u>	<u>\$ 14,551</u>
TOTAL ASSETS	<u><u>\$ 12,278</u></u>	<u><u>\$ 14,551</u></u>
LIABILITIES		
Deposits due others	<u>\$ 12,278</u>	<u>\$ 14,551</u>
TOTAL LIABILITIES	<u><u>\$ 12,278</u></u>	<u><u>\$ 14,551</u></u>

The notes to the financial statements are an integral part of this statement.

Notes to Financial Statements

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

INTRODUCTION

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

The school board operates six schools within the parish with a total enrollment of 2,362 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the school board provides transportation and school food services for the students.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

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

C. FUNDS

The school board uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain school board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the school board are classified into two categories: governmental and fiduciary, as follows:

Governmental Funds

Governmental funds account for all or most of the school board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the school board. The following are the school board's primary governmental funds:

General Fund - the primary operating fund of the school board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to school board policy.

Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the school board to be accounted for separately.

Debt service funds - account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds are classified as enterprise or internal service. The school board has one proprietary fund, which is an internal service fund. The internal service fund accounts for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The only fund accounted for in this category by the school board is the agency fund. The agency fund accounts for assets held by the school board as an agent for schools, and school organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but does use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the school board, except for the fiduciary fund. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Internal Activities - The Worker's Compensation Internal Service Fund provides services to the governmental funds. Accordingly, this fund's activities were rolled up into the governmental activities. Pursuant to GASB 34, as much as possible, the internal activities have been eliminated in order to avoid the "grossing-up" effect of a straight inclusion.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the school board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the school board's general revenues.

Allocation of Indirect Expenses - The school board reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that school buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the school board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The school board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

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

Sales and use tax revenues are recorded in the month collected by the tax collector.

Interest earnings are recorded when the investments have matured and the interest is available.

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

Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned by employees. Teachers' salaries are earned over a nine – month period but are paid over a twelve – month period.

Purchases of various operating supplies, capital outlays, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current available resources is recognized in the general long – term obligations account group.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the school board finances and meets the cash flow needs of this internal service fund. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGETS

The Board is required by state law to adopt annual budgets for the General Fund and Special Revenue Funds. Each budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (“GAAP”).

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

Formal Budget integration (within the accounting records) is employed as a management control device during the year. The budget was prepared on the modified accrual basis of accounting and was monitored and amended as needed. Amendments to the General Fund and Sales Tax Special Revenue Fund budgets were adopted in an open meeting to reflect such changes.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board of Education. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year – end as dictated by law.

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board of Education. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year –end. NOTE: No budget is shown for the Capital projects fund which consists of the QZAB bonds.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. [Include the school board's established policy concerning which short-term, highly liquid investments it will treat as cash equivalents. For example, cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.] Under state law, the school board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

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

[GASB Statement No. 31 requires the following disclosures:

1. *The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices.*
2. *The policy for determining which investments, if any, are reported at amortized cost.*

GASB Statement No. 31 requires the school board to report investments at fair value in the balance sheet, except as follows:

1. *Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.*
2. *The school board may report at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.*

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

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

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

I. ADVANCES TO OTHER FUNDS

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

J. INVENTORIES

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the school board and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at the lower of cost, using the first-in, first-out (FIFO) method. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are assigned values based on information provided by the USDA, also on a FIFO basis. The amount of commodity inventory is included in deferred revenue until consumed.]

K. PREPAID ITEMS

Consist of prepaid insurance premiums.

L. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The school board maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the school board, no salvage value is taken into consideration for depreciation purposes. No capital assets have been depreciated.

Total Capital Assets	\$14,822,214
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M. COMPENSATED ABSENCES

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

Sabbatical leave may be granted for medical leave or for professional and cultural improvement. 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.

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

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

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

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

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

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

N. RESTRICTED NET ASSETS

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

O. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

P. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the school board, which are either unusual in nature or infrequent in occurrence.

Q. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

R. SALES TAXES

In 1993, the Madison Parish School Board became the tax-collecting agency for the parish. Total receipts for 2004 were \$1,499,989. Total Disbursements for 2004 were \$1,499,989.

S. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2004

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund</u>	\$4,634,471	(\$2,063,488)	\$13,258,343	(\$1,418,341)

The unfavorable variances in the General Fund is due to no budgets adopted for some of the grants received..

NOTE 3: LEVIED TAXES

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

Constitutional	4.76	5.27
Renewable	4.76	5.27

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

NOTE 4: CASH AND CASH EQUIVALENTS

At June 30, 2004, the school board has cash and cash equivalents (book balances) totaling \$3,663,852 as follows:

Demand deposits	\$2,481,007
Interest-bearing demand deposits	139,845
CDs and other Savings	\$1,043,000
Total	\$3,663,852

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

At June 30, 2004, the school board has \$4,920,074 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$9,476,587 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). [If deposits are not fully secured, add the following: The remaining balance of \$-0- is not secured by the pledge of securities and is a violation of state law.]

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

NOTE 5: INVESTMENTS

The School Board's investments are Hibernia Bank – Certificate of Deposit \$1,255,112
 Book Value \$1,255,112 Market Value \$1,255,112

(This disclosure should acknowledge any violation of the state's investment laws or the school board's investment policy and should identify actions taken to address such violations.)

NOTE 6. RECEIVABLES

The receivables of \$2,447,162 at June 30, 2004, are as follows:

<u>Class of Receivable</u>	General Fund	Special Revenue Funds	Total
Intergovernmental - grants:			
Federal	\$ 43,040	\$ 441,230	\$ 484,270
State	1,490,549		1,490,549
Accounts	23,875	38,248	62,123
Notes	231,849		231,849
Other	365,153	55,067	420,220
Total	\$ 2,154,466	\$ 534,545	\$ 2,689,011

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

Fund	Due to	Due From	Type of Fund
General Fund			Major
IASA Title 1 (Fund 18)		251,612	Major
Class Size Reduction - 26		46,988	Major
IASA Title 1-19		9,539	Major
Due from General Fund		14,002	Major
Due To Comprehensive School Reform -15	14,002		Non-Major
Title II 29 - EISENHOWER		71,016	Non - Major
Total Interfund Accounts	365,163	365,163	

During the course of operations, numerous funds transfer occur for services rendered. Some of these transfers are repaid.

NOTE 8. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

Governmental Activities	Beginning Balance	Additions & Reclassifications	Deletions	Balance June 30, 2004
Land	310,310	0	0	310,310
Buildings	12,603,685	4,371,123	0	16,974,808
Furniture & Equipment	965,007	172,902	0	1,137,909
Vehicles	1,050,680	0	0	1,050,680
Total at Historic Cost	14,619,372	4,544,025	0	19,473,707
Less Accumulated Depreciation for:				
Buildings	3,191,376	424,370	0	3,615,746
Vehicles	415,442	46,160	0	461,602
Equipment	491,022	83,123	0	574,145
Total Accumulated Depreciation	4,097,840	553,653	0	4,651,493
Governmental Activities Capital Assets, Net	10,521,532	553,653	0	14,822,214

Depreciation Expense Was Charged To Governmental Functions As Follows:

Buildings - General Government	DRS 424,370
Equipment:	83,123
Vehicles - Transportation - Administration	46,160
Total Depreciation Expense for 6/30/04 Statement	553,653
TOTAL DEBITS	553,653
TOTAL CREDITS - Buildings - General Fixed Assets	(553,653)

NOTE 9. RETIREMENT SYSTEMS

Substantially all employees of the school board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8%, 9.1%, and 5% of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The school board is required to contribute at an actuarially determined rate. The current rate is 16.6% of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the school board.

The school board's contributions to the TRS for the years ending June 30, 2004, 2003, and 2002, were \$1,547,293, \$888,476, and \$1,549,059, respectively, equal to the required contributions for each year. (If the required contributions and the actual amount contributed do not equal, disclose the required contribution in dollars and the percentage of that amount contributed for the current year and each of the two preceding years.)

B. Louisiana School Employees' Retirement System (LASERS)

Plan Description. The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. 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 (225) 925-6484.

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

The school board's contributions to the LASERS for the years ending June 30, 2004, 2003, and 2002, were \$6,447, \$3,468, and \$3,808, respectively, equal to the required contributions for each year. (If the required contributions and the actual amount contributed do not equal, disclose the required contribution in dollars and the percentage of that amount contributed for the current year and each of the two preceding years.)

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

NOTE 10. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Madison Parish School Board provides certain continuing health care and life insurance benefits for its 85 retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through an insurance company or the State Employees Group Benefits Program, whose monthly premiums are paid jointly by the employee and the School Board. The School Board recognizes the cost of providing these benefits (the Board's portion of premiums) as an expenditure when the monthly premiums are due, which were \$415,632

NOTE 11. LIABILITY FOR COMPENSATED ABSENCES

During fiscal year 2001, employees were allowed to accrue ten to twelve days sick leave each year, without limit, and could elect to receive any unused portion of their local sick leave in cash. Effective September 1, 2001, the School Board adopted a new sick leave policy that will not allow employees to receive cash for unused local sick days. Due to this change, many employees elected to receive cash for their unused portion of local sick days prior to August 31, 2001.

Teachers and administrative personnel do not receive paid vacations but are paid only for the number of days they are required to work each year (183 days for teachers and 230 days for administrative personnel). Maintenance employees are granted vacation leave in varying amounts. In the event of termination an employee is reimbursed for any unused accumulated leave. The School Board has no liability for unused vacation pay since all vacation leave is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the School Board.

NOTE 12. SELF-INSURANCE FUND

Beginning in 1992, the School Board established a Worker's Compensation self - insurance plan for School Board employees to minimize the cost of insurance to the School Board. This program is for the benefit of all School Board employees. The School Board established an Internal Service Fund to account for these activities and to facilitate accountability and management control.

NOTE 13. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$1,329,519 at June 30, 2004, are as follows:

	General Fund	Special Revenue Funds	Total
Salaries	\$215,332	\$558,864	\$774,196
Accounts	38,890	113,090	151,980
Due to General Fund		365,153	365,153
Deferred Revenues		38,190	38,190
Total	<u>\$254,222</u>	<u>\$671,954</u>	<u>\$1,329,519</u>

NOTE 14. LEASES - None

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

NOTE 15. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2004:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations at July 1, 2003	\$1,263,565	\$569,236	\$1,832,302
Deductions	101,086	234,896	335,892
Long-term obligations at June 30, 2004	<u>\$1,162,479</u>	<u>\$334,340</u>	<u>\$1,496,819</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Total</u>
Current portion	\$ 101,086	\$ -	\$ 101,086
Long-term portion	<u>1,061,398</u>	<u>334,340</u>	<u>1,395,733</u>
Total	<u>\$1,162,479</u>	<u>\$ 334,340</u>	<u>\$ 1,496,819</u>

All school board bonds outstanding at June 30, 2004 for \$1,162,479 are QZAB bonds with maturities as follows:

Bonds Payable at June 30, 2004 are comprised of the following individual issues:

Louisiana Qualified Zone Academy Bonds (QZAB), dated 2/14/02 payable in quarterly payments of 25,271.31 at no interest, security pledged by the Federal Reserve Bank of New Orleans through Hibernia National Bank.

Original Date of Issue	02/01/2002
Maturity Date of Issue	11/01/2015
Annual Interest Rate	0%
Principal amount of original issue	\$1,389,922
Quarterly Installments	\$25,271.31
Principal payment dates	Feb. 1, May 1, Aug. 1, Nov. 1
Principal Amount Outstanding 06/30/04	\$1,162,480.21
Subsequent payments, 08/01/004 and 11/01/04	\$1,111,937.59 (Balance, 11/01/03)

LOAN REPAYMENT SCHEDULE, 08/01/2004 – 05/01/2008

Date	Principal	Balance	Date	Principal	Balance
08/01/2004	25,271.31	1,137,208.90	08/01/2006	25,271.31	935,038.42
11/01/2004	25,271.31	1,111,937.59	11/01/2006	25,271.31	909,767.11
02/01/2005	25,271.31	1,086,666.28	02/01/2007	25,271.31	884,495.80
05/01/2005	25,271.31	1,061,394.97	05/01/2007	25,271.31	859,224.49

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

8/01/2005	25,271.31	1,036,123.66	08/01/2007	25,271.31	833,953.18
11/01/2005	25,271.31	1,010,852.35	11/01/2007	25,271.31	808,681.87
02/01/2006	25,271.31	985,581.04	02/01/2008	25,271.31	791,497.39
05/01/2006	25,271.31	960,309.73	05/01/2008	25,271.31	766,226.08

NOTE 16. INTERFUND TRANSFERS

Transferred	To	From	Type
General Fund	\$ 140,848	\$ -	Major
School Lunch Fund	43,755	-	Major
ESEA Funds	-	137,814	Major
Special Revenue Funds	-	3,034	Non-Major
Capital Projects Funds	995,247	-	
From General Fund	-	1,039,002	Major
Total	<u>\$ 1,179,850</u>	<u>\$ 1,179,850</u>	

NOTE 17. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

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

Agency Funds School Activity Accounts	Balance At Beginning Of Year	Additions	Reductions	Balance At End Of Year
	\$ 14,551	\$ 195,049	\$ 197,322	\$ 12,278
Total	<u>\$ 14,551</u>	<u>\$ 195,049</u>	<u>\$ 197,322</u>	<u>\$ 12,278</u>

NOTE 18. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

Restricted for Capital Construction	\$ 1,496,816
Restricted for Workmen's Comp – Retained Earnings	\$ 1,095,752
Restricted for School Lunch Fund – Fund Balance	\$ 345,004

NOTE 19. ENCUMBRANCES

Encumbrance accounting is not used.

NOTE 20. LITIGATION AND CLAIMS

Hammonds and Sills, Attorneys for the Madison Parish School Board represented by Jon K Guice, Attorney at Law reports that they are representing the school board in four legal actions. The first of four is considered by the attorneys to result in a probable outcome in favor of the school board with a potential financial exposure of \$10,000. The other three matters are seen by the attorneys as bringing either minimal financial exposure or no financial exposure.

The firm also reports that they are not presently defending the school board in any litigation and are not aware of any unasserted claims or assessments against the school board.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

NOTE 21. SUBSEQUENT EVENTS

No significant events are noted which would materially affect the reporting of the annual financial audit.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

Schedule 1

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Local sources:				
Taxes:	\$ 2,242,833	\$ 425,710	\$ 465,759	\$ 40,049
Ad valorem	-	-	-	-
Sales and use	-	-	1,498,212	1,498,212
Interest earnings	-	30,892	84,656	53,784
Charges for services	-	-	16,260	16,260
Other	60,529	300,823	363,957	60,529
Total local sources	2,303,362	757,425	2,428,844	1,671,419
State sources:				
Minimum Foundation Program	9,378,851	9,732,611	9,227,943	(504,668)
Other	-	-	888,034	888,034
Total state sources	9,378,851	9,732,611	10,115,977	363,368
Federal sources	21,992	-	-	-
Total revenues	\$ 9,400,843	\$ 10,490,036	\$ 12,544,821	\$ 2,054,785
EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 5,075,509	\$ 5,232,618	\$ 5,419,780	\$ (187,162)
Special programs	1,362,191	1,074,697	1,393,146	(318,449)
Vocational programs	5,075,509	172,702	127,720	44,982
All other programs	1,362,191	146,059	396,113	(250,054)
Adult/Cont Education	261,644	-	40,934	(40,934)
Support services:				
Student services	3,983	600,780	877,369	(276,609)
Instructional staff support	-	567,775	1,318,683	(750,908)
General administration	653,406	381,194	730,948	(349,752)
School administration	667,838	791,250	825,508	(34,258)
Business services	400,748	649,094	249,990	399,114
Plant services	693,888	940,837	1,376,003	(437,188)
Student transportation services	284,013	373,996	481,910	(107,914)
Central services	975,348	-	4,141	(4,141)
School food services	539,407	-	2,255	(2,255)
Non Instruction service	-	1,370	-	1,370
Principal retirement	111,086	101,085	-	101,085
Capital outlay	-	160,025	13,823	146,202
Total expenditures	\$ 17,892,814	\$ 11,194,855	\$ 13,258,343	\$ (2,063,488)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	(8,491,971)	(704,819)	(713,522)	(1,418,341)
Other Financing Sources (Uses)				
Transfers In	-	115,160	140,848	(25,688)
Transfers Out	-	-	(1,039,002)	(1,039,002)
Sale of Surplus Equipment	-	1,000	1,805	605
Residual Equity Transfer In	-	-	281,275	281,275
Total other financing sources (uses)	-	116,160	(615,274)	(812,810)
NET CHANGES IN FUND BALANCE				
	(8,491,971)	(587,362)	(1,328,796)	(812,810)
FUND BALANCE - JULY 1, 2003 (GAAP Basis)				
	4,977,288	864,257	4,977,288	4,725,197
FUND BALANCE - JUNE 30, 2004 (GAAP Basis)				
	\$ (3,514,683)	\$ 266,895	\$ 3,648,492	\$ 3,915,387

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Schedule 2

STATE SCHOOL LUNCH FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	-	-	-	-
Revenue from Local Services	-	-	-	-
Interest earnings	-	6,172	5,023	(1,149)
Charges for services	-	-	-	-
Income from Meals	-	-	21,364	21,364
Other	-	25,037	4,411	(20,626)
Total Local Sources	47,658	31,209	30,798	(411)
State sources:				
Minimum Foundation Program	234,585	234,565	234,565	-
Other	108,723	-	-	-
Total State Sources		234,565	234,565	-
Federal Sources	899,122	895,726	1,002,402	106,676
Other Revenues	-	-	-	(105,107)
TOTAL REVENUES	\$ 1,290,088	\$ 1,266,607	\$ 1,267,765	\$ 1,158
EXPENDITURES				
School food services	\$ 1,266,587	\$ 1,266,607	\$ 1,273,317	\$ (6,710)
Principal retirement	-	-	-	-
Interest and bank charges	-	-	-	-
Total expenditures	\$ 1,266,587	\$ 1,266,607	\$ 1,273,317	\$ (6,710)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	23,461	-	(5,552)	(5,552)
OTHER FINANCING SOURCES (Uses):				
Operating transfers in	-	-	43,756	43,756
Indirect Costs	-	-	-	-
Sale of Surplus Items	-	-	-	-
Equity Transfers in	52,133	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	52,133	-	43,756	43,756
Excess (Deficiency) of Revenues and Other Sources				
Over expenditures and other uses	75,594	-	-	-
NET CHANGES IN FUND BALANCES	75,594	-	38,204	38,204
FUND BALANCES - JULY 1, 2003	310,104	-	306,853	306,853
FUND BALANCES - JUNE 30, 2004	\$ 385,698	\$ -	\$ 345,057	\$ 345,057

The notes to the financial statements are an integral part of this statement.

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

Schedule 3

**TITLE I FUND - Fund 18
Budgetary Comparison Schedule
For the Year Ended June 30, 2004**

	No		ACTUAL	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY	WITH FINAL
	BUDGET	BUDGET	BASIS)	BUDGET
				Positive
				(Negative)
REVENUES				
Federal Sources	\$ -	\$ 1,541,962	\$ 1,133,628	\$ (408,334) ****
Total revenues	-	1,541,962	1,133,628	(408,334)
EXPENDITURES				
Special Program	-	1,074,618	668,398	406,220
Support Services	-	51,042	412,986	(361,944)
Other Costs	-	326,908	-	326,908
Indirect Costs	-	89,394	52,244	37,150
Total expenditures	-	1,541,962	1,133,628	408,334 ****
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	-	-	-	-
OTHER FINANCING SOURCES (Uses)				
	-	-	-	-
Total other financing sources (uses)	-	-	-	-
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR				
	-	-	-	-
FUND BALANCE AT END OF YEAR (GAAP BASIS)				
	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this schedule.

Note: **** The final budget includes the program for the entire amount, hence the budget differences.

**Independent Accountant's Report
On Applying
Agreed Upon Procedures**

SCHEDULES REQUIRED BY STATE LAW

**(R.S. 24:514 - PERFORMANCE AND STATISTICAL
DATA)**

To the Management of
MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
Independent Accountant's Report
On Applying
Agreed-Upon Procedures

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Madison Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Madison Parish School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (Schedule 1)**

1. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

No differences were noted.

Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.

No differences were noted.

3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

No differences were noted.

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

No differences were noted.

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences were noted.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences were noted.

Public Staff Data (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences were noted.

8. I recalculated the average salaries and full-time equivalents reported in the schedule.

No differences were noted.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

No differences were noted.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Madison Parish School Board.

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Madison Parish School Board.

No differences were noted.

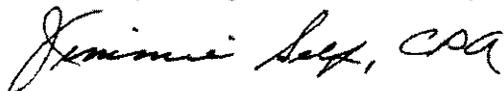
The IOWA Tests (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Madison Parish School Board.

No differences were noted.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Madison Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Jimmie Self, CPA
Monroe, Louisiana
December 30, 2004

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Schedule 1

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2004**

	<u>With no Depreciation</u>	
<u>General Fund Instructional and Equipment Expenditures</u>		
Regular Programs	\$ 5,633,094	
Special Education Programs	1,692,713	
Vocation Educational Programs	180,995	
Other Instructional Staff Programs	592,427	
Special Programs	973,823	
Pupil Support Services, excluding equipment	1,005,530	
Instructional Staff Services (excluding equipment)	<u>1,966,209</u>	
Total Teacher and Student Interaction Activities	12,044,791	
Less Non Public Textbook Revenue	<u>(7,841)</u>	
		<u>\$ 12,036,950</u>
Support Expenditures		
Less: Equipment for Pupil Support Activities	-	
General Administration	730,948	
School Administration	826,716	
Business Services	250,071	
Operation and maintenance	1,390,694	
Student Operaton	490,649	
Central Services	3,498	
Food Service Operations	<u>1,315,745</u>	
		<u>5,008,321</u>
Less		<u>\$ 17,045,271</u>
Non Public Textbook Revenue		-
Certain Local Revenue Sources		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		212,856
Renewal Ad Valorem Taxes		212,856
Up to 1% of collections by the Sheriff on Taxes other than School Taxes		40,047
Sales and Use Taxes		<u>1,498,272</u>
Total Local Taxation Revenue		<u>\$ 1,964,031</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		<u>47,934</u>
Total Local Earnings on Investment in Real Property		<u>47,934</u>
State Revenue in lieu of taxes:		
		<u>\$ 16,260</u>

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Education Levels of Public School Staff
As of October 1, 2004

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.0	0	0.0	0	0.0	0	0.0
Bachelor's Degree	73	46.8	34	21.7	1	8.3	0	0.0
Master's Degree	31	19.9	2	1.3	2	16.7	1	8.3
Master's Degree + 30	16	10.3	0	0.0	7	58.4	0	0.0
Specialist in Education	0	0.0	0	0.0	1	8.3	0	0.0
Ph. D. or Ed. D.	0	0.0	0	0.0	0	0.0	0	0.0
Total	120	77.0	36	23.0	11	91.7	1	8.3

Number and Type of Public Schools
For the Year Ended June 30, 2004

Type	Number
Elementary	2
Middle/Jr. High	2
Secondary	3
Combination	0
Total	7

Note: Schools opened or closed during the fiscal year are included in this schedule.

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2004

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	1	0	0	0	0	1	4	6
Principals	0	0	0	0	1	2	3	6
Classroom Teachers	67	2	13	5	14	10	45	156
Total	68	2	13	5	15	13	52	168

Public School Staff Data
For the Year Ended June 30, 2004

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	26,756	26,138
Average Classroom Teachers' Salary Excluding Extra Compensation	24,749	24,307
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	156	148

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

Class Size Characteristics
As of October 1, 2004

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	55.3	42	44.7	34	0.0	0	0.0	0
Elementary Activity Classes	53.9	7	46.2	6	0.0	0	0.0	0
Middle/Jr. High	43.7	59	54.1	73	2.2	3	0.0	0
Middle/Jr. High Activity Classes	15.0	3	50.0	10	35.0	7	0.0	0
High	66.1	125	26.5	50	7.4	14	0.0	0
High Activity Classes	35.0	7	25.0	5	40.0	8	0.0	0
Combination	0.0	0	0.0	0	0.0	0	0.0	0
Combination Activity Classes	0.0	0	0.0	0	0.0	0	0.0	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2004

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	4	2	0	0	1	1	0	0	3	2	0	0
Proficient	53	24	13	7	8	5	12	5	23	13	13	8
Basic	82	37	107	59	73	43	100	45	82	45	62	36
Approaching Basic	43	19	36	20	52	30	58	26	44	24	48	28
Unsatisfactory	40	18	26	14	37	22	51	23	30	16	48	28
Total	222		182		171		221		182		171	

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0	0	0	0	0	0	0	0	0	0	0
Proficient	6	3	3	3	5	3	5	3	6	3	2	1
Basic	32	18	20	17	25	16	37	21	24	13	37	24
Approaching Basic	40	23	30	26	52	34	54	31	62	33	59	38
Unsatisfactory	95	55	62	54	71	46	77	45	95	51	56	36
Total	173		115		153		173		187		154	

**The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2004**

District Achievement Level Results	English Language Arts						Mathematics					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	0	0	1	1	0	0	0	0	0	0	0	0
Proficient	13	11	5	3	3	3	8	6	9	6	4	3
Basic	46	37	50	33	35	31	50	36	69	43	29	25
Approaching Basic	23	19	36	28	38	34	27	20	22	14	21	18
Unsatisfactory	41	33	60	39	37	33	53	38	60	37	63	54
Total	123		152		113		138		162		117	

District Achievement Level Results	Science						Social Studies					
	2004		2003		2002		2004		2003		2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	1	1	0	0	0	0	1	1	0	0	0	0
Proficient	2	2	3	3	2	2	1	1	2	2	0	0
Basic	21	17	20	17	20	22	37	30	28	24	27	29
Approaching Basic	40	32	30	26	30	33	32	26	32	28	25	29
Unsatisfactory	61	49	62	54	40	43	53	43	53	46	40	43
Total	125		115		92		124		115		92	

The IOWA Tests
For the Year Ended June 30, 2004

	Composite		
	2004	2003	2002
Test of Basic Skills (ITBS)			
Grade 3	34	37	28
Grade 5	37	32	27
Grade 6	25	28	29
Grade 7	34	29	26
Tests of Educational Development (ITED)			
Grade 9	32	33	33

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year ended June 30, 2003

NONMAJOR GOVERNMENTAL FUNDS

**The following non-major funds are special revenue funds provided by the
Federal Government.**

**Listed are balance sheets and statements of revenue and expenditures for each
fund.**

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2004

	15 COMP SCHL REFM	17 IASA 33	22 SUMMER FEEDG	29 TRAIN RECRUIT	45 DRG FREE FUND	35 SPEC ED PRE FUND	36 SPEC ED PRE FUND	38 EARLY CHLD FUND	40 VOC ED FUND	41 ADULT FUND	TOTAL NONMAJOR FUNDS GOVERNMENTAL FUNDS
ASSETS											
Cash and cash equivalents	\$ -	\$ 24,676	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,679
Receivables	-	-	38,248	-	-	-	-	-	-	-	38,248
Due from federal government	76,285	-	-	99,265	12,384	-	-	-	-	-	187,934
TOTAL ASSETS	\$ 76,285	\$ 24,676	\$ 38,251	\$ 99,265	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,861
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts and other payables	\$ 76,103	\$ -	\$ -	\$ 24,603	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,090
Payroll Payable	14,184	24,676	61	3,646	-	-	-	-	-	-	42,567
Deferred revenues	-	-	38,190	-	-	-	-	-	-	-	38,190
Due to general fund	(14,002)	-	-	71,016	-	-	-	-	-	-	57,014
Total Liabilities	\$ 76,285	\$ 24,676	\$ 38,251	\$ 99,265	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,861
Fund balances:											
Reserved for :											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
Unreserved:											
Designated for:											
Undesignated	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 76,285	\$ 24,676	\$ 38,251	\$ 99,265	\$ 12,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,861

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Schedule 5

NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2004

	15	17	22	27	28	29	45	35	36	38	40	41	50	Total
	Compr Schl	Quality	Summer	Goals	Library	Training &	Drug	Special	Soecial	Pre School	Vocational	Adult	Reading	Non-Major
	REF	Feedg	2000	2000	Library	Recruiting	Free	Ed	Ed	Early Child	Ed	Ed	First	Funds
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Preschool	Preschool	Fed		State		
REVENUES														
Federal Sources	\$ 108,820	\$ 74,797	\$ 67,317	\$ 93,357	\$ 8,450	\$ 130,073	\$ 42,531	\$ 5,737	\$ 164	\$ 72,158	\$ 56,496	\$ 36,530	\$ 9,199	\$ 705,629
TOTAL REVENUES	\$ 108,820	\$ 74,797	\$ 67,317	\$ 93,357	\$ 8,450	\$ 130,073	\$ 42,531	\$ 5,737	\$ 164	\$ 72,158	\$ 56,496	\$ 36,530	\$ 9,199	\$ 705,629
EXPENDITURES														
Current:														
Instruction:														
Regular programs	\$ 3,874	\$ -	\$ -	\$ 7,883	\$ 6,855	\$ -	\$ -	\$ -	\$ -	\$ 6,717	\$ -	\$ -	\$ 2,633	\$ 27,962
Special programs	-	-	-	-	-	30,675	-	-	164	62,506	-	-	-	93,345
Vocational programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All other programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Support services:	-	548	-	-	-	-	-	-	-	-	-	-	-	548
Student services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Instructional staff support	103,956	65,457	-	80,060	-	97,562	9,357	5,737	-	-	56,496	36,432	6,567	461,624
General administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School administration	-	-	1,138	-	-	-	-	-	-	-	-	-	-	1,138
Business services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student transportation services	-	-	7,053	-	-	-	-	-	-	-	-	-	-	7,053
Central services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School food services	-	-	59,126	-	-	-	-	-	-	-	-	-	-	59,126
Community service programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 107,830	\$ 66,005	\$ 67,317	\$ 87,943	\$ 6,855	\$ 128,237	\$ 9,357	\$ 5,737	\$ 164	\$ 69,223	\$ 56,496	\$ 36,432	\$ 9,199	\$ 650,795
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	990	8,792	-	5,414	1,595	1,836	33,174	-	-	2,936	-	98	-	54,835
OTHER FINANCING SOURCES (Uses)														
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indirect cost	990	8,792	-	5,414	1,595	1,836	-	-	-	2,936	-	98	-	21,661
Sale of Surplus Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(990)	(8,792)	-	(5,414)	(1,595)	(1,836)	-	-	-	(2,935)	-	(98)	-	(21,661)
NET CHANGES IN FUND BALANCES	-	-	-	-	-	-	33,174	-	-	-	-	-	-	33,174
FUND BALANCES - JULY 1, 2004	-	-	-	-	-	-	(33,174)	-	-	-	-	-	-	(33,174)
FUND BALANCES - JUNE 30, 2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this schedule.

Madison Parish School Board
Tallulah, Louisiana

SUPPLEMENTARY INFORMATION SCHEDULES
As of and for the Year ended June 30, 2003

AGENCY FUNDS

THESE ARE SCHOOL ACTIVITY FUNDS

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Schedule 6

AGENCY FUND
Schedule of Changes in Deposit Balances
of Individual Schools
For the Year Ended June 30, 2004

SCHOOL ACTIVITY AGENCY FUND

	BALANCE JUNE 30, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
Tallulah High School	\$ 3,143	\$ 44,192	\$ 45,062	\$ 2,273
Tallulah Elementary School	1,831	28,977	27,905	2,903
Tallulah Junior High School	1,107	10,406	10,415	1,098
Reuben McCall High School	1,016	77,216	78,412	(180)
Reuben McCall Junior High School	958	11,180	10,875	1,263
Wright Elementary School	6,496	23,078	24,653	4,921
Total	<u>\$ 14,551</u>	<u>\$ 195,049</u>	<u>\$ 197,322</u>	<u>\$ 12,278</u>

The notes to the financial statements are an integral part of this schedule.

**Madison Parish School Board
Tallulah, Louisiana**

Supplementary Information Schedules

As of and for the Year ended June 30, 2004

CAPITAL ASSET INFORMATION

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Schedule 7

CAPITAL ASSETS
Schedule of Capital Assets by Source

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Capital Assets:		
Total Fixed Assets	\$ 14,822,214	\$ 13,317,359
Capital Assets by Source - General Fund		
Total Capital Assets	<u>14,822,214</u>	<u>13,317,359</u>
Investment in Capital Assets by source:		
General Fund	<u>14,822,214</u>	<u>13,317,359</u>
Total Investment in Capital Assets	<u>\$ 14,822,214</u>	<u>\$ 13,317,359</u>

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Schedule 8

CAPITAL ASSETS
Schedule of Capital Assets by Function
June 30, 2004

Total		<u>\$ 14,822,214</u>	<u>\$ 14,822,214</u>
Prior years depreciated assets			<u>10,404,758</u>
Additional current year depreciated assets			<u>4,417,456</u>
Total Net depreciated assets @ 06-30-04			<u>14,822,214</u>
The above assets were allocated according to functions as follows:			
Charged to general administration of the general fund, by functions			
Buildings	Gen Admin-GF		13,514,672
Vehicles	Public Safety-GF		408,152
Furniture and Equipment	Equip-GF		<u>589,078</u>
			14,511,902
Land - no depr allocation-	GF		<u>310,310</u>
Total Fixed Assets			<u>\$ 14,822,212</u>

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003

GENERAL

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to school board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The compensation of school board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the school board members have elected the monthly payment method of compensation.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2004

	<u>AMOUNT</u>
Joe Walk	\$ 7,800
Teri Hall	7,200
Patty Watts	7,200
Reuben Hayden	7,200
Margaret Whitney	7,200
Joseph Candler	7,200
Norwyn Johnson	7,200
Vera Davis	7,200
TOTAL	<u><u>\$58,200</u></u>

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

Report On Compliance and On Internal Control Over Financial
Reporting Based On an Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards*.

Board of Directors
Madison Parish School Board
Tallulah, Louisiana

I have audited the financial statements of Madison Parish School Board as of and for the year ended June 30, 2004, and have issued my report thereon dated December 30, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Madison Parish School Board's basic financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The result of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as Findings # 2004-01, 2004-02, 2004-03, and 2004-04..

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Madison Parish School Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in my judgment, could adversely affect Madison Parish School Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Findings # 2004-01, 2004-02, 2004-03, and 2004-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course

of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe since management is aware of the reportable conditions reported in the above-mentioned Findings, and has corrected these deficiencies and plans to assure more efficient and timely recording of these transactions, none of these reportable conditions described above are material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
December 30, 2004

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

Board of Directors
Madison Parish School Board
Tallulah, Louisiana

Compliance

I have audited the compliance of Madison Parish School Board, Tallulah, Louisiana, 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, 2004. Madison Parish School Board, Tallulah, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Madison Parish School Board, Tallulah, Louisiana's management. My responsibility is to express an opinion on Madison Parish School Board, Tallulah, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Madison parish School Board, Tallulah, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. The results of my tests disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of findings and questioned costs as Findings # 2004-01, 2004-02, and 2004-03, and 2004-04. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Madison Parish School Board, Tallulah, Louisiana's compliance with those requirements.

In my opinion, Madison Parish School Board, Tallulah, Louisiana, 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, 2004, except for the findings mentioned above.

Internal Control Over Compliance

The management of Madison Parish School Board, Tallulah, Louisiana, 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 my audit, I considered Madison Parish School Board, Tallulah, Louisiana's internal control over compliance with requirements that could have direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Jimmie Self, CPA
Monroe, Louisiana
December 30, 2003

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

SCHEDULE 15

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FD #	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
United States Department of Agriculture				
Passed through Louisiana Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	2	10.555	_____	\$ 906,533 *
School Breakfast Program	2	10.553	_____	234,565
Summer Food	22	10.559	_____	67,317
			_____	1,208,415
Passed through Louisiana Department of Agriculture and Forestry:				
Food Distribution	2	10.550	_____	64,902
Total United States Department of Agriculture			_____	64,902
United States Department of Education				
Direct programs:				
Passed through Louisiana Department of Education:				
Adult Education - State Grant Pro	41	84.002	_____	36,530
Chapter 1 Programs	17	84.010	_____	74,797
	18	84.010	_____	1,133,628 *
	19	84.010	_____	381,657
Special Ed Grants				
IDEA - Part B	30	84.027	_____	171,542
IDEA - Preschool	31	84.027	_____	247,491
Preschool - Early Childhood	35	84.003	_____	5,737
Special Ed - Preschool	36	84.003	_____	164
Preschool - Early Childhood	38	84.005	_____	72,158
Vocational Ed	40	84.048	_____	56,496
Drug Free	45	13.982	_____	42,531
Eisenhower	29	84.281	_____	130,073
Library	28	_____	_____	8,450
Goals 2000	27	_____	_____	93,357
Comprehensive	15	_____	_____	108,820
	26	_____	_____	206,608
	50	_____	_____	9,199
Total United States Department of Education			_____	2,779,238
Total Expenditures of Federal Awards				\$ 4,052,555
State Grant-Capital Projects				<u>\$ 2,178,496</u>

* Denotes major program

The accompanying notes are an integral part of this schedule.

Note 1. Basis of Presentation

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

Madison Parish School Board
Summary Schedule of Current Year Findings
June 30, 2004

Findings Number 2004-01

1. The Louisiana Department of Education requires a financial statement from the School Board (AFR) to be submitted on or before September 30, 2004. The report was not submitted until December 15, 2004.

Recommendation:

The School Board should comply with the request henceforth.

Conclusion:

Due to understaffing which caused an increased workload on the staff, this report was delayed for a considerable length time of time. It has now been corrected and management is making staff changes for closer oversight to assure this information should be available and timely filed in the future.

Finding Number 2004-02

2. The Title I program and the general fund were not in balance at June 30, 2004. It appears this work is not being done monthly as required. I also noted much unnecessary work; (i.e.) many schedules being made by hand, instead of using computer printouts available, which was wasting time and causing a work overload.

Recommendation:

This work should be done each month as required, and the accounts should be in balance. A routine check should be made by a supervisor or someone put in charge to ascertain this work is timely done.

Conclusion:

This problem has been corrected. The management is in agreement with these recommendations and declares they will be implemented at once.

Finding Number 2004-03

All bank reconciliations were not timely made. Hand-written schedules were being made of the outstanding checks and deposits, which was a complete waste of time, contributing to work overload.

Recommendation:

Bank reconciliations should be made each month as soon as the bank statement is received, and certainly no later than 60 days after receipt. The computerized bank reconciliation report should be used instead of making hand-written schedules. This, too should be monitored monthly.

Conclusion:

Management agrees and plans to implement all recommendations

Finding Number 2004-04:

The proposed budget for the fiscal year ending June 30, 2005, is required to be adopted by September 15, 2004. This budget had not been prepared nor adopted before September 15, 2004 as required.

Recommendations: Always ascertain the proposed budget for the following fiscal year is adopted.

Conclusion: As of December 14, 2004, the budget had been prepared, and was subsequently adopted on December 20, 2004. The Board is very aware of this problem and has definite plans to assure this does not happen in the future.

Madison Parish School Board
Schedule of Prior Year Audit Findings
June 30, 2003

Prior Year Audit Findings:

Findings Number 2003-01

1. The Louisiana Department of Education requires a financial statement from the School Board (AFR) to be submitted on or before September 30, 2003. The report was not submitted until November, 2003.

Recommendation:

The School Board should comply with the request henceforth.

Conclusion:

Due to a change in office management at June 30, 2003, and no replacement until July 21, 2003, this noncompliance occurred. It has now been corrected and will be timely filed in the future.

Current Status:

This was also a finding in 2004, and the report was filed with the Department of Education on December 15, 2004. Again management has agreed to comply by assigning an overseer to monitor progress of the accounting department to assure the records are up to date in order to timely file this report.

Finding Number 2003-02

2. The Title I program was not in balance at June 30, 2003. It appears this work is not being done monthly as required. There were several checks written June 16, 2003, which totaled \$104,000. These checks were not deposited until August 2003 at which time they cleared the bank.

Recommendation:

This work should be done each month as required, and the accounts should be in balance. All checks to pay outstanding amounts should be paid at the time the checks are received from the School Board.

Conclusion:

This problem has been corrected and the Title I bookkeeper henceforth agreed to comply with all the requirements.

Current Status:

Even though the problem had been corrected as of December 2003, the similar problem occurred in Fiscal Year ending June 2004. During the year the Title I clerk was given additional duties, and due to an addition to the bookkeeping program in December 2003, she was unable to completely comply as planned. As shown in the 2004 Findings, the staff is working on this problem by appointing an overseer in the department to monitor the work and to assure all records are up to date and in balance at year end.

Finding Number 2003-03

3. Fixed assets – No ending inventory available as required by LARS:39-324.

Recommendation:

Obviously, the employee has not been able to implement this procedure. An inventory clerk should be appointed to report to management monthly, with a complete physical inventory with all assets listed, showing beginning totals, additions, and deletions for the month, and a complete inventory at the year ending June 30, 2004.

Conclusion:

Employee who is responsible for inventory accounting is in the process of implementing his computer program with the aid of SOFTWARE AND SERVICES COMPANY. This has not been completed due to employee not being educated enough to develop a database for the fixed asset program. Many problems with trying to coordinate with the mainframe program have slowed this progress, but they are proceeding slowly. At the final day of the auditor's fieldwork, the employee submitted a statement to management of progress made. Employee was working very hard to obtain an updated physical inventory.

Current Status:

During the audit the employee submitted to me a complete inventory of fixed assets and a schedule of depreciation of all assets with a schedule showing allocation of the current fixed assets that should be applied to the General Fund. As of June 30, 2004, Madison Parish School Board records indicate approximately \$14,619,372, additions of \$4,544,025 in fixed assets to be added to the approximately \$13,343,133 previously recorded. This schedule also showed a calculation of prior years fixed asset depreciation of \$4,097,840 with an additional \$533,653 current depreciation. The resulting total is approximately \$14,822,214.

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Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

I have audited the financial statements of Madison Parish School Board as of and for the year ended June 30, 2004, and have issued my report dated December 30, 2004. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (and the provisions of OMB Circular A-133.) My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ___yes ___x_no Reportable Conditions ___x_yes ___no

Compliance

Compliance material to Financial Statements ___yes ___x_no

b. Federal Awards

Internal Control

Material Weakness ___yes ___x_no Reportable Conditions ___x_yes ___no

Type of Opinion On Compliance
For Major Programs

Unqualified ___x___ Qualified ___
Disclaimer ___ Adverse ___

Are there findings required to be reported in accordance with Circular A-133, Section 510(a)? ___yes ___x_no

c. Identification of major Programs:

CFDA Number (s) 84.010 Name of Federal Program (or Cluster) - Chapter I Programs.

Dollar threshold used to distinguish between Type A and Type B Programs:
\$ 500,000

Chapter I:

Is the auditee a "low-risk", as defined by OMB Circular A-133? ___x_yes ___no

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GCL: 51 Communication With Audit Committees

Madison Parish School Board
Tallulah, Louisiana

I have audited the financial statements of Madison Parish School Board for the year ended June 30, 2004, and have issued my report thereon dated December 30, 2004. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under Generally Accepted Auditing Standards

As stated in my engagement letter dated June 30, 2004, my responsibility, as described by professional standards is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principals. Because of the concept of reasonable assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

As part of my audit, I considered the internal control of Madison Parish School Board. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

The audit was performed in accordance with OMB Circular A-133.

My Responsibility under Generally Accepted Auditing Standards and OMB Circular A-133

As stated in my engagement letter dated June 30, 2004, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because I did not perform a detailed examination for all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

In planning and performing my audit, I considered Madison Parish School Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial reporting. I also considered

internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Madison Parish School Board's financial statements are free of material misstatement, tests of 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 my audit. Also in accordance with OMB Circular A-133, I examined, on a test basis, evidence about Madison Parish School Board's compliance with the types of compliance requirements described in the U.S. Office of management and Budget (OMB) Circular 133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Madison Parish School Board's compliance with those requirements. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination on Madison Parish School Board's compliance with those requirements.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, LA
December 30, 2004