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WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

GENERAL-PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1967
WITH SUPPLEMENTAL INFORMATION

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

Revised Code SEC. 1 & 208

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

GENERAL-PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997
WITH SUPPLEMENTAL INFORMATION

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WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

GENERAL-PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997
WITH SUPPLEMENTAL INFORMATION

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WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

GENERAL-PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997
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INDEPENDENT AUDITORS' REPORT

Board Members
West Carroll Parish School Board
Oak Grove, Louisiana

We have audited the accompanying general-purpose financial statements of West Carroll Parish School Board, Oak Grove, Louisiana, as of and for the year ended June 30, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the West Carroll Parish School Board's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly in all material respects the financial position of the West Carroll Parish School Board as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 15, during the year ended June 30, 1993, the West Carroll Parish School Board began accruing sales taxes collected by vendors in June of 1993 and remitted to the School Board in July of 1997 in accordance with Governmental Accounting Standards Board Statement No. 23, Accounting for Unapplied, Accrued Revenues in Governmental Funds.

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 1997, on our consideration of the West Carroll Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of West Carroll Parish School Board, Oak Grove, Louisiana, taken as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards which is required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied to the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 20, 1997

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1997

| | ****GOVERNMENTAL FUNDS**** | | FIDUCIARY FUNDS AGENCY FUNDS |
|--|----------------------------|-----------------------------|---------------------------------------|
| | GENERAL FUND | SPECIAL REVENUE FUNDS | |
| ASSETS AND OTHER DEBITS | | | |
| <i>Assets:</i> | | | |
| Cash and cash equivalents | \$ 2,540,350 | \$ 548,621 | \$ 205,728 |
| Receivables | 175,768 | 55,008 | 0 |
| Interfund receivable | 84,238 | 8,991 | 0 |
| Inventory | 0 | 2,711 | 0 |
| Prepaid expenses | 2,800 | 0 | 0 |
| Fixed assets | 0 | 0 | 0 |
| <i>Other debits:</i> | | | |
| Amount to be provided for payment of debt | 0 | 0 | 0 |
| TOTAL ASSETS AND OTHER DEBITS | <u>\$ 2,803,116</u> | <u>\$ 615,330</u> | <u>\$ 205,728</u> |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | |
| <i>Liabilities:</i> | | | |
| Accounts, salaries and other payables | \$ 807,383 | \$ 18,378 | \$ 0 |
| Interfund payable | 8,911 | 84,238 | 0 |
| Deferred revenues | 0 | 508 | 0 |
| Deposits due others | 0 | 0 | 205,728 |
| Workers' compensation payable | 0 | 0 | 0 |
| Leases payable | 0 | 0 | 0 |
| Compensated absences payable | 0 | 0 | 0 |
| Total Liabilities | <u>\$ 816,294</u> | <u>\$ 74,868</u> | <u>\$ 205,728</u> |
| <i>Equity and other credits:</i> | | | |
| Investment in general fixed assets | \$ 0 | \$ 0 | \$ 0 |
| <i>Fund Balances:</i> | | | |
| Reserved for law and liability | 198,855 | 0 | 0 |
| Reserved for unemployment | 80,230 | 14,222 | 0 |
| Reserved for inventories | 0 | 2,711 | 0 |
| <i>Unreserved:</i> | | | |
| Unassigned | 1,423,826 | 521,868 | 0 |
| Total Equity and other credits | <u>\$ 1,702,852</u> | <u>\$ 540,792</u> | <u>\$ 0</u> |
| TOTAL LIABILITIES, EQUITY AND OTHER CREDITS | <u>\$ 2,519,114</u> | <u>\$ 615,660</u> | <u>\$ 205,728</u> |

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

Equipment A.

| GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | TOTAL (MEMORANDUM ONLY) |
|----------------------------|------------------------------|-------------------------------|
| \$ 0 | \$ 0 | \$ 0 |
| 0 | 0 | 230,833 |
| 0 | 0 | 60,227 |
| 0 | 0 | 7,711 |
| 0 | 0 | 2,800 |
| 8,080,317 | 0 | 8,080,317 |
| <u>8</u> | <u>460,864</u> | <u>460,864</u> |
| <u>\$ 8,080,317</u> | <u>\$ 460,864</u> | <u>\$ 8,541,181</u> |
| | | |
| \$ 0 | \$ 0 | \$ 680,000 |
| 0 | 0 | 60,227 |
| 0 | 0 | 838 |
| 0 | 0 | 300,739 |
| 0 | 14,680 | 14,680 |
| 0 | 3,214 | 5,814 |
| 0 | <u>480,840</u> | <u>480,840</u> |
| <u>0</u> | <u>480,840</u> | <u>1,652,502</u> |
| | | |
| \$ 8,080,317 | \$ 0 | \$ 8,080,317 |
| 0 | 0 | 188,008 |
| 0 | 0 | 84,680 |
| 0 | 0 | 7,711 |
| 0 | 0 | <u>1,845,485</u> |
| <u>8,080,317</u> | <u>0</u> | <u>10,006,403</u> |
| | | |
| <u>\$ 8,080,317</u> | <u>\$ 460,864</u> | <u>\$ 8,541,181</u> |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

Condensed Statement of Revenues, Expenditures,
and Changes in Fund Balances - All Governmental Funds
For the Year Ended June 30, 1997

Statement 3

| | GENERAL FUND | SPECIAL REVENUE FUNDS | TOTAL MEMORANDUM (ONLY) |
|--|---------------------|-----------------------------|-------------------------------|
| REVENUES | | | |
| Local sources: | | | |
| Taxes: | | | |
| Ad valorem | \$ 361,377 | \$ 365,361 | \$ 726,738 |
| Sales and use | 769,875 | 0 | 769,875 |
| Interest earnings | 73,834 | 13,573 | 87,407 |
| Food service | 0 | 193,313 | 193,313 |
| Other | 105,899 | 12,057 | 117,956 |
| State sources: | | | |
| Equalization | 7,723,490 | 509,000 | 8,232,490 |
| Other | 304,871 | 58,108 | 362,979 |
| Federal sources | <u>0</u> | <u>1,528,548</u> | <u>1,528,548</u> |
| Total revenues | \$ 4,335,371 | \$ 2,438,929 | \$ 6,774,300 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction: | | | |
| Regular programs | \$ 4,474,862 | \$ 148,867 | \$ 4,623,729 |
| Special programs | 551,154 | 554,862 | 1,106,016 |
| Other instructional programs | 657,878 | 52,475 | 710,353 |
| Support services: | | | |
| Student services | 238,708 | 48,888 | 287,596 |
| Instructional staff support | 332,847 | 138,882 | 471,729 |
| General administration | 324,455 | 38,831 | 363,286 |
| School administration | 488,208 | 18,973 | 507,181 |
| Business services | 88,182 | 0 | 88,182 |
| Plant services | 548,156 | 251,377 | 799,533 |
| Student transportation services | 518,507 | 0 | 518,507 |
| Central services | 7,892 | 0 | 7,892 |
| Food services | 87,828 | 1,24,077 | 2,11,905 |
| Community service program | 1,800 | 0 | 1,800 |
| Facilities acquisition and construction | <u>0</u> | <u>81,728</u> | <u>81,728</u> |
| Total expenditures | \$ 6,985,200 | \$ 3,485,281 | \$ 10,470,481 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | <u>2,388,171</u> | <u>(1,046,352)</u> | <u>1,341,819</u> |

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - All Governmental Funds
For the Year Ended June 30, 1997**

Statement 8

| | <u>GENERAL FUND</u> | <u>SPECIAL REVENUE FUNDS</u> | <u>TOTAL PARAMOUNT ONLY</u> |
|---|-------------------------|--------------------------------------|-------------------------------------|
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | \$ 0 | \$ 57,000 | \$ 57,000 |
| Operating transfers out | (57,000) | 0 | (57,000) |
| Other sources - sale of fixed assets | 127 | 1,615 | 3,115 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ (56,873)</u> | <u>\$ 58,615</u> | <u>\$ 3,115</u> |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>258,007</u> | <u>9,405</u> | <u>269,445</u> |
| FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED | \$ 1,548,040 | \$ 534,387 | \$ 2,082,427 |
| PROR. PERIOD ADJUSTMENT | <u>71,853</u> | <u>0</u> | <u>71,853</u> |
| FUND BALANCES AT BEGINNING OF YEAR, AS RE-STATE | <u>\$ 1,619,893</u> | <u>\$ 534,387</u> | <u>\$ 2,154,280</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 1,777,899</u> | <u>\$ 543,792</u> | <u>\$ 2,321,691</u> |

CONCLUDED

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - Governmental Funds - General Fund
For the Year Ended June 30, 1997**

Statement C

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE OR UNFAVORABLE</u> |
|---|---------------------|---------------------|--|
| REVENUES | | | |
| Local sources: | | | |
| Taxes: | | | |
| Ad valorem: | \$ 360,670 | \$ 361,577 | \$ 1,507 |
| Sales and use | 714,000 | 708,575 | 55,579 |
| Interest earnings | 67,000 | 73,024 | 6,024 |
| Other | 87,455 | 108,098 | 23,621 |
| State sources: | | | |
| Equalization: | 7,928,480 | 7,726,480 | (200,000) |
| Other | 279,000 | 284,571 | 15,571 |
| Total revenues | <u>\$ 9,438,605</u> | <u>\$ 9,392,185</u> | <u>\$ (46,420)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction: | | | |
| Regular programs | \$ 4,541,271 | \$ 4,474,882 | \$ 66,389 |
| Special programs | 848,827 | 854,494 | 5,667 |
| Other instructional programs | 849,478 | 827,275 | 22,203 |
| Support services: | | | |
| Student services | 372,700 | 358,708 | 13,992 |
| Instructional staff support | 347,890 | 352,647 | 4,757 |
| General administration | 358,700 | 324,455 | 34,245 |
| Special administration | 578,410 | 488,288 | 90,122 |
| Business services | 88,700 | 88,168 | 532 |
| Food services | 681,174 | 648,188 | 32,986 |
| Student transportation services | 248,000 | 278,887 | 30,887 |
| Central services | 73,000 | 7,888 | 65,112 |
| Food services | 88,480 | 87,820 | 660 |
| Community service programs | 1,788 | 1,850 | 62 |
| Facilities acquisition and construction | 87,788 | 0 | 87,788 |
| Total expenditures | <u>\$ 9,335,840</u> | <u>\$ 9,385,283</u> | <u>\$ 49,443</u> |
| EXCESS (Deficiency) OF RESOURCES OVER EXPENDITURES | <u>102,765</u> | <u>106,902</u> | <u>4,137</u> |

(Continued)

WEST CARROLL PARISH SCHOOL BOARD
 Oak Grove, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Budget (GAAP Basis) and Actual - Governmental Funds - General Fund
 for the Year Ended June 30, 1997

(Statement C)

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------|---------------------|---|
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | \$ 0 | \$ 0 | 0 |
| Operating transfers out | (208,000) | (27,000) | 181,000 |
| Other sources - sale of assets | 87,000 | 101 | (86,899) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ (121,000)</u> | <u>\$ (26,999)</u> | <u>\$ (94,001)</u> |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(42,000)</u> | <u>288,000</u> | <u>330,000</u> |
| FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED | \$ 1,070,000 | \$ 1,340,000 | \$ 270,000 |
| PERIOD ADJUSTMENT | <u>0</u> | <u>72,000</u> | <u>72,000</u> |
| FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED | <u>\$ 1,070,000</u> | <u>\$ 1,412,000</u> | <u>\$ 342,000</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 1,028,000</u> | <u>\$ 1,700,000</u> | <u>\$ 672,000</u> |

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Cade, Louisiana

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 1997**

Statement 0

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|---------------------|---------------------|---|
| REVENUES | | | |
| Local sources: | | | |
| Taxes: | | | |
| Ad valorem | \$ 383,874 | \$ 385,561 | \$ 1,687 |
| Interest earnings | 14,155 | 12,878 | (1,277) |
| Fund service | 192,700 | 193,048 | 1,278 |
| Other | 12,228 | 12,067 | (161) |
| State sources: | | | |
| Equitation | 208,000 | 208,000 | 0 |
| Other | 83,293 | 86,390 | 3,097 |
| Federal sources: | <u>1,624,682</u> | <u>1,520,548</u> | <u>(104,134)</u> |
| Total revenues | <u>\$ 2,527,632</u> | <u>\$ 2,430,885</u> | <u>\$ 96,747</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction: | | | |
| Regular programs | \$ 175,117 | \$ 148,897 | \$ 26,220 |
| Special programs | 819,481 | 894,892 | 75,411 |
| Other instructional programs | 87,881 | 63,475 | 24,406 |
| Support services: | | | |
| Student services | 47,385 | 48,888 | 1,503 |
| Instructional staff support | 147,024 | 138,952 | 8,072 |
| General administration | 24,828 | 28,821 | 3,993 |
| School administration | 28,029 | 18,873 | 9,156 |
| Fund services | 494,587 | 281,527 | 213,060 |
| Food services | 1,128,104 | 1,134,017 | (5,913) |
| Facilities acquisition and construction | <u>128,542</u> | <u>81,228</u> | <u>47,314</u> |
| Total expenditures | <u>\$ 2,823,158</u> | <u>\$ 2,880,281</u> | <u>\$ 57,123</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | <u>304,474</u> | <u>(149,396)</u> | <u>453,870</u> |

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 1987

Continued

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|------------|------------|--|
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | \$ 27,000 | \$ 27,000 | \$ 0 |
| Other sources - sale of assets | 1,000 | 1,000 | 0 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 28,000 | \$ 28,000 | \$ 0 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (80,000) | 8,000 | 270,000 |
| FUND BALANCES AT BEGINNING OF YEAR | \$ 200,000 | \$ 204,000 | \$ 4,000 |
| FUND BALANCES AT END OF YEAR | \$ 120,000 | \$ 212,000 | \$ 92,000 |

(CONCLUDED)

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

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WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The School Board operates eight schools within the parish with a total enrollment of approximately 2,700 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

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

B. FUNDS AND ACCOUNT GROUPS

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

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

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

Governmental Funds

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

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

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

Fiduciary Funds

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

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

School Activity Agency Fund — accounts for assets held by the School Board as an agent for the individual schools and school organizations.

Sales Tax Agency Fund — accounts for monies collected on behalf of other taxing authorities within the parish.

Account Groups

The general fund assets account group is used to account for all fixed assets of the School Board.

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental Funds

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

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

Revenues

Ad valorem taxes and sales taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees who do not to be paid over twelve months are accrued at June 30.

Other Financing Sources (Uses)

Transactions between funds that are not reported to be repaid (capital lease transactions, sale of fixed assets, debt extinguishments, and long-term debt payments) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Esficiary Funds

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

D. BUDGETS

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

State statute requires budgets be adopted for the general fund and all special revenue funds.

Each year prior to September 15, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue fund. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. The operating budget includes proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

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

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

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ENCUMBRANCES

Outstanding encumbrances lapse at year-end. Authorization for the eventual expenditure will be included in the following year's budget appropriations. Encumbrance accounting is not employed in governmental funds.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and short 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 and national banks having their principal offices in Louisiana.

G. INVESTMENTS

Under state law, the School Board may invest in United States bonds, treasury notes, or certificates. Those are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. SHORT-TERM INTERFUND RECEIVABLE/PAYABLES

During the course of operations, numerous transactions occur between individual funds for 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. INVENTORY AND PREPAID ITEMS

Investment of the governmental fund type are recorded as expenditures as purchased except for inventory of the school food service fund.

Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as inventory when received; however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are stated at straight cost and commodities are assigned values provided by the United States Department of Agriculture.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. FIXED ASSETS

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

Public domain (infrastructure) general fixed assets (i.e. roads, bridges, sidewalks and other assets that are inseparable and of value only to the government) are capitalized.

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

K. DEFERRED REVENUES

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

L. COMPENSATED ABSENCES

All 12-month employees earn 12 to 18 days of vacation leave each year depending on the number of years employed. Employees can accumulate up to 20 days of vacation leave. Employees are not compensated for unused vacation leave.

All School Board employees earn a minimum of 10 to 18 days of sick leave each year, depending upon the number of years employed. Sick leave can be accumulated without limitation. Upon retirement, unused sick leave of up to 20 days is paid to employees as per Louisiana Revised Statute 17:423 at the employees' current rate of pay and all unused sick leave is used in the retirement computation at retired service.

Sabbatical leave may be granted for rest and recuperation and 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.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES (Continued)

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

GASB Statement No. 16 provides that vacations 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 lawsuits.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated as 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.

Substantial leave benefits are reported as expenditures in the period paid.

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

M. LONG-TERM OBLIGATIONS

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

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. FUND EQUITY

RESERVE

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

O. INTERFUND TRANSACTIONS

Quasi-external transactions are recorded for as revenues or expenditures. 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 deductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecursing or nonrecurring permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

F. SALES TAXES

The West Carroll Parish School Board has one sales tax ordinance as follows:

The School Board has a transient parish-wide sales and use tax as authorized in a special election held November 18, 1987. In accordance with the proposition approved by the voters of the parish, "the net revenues derived from said sales and use tax is to be dedicated and used solely for the purpose of providing funds for the payment of salaries of school employees in the parish of West Carroll."

G. USE OF ESTIMATES

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

H. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the general-purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - LEVIED TAXES (Continued)

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

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

The tax roll is prepared by the parish tax assessor in November of each year; therefore, the 1997 property taxes are collected in December, January and February of the next year. No receivable for 1997 taxes is included on the accompanying balance sheet because the taxes are not available within 60 days of the School Board's year-end.

Historically, virtually all of valorem taxes are collected because they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied (tax rate per \$0,000 assessed value) ad valorem taxes:

| | Date of Vote --Approval-- | Authorized --Millage-- | Levied --Millage-- | Expiration --Date-- |
|---------------------------|------------------------------|---------------------------|-----------------------|------------------------|
| Parish-wide taxes: | | | | |
| Constitutional | Statutory | 5.49 | 5.49 | Statutory |
| Maintenance and operation | November 16, 1995 | 5.65 | 5.65 | 2001 |
| Maintenance and operation | January 30, 1996 | 18.33 | 18.33 | 2000 |
| District taxes: | | | | |
| Ward 1 Maintenance | November 8, 1994 | 5.00 | 5.00 | 1999 |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 3 - EXPENDITURES - ACTUAL AND BUDGET

The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 1997:

| Fund | Budget | Actual | Unfavorable Variance |
|-----------------------|-------------|-------------|-------------------------|
| Special revenue funds | | | |
| School food service | \$1,136,194 | \$1,134,607 | \$2,903 |

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

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 1997, the School Board had cash and cash equivalents (bank balances) totaling \$3,098,638 as follows:

| | |
|----------------------------------|--------------------|
| Demand deposit | \$ 729,147 |
| Interest-bearing demand deposits | 2,369,491 |
| Total | <u>\$3,098,638</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the remaining 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 year-end, the School Board's carrying amount of deposits was \$3,098,638 and the bank balance was \$4,104,765. Of the bank balance, \$208,000 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name. Of the remaining balance, \$3,896,765 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 7).

Even though the pledged securities are considered uncollateralized (Category 8) under the provisions of GASB Statement 3, Louisiana Revised Statute 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 15 days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 5 - RECEIVABLES

The receivables of \$130,813 at June 30, 1997, are as follows:

| Class of Receivable | General Fund | Special Revenue Funds | Total |
|-----------------------------|------------------|-----------------------------|------------------|
| Taxes: | | | |
| Sales and use | \$ 92,833 | \$ - | \$ 92,833 |
| Intergovernmental - grants: | | | |
| Federal | - | 31,797 | 31,797 |
| State | 78,882 | 22,081 | 98,963 |
| Other | 4,573 | 2,237 | 6,810 |
| Total | \$175,728 | \$56,015 | \$230,813 |

NOTE 6 - FIXED ASSETS

The changes in general fixed assets are as follows:

| | Balance | | | Balance June 30, 1997 |
|-------------------------|--------------------|------------------|-----------------|--------------------------|
| | July 1, 1996 | Additions | Deletions | |
| Land | \$ 128,480 | \$ 71,800 | \$ - | \$ 200,280 |
| Buildings | 4,875,565 | 56,038 | 258 | 4,931,345 |
| Furniture and equipment | 1,960,022 | 430,113 | 61,828 | 2,328,307 |
| Total | \$8,204,067 | \$457,951 | \$62,086 | \$8,699,932 |

The School Board acquired new computer software to account for its fixed assets. During the process of conversion, it was determined that the beginning balance of furniture and fixtures was overstated. Consequently, the carrying value of furniture and fixtures was decreased \$62,086 to agree with the detailed listings.

NOTE 7 - RETIREMENT SYSTEMS

Substantially all School Board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems (PERS). Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates and benefit provisions approved by the Louisiana legislature. Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. In general, professional employees (such as teachers and principals) and nonunion workers are members of the Louisiana Teachers' Retirement System (TPRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the Systems, with employee benefits vesting after 10 years of service.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Teachers' Retirement System Regular Plan. Normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally 2% (with less than 20 years of service) or 2.5% (with 20 or more years of service) times the years of creditable service times the average salary of the 36 highest consecutive months (plus \$200 applicable to persons becoming members prior to July 1, 1986).

Teachers' Retirement System Plan A. Normal retirement is generally at any age with 20 or more years of creditable service, at age 55 with at least 25 years of creditable service and at age 60 with at least 10 years of creditable service. The retirement benefits formula is generally 2% times the years of creditable service times the retiree's average salary of the 36 highest consecutive months plus \$24 per year of service.

School Employees' Retirement System. Participating employees eligible for normal retirement after 10 years of service, or after 20 years of service at age 55, or after 10 years of service at age 60. The maximum retirement allowance is computed at 2.0% times the highest 36 months of average salary, times the years of service plus a supplement of \$1 per month times the years of service.

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

| | Employee | Employer |
|--|----------|----------|
| Louisiana Teachers Retirement System: | | |
| Plan A | 8.10% | 16.20% |
| Regular | 8.0% | 16.0% |
| Louisiana School Employees Retirement System | 6.25% | 6.0% |

The School Board's employer contribution for the TRS, as provided by state law, is funded by the state of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the School Board. For the LSERS, the School Board's employer contribution is funded by the state of Louisiana through annual appropriations.

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

Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. For the year ended June 30, 1997, the current-year payroll for the School Board totaled \$7,216,497. The employer and employee contributions and total current-year payroll of covered employees for 1997 follow:

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 7 - RETIREMENT SYSTEMS (Continued)

| | TRS | | LSERS | Total |
|------------------------------------|--------------|-----------|-----------|--------------|
| | Assets | Exp.A | | |
| Employee contribution | \$ 469,186 | \$ 4,247 | \$10,160 | \$ 583,593 |
| Employer contribution | 938,244 | 11,190 | 38,987 | 988,421 |
| Total invested earned-year payroll | \$ 1,407,430 | \$ 15,437 | \$ 49,147 | \$ 1,472,014 |

Although contributions are determined by statute, actuarial contributions are determined for the Systems. For the year ended June 30, 1996, the latest information available, the Systems' (TRS and LSERS) actuarially required contribution from all sources was \$481.8 million and \$92.9 million, respectively. The required School Board's contribution represents 17.79 and 6.12 percent, respectively, of salaries for the year ended June 30, 1996.

The "pension benefit obligation" is a statistical disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the Systems' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The Systems do not make separate measurements of assets and pension benefit obligations for individual employees. The pension benefit obligations as June 30, 1996 for the Systems, each as a whole, the Systems' net assets available for benefits on that date (valued at market), and the resulting unfunded (overfunded) pension benefit obligations were as follows:

| | TRS | LSERS |
|--|---------------------|-------------------------|
| Pension Benefit Obligation | \$11,252,762 | \$ 970,968,414 |
| Net Assets Available for Benefits | (2,628,608) | (1,087,953,811) |
| Unfunded (Overfunded) Pension Benefit Obligation | <u>\$ 8,624,154</u> | <u>\$ (116,985,401)</u> |

The School Board's total actuarially determined contribution requirements as a percentage of total combined asset requirement of all entities for the year ended June 30, 1996 were as follows:

| | |
|-------------------------------------|------|
| Teachers' Retirement System | .26% |
| School Employees' Retirement System | .24% |

Ten-year historical trend information showing the Systems' progress in accumulating sufficient assets to pay benefits when due is presented in the Systems' June 30, 1996 comprehensive annual financial reports, which is the latest available report. The reports can be obtained by telephoning or writing to the following:

Teachers' Retirement System of Louisiana
Post Office Box 94125
Baton Rouge, Louisiana 70804-0125
(504) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44216
Baton Rouge, Louisiana 70804
(504) 925-6484

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

The West Carroll Parish School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees are provided through the State Employees' Group Benefits Program, whose monthly premiums are paid jointly by the employee and by the School Board. The cost of certain benefits was \$324,518 for 1997.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$886,651 at June 30, 1997, are as follows:

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Total</u> |
|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
| Salaries and withholding Accounts | \$661,449 | \$ - | \$661,449 |
| | <u>200,804</u> | <u>19,120</u> | <u>219,924</u> |
| Total | <u>\$862,253</u> | <u>\$19,120</u> | <u>\$881,373</u> |

NOTE 10 - COMPENSATED ABSENCES

At June 30, 1997, employees of the School Board had accumulated and vested \$460,848 of employee leave benefits, computed in accordance with GASB Codification Section 240. This amount is recorded within the general long-term obligations account group.

NOTE 11 - CAPITAL LEASES

In November 1983, the School Board entered into a capital lease with AT&T Capital Corporation for the lease purchase of an HCR 3314BH Computer and related equipment. The equipment value is \$45,285 and is financed over 48 months with payments of \$1,178 each month at an interest rate of 8.12%. Minimum lease payments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|--------------|
| 1998 | \$3,314 | \$40 | \$3,354 |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 12 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

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

| | Balance at Beginning of Year | Additions | Deductions | Balance at End of Year |
|----------------------|------------------------------------|--------------------|--------------------|------------------------------|
| Agency funds: | | | | |
| School activity fund | \$186,628 | \$ 683,004 | \$ 673,924 | \$205,708 |
| Sales tax fund | ----- | 1,810,482 | 1,810,482 | ----- |
| | <u>\$186,628</u> | <u>\$2,493,486</u> | <u>\$2,484,406</u> | <u>\$205,708</u> |

NOTE 13 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1997:

| | Workers' Compensation Payable | Capital Leases | Compensated Absences | Total |
|------------------------------|-------------------------------------|-------------------|-------------------------|------------------|
| Balance at beginning of year | \$ 7,490 | \$15,846 | \$481,885 | \$505,221 |
| Additions: | 7,100 | - | - | 7,100 |
| Deductions: | ----- | 12,525 | 10,845 | 23,370 |
| Balance at end of year | <u>\$14,590</u> | <u>\$ 3,321</u> | <u>\$471,040</u> | <u>\$488,951</u> |

NOTE 14 - INTERFUND TRANSACTIONS

Due from/to other funds:

| | Entity Fund | Amount |
|---|---|-------------------------|
| Exciseable Fund | | |
| General Fund | Special Interest Title I Title VI | \$58,488 3,745 85 |
| School levies | General Fund | 5,991 |
| Consolidated School District #1 construction and maintenance | School levies | ----- 20 |
| Total | | <u>\$68,329</u> |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 14 - INTERFUND TRANSACTIONS (Continued)

Interfund operating transfers:

Operating transfers for the year ended June 30, 1997 were as follows:

| Fund | In | Out |
|-------------------------|-----------------|-----------------|
| General fund | | \$57,000 |
| Special revenue funds: | | |
| From School District #3 | \$57,000 | ----- |
| Total | <u>\$57,000</u> | <u>\$57,000</u> |

NOTE 15 - RESERVED AND DESIGNATED FUND BALANCES

The School Board has established a risk-retention fund for fire and extended coverage and unemployment. There is \$279,251 available for this purpose. This amount is included in the assets of the general fund with a corresponding reservation of the fund balance. The following is an analysis of the changes in designated fund balances for the year ended June 30, 1997:

| | Reserved for Fire and Liability | Reserved for Unemployment |
|------------------------------|------------------------------------|------------------------------|
| Balance at beginning of year | \$194,317 | \$77,973 |
| Additions | - | 2,148 |
| Deletions | <u>5,147</u> | <u>-----</u> |
| Balance at end of year | <u>\$189,170</u> | <u>\$80,121</u> |

NOTE 16 - RISK MANAGEMENT

The School Board initiated a self-insured program for workers' compensation in 1991. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. Interfund premiums are based primarily upon the individual funds' payroll and are apportioned as expenditures in the individual funds.

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

| | Beginning of Fiscal Year Liability | Claims and Changes in Reserves | Benefit Payments and Claims | Ending of Fiscal Year Liability |
|-------------|--|--------------------------------------|-----------------------------------|---------------------------------------|
| 1996 - 1997 | \$7,498 | \$54,311 | \$47,308 | \$14,680 |

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 17 - LITIGATION AND CLAIMS

Litigation

At June 30, 1997, the School Board was involved in various litigations. It is the opinion of the legal advisor for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.

Self-Insurance

The School Board initiated a risk management program for workers' compensation in 1991. During fiscal year 1997, a total of \$47,208 was paid in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$175,000. The School Board has pledged a \$100,000 letter of credit with the Office of Employment Security. Maximum retention exposures for aggregate claims amounts is \$1,000,000. An amount for self-insurance losses of \$94,441 was reserved for the year ending June 30, 1997. Incurred, but not paid claims of \$14,608 as of June 30, 1997, have been accrued as a liability in the general long-term obligations account group.

Grant Disallowances

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

Tax Arbitrage Refunds

Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense prior to the disbursement of the proceeds must be returned to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

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

On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 34 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$18,141. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 19 - PRIOR PERIOD ADJUSTMENT

The School Board has not accrued sales tax revenue in prior years for the amounts collected from vendors for June sales received to the School Board in July. In accordance with the statement No. 21 of the Governmental Accounting Standards Board, Accounting for Property-Tax Assessed Tax Revenues in Governmental Funds, these revenues should have been accrued. Effective June 30, 1997, sales tax revenues for June that are collected in July are being included in the financial statements for June 30, 1997.

Revenues of June 1996 which were collected in July 1996, in the amount of \$71,983, are treated as a correction of a material error with a prior period adjustment in the financial statements.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SUPPLEMENTAL INFORMATION

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDING JUNE 30, 1997

SPECIAL REVENUE FUNDS

DESCRIPTIONS AND PURPOSES OF SPECIAL REVENUE FUNDS

TITLE I

To improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Services supplement, not replace, those normally provided by state and local educational agencies.

TITLE III

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

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

SPECIAL FEDERAL

This fund is used to account for all federal revenue that is not accounted for in other funds.

MIGRANT EDUCATION

To ensure that migratory children have the opportunity to meet the same challenging state content and performance standards that all children are expected to meet.

ADULT EDUCATION

To improve educational opportunities for adults and to encourage the establishment of adult education programs that will enable all adults to acquire basic educational skills necessary to function in a literate society, to enable adults who so desire to complete primary school, and, to enable adults to benefit from job training and retraining programs and obtain productive employment to more fully enjoy the benefits and responsibilities of citizenship.

Special emphasis is given to programs of instruction in computational skills and in speaking, reading, or writing English for those adults who are educationally disadvantaged.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 1997

SPECIAL REVENUE FUNDS (Continued)

KAY FUND

This fund accounts for Louisiana Department of Education funds for vocational, agricultural, home economics, and food preservation training and miscellaneous services.

SCHOOL LUNCH

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

CONSTRUCTION AND MAINTENANCE FUNDS

Item S. D. #1 Construction and Maintenance

Item S. D. #2 Construction and Maintenance

Form S. D. #3 Construction and Maintenance

Form S. D. #4 Construction and Maintenance

Consolidated S. D. #1 Construction and Maintenance

The construction and maintenance funds account for all various taxes levied for constructing, improving, and repairing facilities and maintaining schools within each district.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

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WEST CARROLL PARISH SCHOOL BOARD
Cata Delta, Louisiana

SPECIAL FUND BALANCE SHEET
Consolidating Balance Sheet
June 30, 1997

| | TITLE I | TITLE VI | SPECIAL FEDERAL | NONPANT EDUCATION |
|--|------------------|-----------------|--------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 0 \$ | 0 \$ | 18,001 \$ | 0 |
| Receivables | 15,800 | 4,100 | 21,157 | 0 |
| Instalment receivable | 0 | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 | 0 |
| Total Assets | 15,800 \$ | 4,100 \$ | 39,158 \$ | 0 |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities | | | | |
| Accounts, salaries and other payables | 15,123 \$ | 4,000 \$ | 0 \$ | 0 |
| Instalment payable | 5,743 | 0 | 30,400 | 0 |
| Deferred revenues | 0 | 0 | 0 | 0 |
| Total Liabilities | 20,866 \$ | 4,000 \$ | 30,400 \$ | 0 |
| Fund Equity | | | | |
| Fund Reserves: | | | | |
| Reserved for unemployment | 0 \$ | 0 \$ | 0 \$ | 0 |
| Reserved for inventory | 0 | 0 | 0 | 0 |
| Unreserved and undesignated | 0 | 0 | 0 | 0 |
| Total Equity | 0 | 0 | 0 | 0 |
| TOTAL LIABILITIES AND FUND EQUITY | 20,866 \$ | 4,000 \$ | 30,400 \$ | 0 |

EXHIBIT 1

| | ADULT EDUCATION | PAID FUNDS | SCHOOL LUNCH |
|----|--------------------|---------------|-----------------|
| \$ | 8,088 \$ | 12,877 \$ | 28,358 |
| | 2,181 | 0 | 0 |
| | 0 | 0 | 8,971 |
| | 0 | 0 | 1,711 |
| \$ | 10,269 \$ | 12,877 \$ | 30,040 |

| | | | |
|----|------|------|-----|
| \$ | 0 \$ | 0 \$ | 40 |
| | 0 | 0 | 0 |
| | 0 | 0 | 808 |
| \$ | 0 \$ | 0 \$ | 848 |

| | | | |
|----|-----------|-----------|--------|
| \$ | 0 \$ | 0 \$ | 14,322 |
| | 0 | 0 | 2,715 |
| | 10,781 | 12,897 | 71,008 |
| | 10,781 | 12,897 | 70,291 |
| \$ | 10,781 \$ | 12,897 \$ | 70,040 |

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1993

| | EPHS S.D. #1 CONSTRUCTION AND MAINTENANCE | EPHS S.D. #2 CONSTRUCTION AND MAINTENANCE | FOREST S.D. #3 CONSTRUCTION AND MAINTENANCE | FOREST S.D. #4 CONSTRUCTION AND MAINTENANCE |
|--|--|--|--|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 121,089 | \$ 79,282 | \$ 66,820 | \$ 28,308 |
| Receivables | 0 | 0 | 178 | 0 |
| Interfund receivable | 0 | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 | 0 |
| Total Assets | <u>\$ 121,089</u> | <u>\$ 79,282</u> | <u>\$ 66,998</u> | <u>\$ 28,308</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities | | | | |
| Accounts, salaries and other payable | \$ 1,879 | 0 | 381 | 132 |
| Interfund payable | 0 | 0 | 0 | 0 |
| Deferred investments | 0 | 0 | 0 | 0 |
| Total Liabilities | <u>\$ 1,879</u> | <u>\$ 0</u> | <u>\$ 381</u> | <u>\$ 132</u> |
| Fund Equity | | | | |
| Fund Balance: | | | | |
| Reserved for unemployment | 0 | 0 | 0 | 0 |
| Reserved for inventory | 0 | 0 | 0 | 0 |
| Unreserved and undesignated | 129,210 | 79,282 | 66,618 | 28,176 |
| Total Equity | <u>129,210</u> | <u>79,282</u> | <u>66,618</u> | <u>28,176</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 127,008</u> | <u>\$ 79,282</u> | <u>\$ 66,998</u> | <u>\$ 28,308</u> |

EXHIBIT 1

CONDUIT/SEWER

S.D. #1

CONSTRUCTION

AND

MAINTENANCE TOTAL

| | | |
|----|------------|---------|
| \$ | 175,000 \$ | 649,021 |
| | 0 | 80,230 |
| | 20 | 3,891 |
| | 0 | 7,711 |
| \$ | 175,000 \$ | 840,853 |

| | | |
|----|-------|--------|
| \$ | 00 \$ | 18,370 |
| | 0 | 54,568 |
| | 0 | 508 |
| \$ | 00 \$ | 74,446 |

| | | |
|----|------------|---------|
| \$ | 0 \$ | 94,200 |
| | 0 | 7,711 |
| | 170,843 | 923,890 |
| | 170,843 | 940,790 |
| \$ | 170,843 \$ | 940,790 |

(CONCLUDED)

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SPECIAL REVENUE FUNDS
Comparing Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

| | TITLE I | TITLE VI | SPECIAL FEDERAL | MIGRANT EDUCATION |
|--|-------------------|------------------|--------------------|----------------------|
| REVENUES | | | | |
| Local sources | | | | |
| Taxes: | | | | |
| Ad Valorem | \$ 0 0 | 0 0 | 0 0 | 0 0 |
| Interest earnings | 0 | 0 | 0 | 0 |
| Food services | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| State sources: | | | | |
| Unrestricted | 0 | 0 | 0 | 0 |
| Restricted | 0 | 0 | 0 | 0 |
| Federal sources: | 0 0 000 | 10 000 | 100 000 | 21 450 |
| Total revenues | \$ 0 0 000 | \$ 10 000 | \$ 100 000 | \$ 21 450 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | \$ 0 0 | 0 0 | 10 000 0 | 0 0 |
| Special programs | 400 000 | 10 000 | 100 000 | 20 450 |
| Other instructional programs | 0 | 0 | 23 500 | 0 |
| Support services: | | | | |
| Student services | 0 000 | 0 | 0 | 0 |
| Instructional staff support | 110 000 | 0 | 20 000 | 0 |
| General administration | 11 000 | 0 | 1 000 | 0 |
| Student administration | 0 | 0 | 0 | 0 |
| Plant services | 30 000 | 0 | 0 | 0 |
| Food services | 0 | 0 | 0 | 0 |
| Facilities acquisition and construction | 0 | 0 | 2 000 | 0 |
| Total expenditures | \$ 510 000 | \$ 10 000 | \$ 100 000 | \$ 21 450 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 0 000 | 0 | 0 | 0 |

Exhibit 2

| | ADULT EDUCATION | DAY FUND | SCHOOL LUNCH |
|----|--------------------|-------------|------------------|
| \$ | 0 \$ | 0 \$ | \$ |
| | 0 | 0 | 1,440 |
| | 0 | 0 | 181,000 |
| | 0 | 0 | 71 |
| | 0 | 0 | 800,800 |
| | 12,420 | 0 | 1,871 |
| | <u>12,420</u> | <u>0</u> | <u>784,182</u> |
| \$ | <u>43,350 \$</u> | <u>0 \$</u> | <u>1,711,800</u> |

| | | | |
|----|------------------|-----------------|------------------|
| \$ | 0 \$ | 0 \$ | \$ |
| | 0 | 0 | 0 |
| | 56,207 | 1,074 | 0 |
| | 0 | 0 | 0 |
| | 4,870 | 0 | 0 |
| | 585 | 0 | 0 |
| | 0 | 0 | 0 |
| | 0 | 0 | 0 |
| | 0 | 0 | 1,194,017 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| \$ | <u>61,262 \$</u> | <u>2,074 \$</u> | <u>1,194,017</u> |
| | <u>0</u> | <u>12,070</u> | <u>121,480</u> |

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
for the Year Ended June 30, 1987

| | TITLE I | TITLE IV | SPECIAL FEDERAL | MIGRANT EDUCATION | |
|--|----------|----------|--------------------|----------------------|----------|
| OTHER FINANCING SOURCES (USES) | \$ | \$ | \$ | \$ | \$ |
| Operating transfers in | | | | | |
| Other sources - sale of assets | | | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ | \$ | \$ | \$ | \$ |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | \$ | \$ | \$ | \$ | \$ |
| FUND BALANCES AT BEGINNING OF YEAR | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCES AT END OF YEAR | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

EXHIBIT

| | ADULT EDUCATION | EXT FUND | SCHOOL LUNCH |
|----|--------------------|-------------|-----------------|
| \$ | \$ 0 | 0 \$ | 0 |
| \$ | 0 \$ | 1,811 \$ | 0 |
| \$ | 0 \$ | 1,811 \$ | 0 |
| \$ | 51 \$ | 565 \$ | 22,458 |
| \$ | 50,728 | 14,798 | 22,458 |
| \$ | 10,730 \$ | 23,887 \$ | 32,841 |

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SPECIAL REVENUE FUNDS
Containing Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

| | SPFS S.S. #1 CONSTRUCTION AND MAINTENANCE | SPFS S.S. #1 CONSTRUCTION AND MAINTENANCE | FOREST S.S. #1 CONSTRUCTION AND MAINTENANCE | FOREST S.S. #4 CONSTRUCTION AND MAINTENANCE |
|--|--|--|--|--|
| REVENUES | | | | |
| Local sources | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 117,062 | \$ 53,967 | \$ 73,021 | \$ 19,874 |
| Interest earnings | 3,333 | 1,048 | 1,879 | 738 |
| Food services | 0 | 0 | 0 | 0 |
| Other | 0 | 1,988 | 0 | 0 |
| State sources: | | | | |
| Unrestricted | 0 | 0 | 0 | 0 |
| Restricted | 7,865 | 8,878 | 11,877 | 3,214 |
| Federal sources: | | | | |
| | 0 | 0 | 0 | 0 |
| Total revenues | \$ 128,157 | \$ 65,893 | \$ 86,777 | \$ 23,826 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | \$ 34,420 | \$ 18,502 | \$ 17,944 | \$ 19,472 |
| Special programs | 0 | 0 | 0 | 0 |
| Other instructional programs | 0 | 0 | 0 | 0 |
| Support services: | | | | |
| Student activities | 0 | 0 | 0 | 0 |
| Instructional staff support | 0 | 0 | 0 | 0 |
| General administration | 8,744 | 3,887 | 2,757 | 197 |
| School administration | 5,045 | 1,884 | 5,107 | 3,088 |
| Plant services | 45,894 | 21,870 | 63,894 | 23,244 |
| Food services | 0 | 0 | 0 | 0 |
| Facilities acquisition and construction: | 7,358 | 22,837 | 57,028 | 1,880 |
| Total expenditures | \$ 118,123 | \$ 68,179 | \$ 137,658 | \$ 39,781 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 11,034 | (2,286) | (50,881) | (15,955) |

Table 2

CONSOLIDATED

B.D. #1

CONSTRUCTION

AND

MAINTENANCE TOTAL

| | | |
|----|-------------------|------------------|
| \$ | 121,517 \$ | 385,501 |
| | 3,700 | 13,508 |
| | 0 | 185,000 |
| | 18,000 | 12,857 |
| | 0 | 300,000 |
| | 19,504 | 58,508 |
| | <u>0</u> | <u>1,688,548</u> |
| \$ | <u>154,722 \$</u> | <u>3,490,865</u> |

| | | |
|----|-------------------|------------------|
| \$ | 28,158 \$ | 149,887 |
| | 0 | 854,883 |
| | 0 | 65,475 |
| | 0 | 48,000 |
| | 0 | 138,580 |
| | 4,528 | 10,521 |
| | 4,007 | 19,875 |
| | 79,231 | 385,217 |
| | 0 | 1,124,517 |
| | <u>0</u> | <u>91,158</u> |
| \$ | <u>126,877 \$</u> | <u>2,880,261</u> |

21,845 188,000

(CONTINUED)

WEST CARROLL PARISH SCHOOL BOARD
Cahoon, Louisiana

SPECIAL REVENUE FUNDS
Comparing Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1987

| | EPSS S.O. #1 CONSTRUCTION AND MAINTENANCE | EPSS S.O. #2 CONSTRUCTION AND MAINTENANCE | FOREST S.O. #1 CONSTRUCTION AND MAINTENANCE | FOREST S.O. #2 CONSTRUCTION AND MAINTENANCE |
|---|--|--|--|--|
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | \$ 0 \$ | 0 \$ | 57,000 \$ | 0 |
| Other sources - sale of assets | 0 | 0 | 0 | 750 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 0 \$ | 0 \$ | 57,000 \$ | 750 |
| ENDING DEFICIT OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | \$ 11,044 \$ | (280) \$ | 5,440 \$ | (74,080) |
| FUND BALANCES AT BEGINNING OF YEAR | 124,458 | 79,002 | 88,170 | 42,871 |
| FUND BALANCES AT END OF YEAR | \$ 113,414 \$ | 78,722 \$ | 93,610 \$ | 28,791 |

Exhibit 2

COMBINED STATE

(S.C.F.)

CONSTRUCTION

AND

MAINTENANCE

TOTAL

\$ 11 \$ 81,080
 1,838

\$ 0 \$ 88,918

\$ 27,888 \$ 9,488

148,876 934,367

\$ 176,764 \$ 943,755

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WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

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WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDING JUNE 30, 1997

AGENCY FUNDS

SCHOOL ACTIVITY AGENCY FUND

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

SALES TAX AGENCY FUND

The sales tax agency fund is used to account for collections and disbursement of sales tax receipts to the West Carroll School Board, West Carroll Police Jury and the Town of Oak Grove.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

AGENCY FUNDS
Combining Statement of Assets and Liabilities
June 30, 1997

Exhibit 3

| | SCHOOL ACTIVITY FUND | SALES TAX COLLECTION FUND | TOTAL |
|---------------------------|----------------------------|---------------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 205,729 | \$ 0 | \$ 205,729 |
| TOTAL ASSETS | <u>\$ 205,729</u> | <u>\$ 0</u> | <u>\$ 205,729</u> |
| | | | |
| LIABILITIES | | | |
| Deposits due others | \$ 205,729 | \$ 0 | \$ 205,729 |
| TOTAL LIABILITIES | <u>\$ 205,729</u> | <u>\$ 0</u> | <u>\$ 205,729</u> |

WEST CARROLL PARISH SCHOOL BOARD
 Oak Grove, Louisiana

AGENCY FUNDS
 Statement of Changes in Assets and Liabilities
 for the Year Ended June 30, 1987

Exhibit 4

| | Balance July 1, 1986 | Additions | Debitments | Balance June 30, 1987 |
|-----------------------------|----------------------------|--------------|--------------|-----------------------------|
| ***SCHOOL ACTIVITY FUNDS*** | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 795,822 | \$ 389,024 | \$ 815,818 | \$ 369,028 |
| LIABILITIES | | | | |
| Deposits due others | \$ 195,000 | \$ 888,818 | \$ 925,004 | \$ 158,814 |
| ***SALES TAX FUNDS*** | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 0 | \$ 2,833,489 | \$ 2,000,408 | \$ 833,081 |
| LIABILITIES | | | | |
| Deposits due others | \$ 0 | \$ 2,000,408 | \$ 2,833,489 | \$ 833,081 |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SCHOOL ACTIVITY AGENCY FUND
Schedule of Changes in Deposits Due Others
For The Year Ended June 30, 1997

Page 5

| SCHOOL | Balance, July 1, 1996 | Additions | Deductions | Balance, June 30, 1997 |
|-------------------------------|--------------------------|-------------------|-------------------|---------------------------|
| Epps High School | \$ 13,300 | \$ 103,180 | \$ 106,000 | \$ 9,480 |
| Fiske Union Elementary School | 14,000 | 43,744 | 28,070 | 17,674 |
| Forest High School | 23,408 | 94,700 | 80,881 | 23,627 |
| Goodwill Elementary School | 14,731 | 50,277 | 29,874 | 17,134 |
| Kilbourne High School | 28,267 | 133,089 | 128,247 | 43,109 |
| Oak Grove High School | 88,474 | 312,232 | 278,077 | 98,129 |
| Oak Grove Elementary School | 10,018 | 18,157 | 20,122 | 18,053 |
| Powers High School | 13,861 | 48,128 | 41,887 | 19,102 |
| Total | <u>\$ 198,059</u> | <u>\$ 895,834</u> | <u>\$ 873,024</u> | <u>\$ 302,939</u> |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SALES TAX FUNDS
Schedule of Changes in Separate Due Officers
For the Year Ended June 30, 1987

Exhibit B

| | Balance, July 1, 1986 | Additions | Deductions | Balance, June 30, 1987 |
|----------------------------------|--------------------------|---------------------|---------------------|---------------------------|
| West Carroll Parish Police Jury | \$ 0 | \$ 1,728,208 | \$ 1,728,159 | \$ 0 |
| West Carroll Parish School Board | \$ 0 | 892,878 | 892,878 | \$ 0 |
| Town of Oak Grove | 0 | 892,500 | 892,500 | 0 |
| Totals | <u>\$ 0</u> | <u>\$ 2,823,486</u> | <u>\$ 2,823,428</u> | <u>\$ 0</u> |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 1997

GENERAL

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 34 of the 1997 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:54, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$200 per month, and the president receives \$100 per month for performing the duties of his office.

FEDERAL AWARDS PROGRAMS

In accordance with Office of Management and Budget (OMB) Circular A-133, a Schedule of Expenditures of Federal Awards is presented.

WEST CARROLL PARISH SCHOOL BOARD
Cahn Grove, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1997

Exhibit 7

| | | |
|-------------------------|----|---------------|
| Mike Garrett, President | \$ | 3,800 |
| Rayburn Conley | | 3,400 |
| Mike Hutchins | | 3,400 |
| J. T. Martin | | 3,400 |
| Kathy McMillan | | 3,400 |
| C. T. Poole | | 3,400 |
| A. L. Sparks, Sr. | | <u>3,400</u> |
| Totals | \$ | <u>32,400</u> |

WEST CARROLL PARISH SCHOOL BOARD
 Oak Grove, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 1997**

Exhibit B

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME | CFDA Number | Pass-Through Grantor No. | Expenditures |
|--|----------------|-----------------------------|----------------------|
| CASH FEDERAL AWARDS | | | |
| United States Department of Agriculture | | | |
| Passed through Louisiana Department of Education: | | | |
| National School Lunch Program | 18.555 | N/A | \$ 475,623 |
| School Breakfast Program | 18.552 | N/A | ____272,780 |
| Total United States Department of Agriculture | | | ____748,403 |
| United States Department of Education | | | |
| Passed Through Louisiana Department of Education | | | |
| Adult Education - State-Administered | | | |
| Basic Grant Program | 84.002 | N/A | 9,875 |
| Title I Grants to Local Educational Agencies | | | |
| Basic Grant Program | 84.005 | 97-14,5A-62 | 577,899 |
| State School Improvement Grants | 84.208 | 97-14,5A-62 | 12,600 |
| Migrant Education - Basic State Grant Program | 84.001 | N/A | 21,458 |
| Special Education | | | |
| State Grants - Part B | 84.027 | 97-PT-62 | 606,794 |
| Preschool Grants | 84.173 | 97-PT-62 | 14,585 |
| Grants for Infants and Families with Disabilities - Part H | 84.080 | 97-CTD-62 | 8,160 |
| Vocational Education | | | |
| Basic Grants to States | 84.048 | N/A | 21,814 |
| Innovative Education Program | | | |
| Strategies - Title VI | 84.298 | 97-1A5A-62-VI | 10,126 |
| Eisenhower Professional Development | | | |
| State Grants - Title II | 84.281 | 97-1A5A-62-II | 18,914 |
| Title IV (Safe and Drug-Free Schools) | 84.186 | 97-1A5A-62-IV | ____14,678 |
| Total United States Department of Education | | | ____812,620 |
| United States Department of Labor | | | |
| Passed through Union Community Action Association: | | | |
| Job Training Partnership Act (JTPA) | 17.208 | 96-8703-C-85-04 | 14,030 |
| Passed through the Louisiana Department of Social Services: | | | |
| Job Opportunity and Basic Skills Training (Project Independent) | 90.561 | 4384 307481 | ____20,815 |
| Total United States Department of Labor | | | \$ ____34,845 |

(Continued)

WEST CARROLL PARISH SCHOOL BOARD
 Oak Grove, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 1997

Exhibit B

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME | CFDA Number | Pass-Through Category No. | Expenditures |
|--|----------------|------------------------------|-------------------------|
| NONCASH FEDERAL AWARDS | | | |
| United States Department of Agriculture Financed Through Louisiana Department of Agriculture and Forestry: Food Distribution Program (Commodities) | 18.550 | N/A | \$ <u>58,570</u> |
| TOTAL NONCASH FEDERAL AWARDS | | | <u>58,570</u> |
| TOTAL FEDERAL AWARDS | | | <u>\$ <u>58,570</u></u> |
| | | | (Continued) |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997**

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

| | | <u>Federal Income</u> |
|---|---------------|-----------------------|
| Special Revenue Funds: | | |
| Title I: | | |
| Title I Basic Grant | \$171,608 | |
| State School Improvement Grants | 12,008 | |
| Title II | 19,914 | |
| Title IV | <u>14,678</u> | |
| | | \$ 618,291 |
| Title VI | | 12,715 |
| Special Federal: | | |
| Special Education Basic Grants | 185,794 | |
| Project Grants | 14,903 | |
| Grants for Infants and Families with Disabilities | 8,180 | |
| Vocational Education Basic Grants | 23,814 | |
| ITPA | <u>14,833</u> | |
| | | 187,624 |
| | | 21,458 |
| Migrant Education | | |
| Adult Education: | | |
| Adult Education - Basic Grants | 9,875 | |
| Project Independence | <u>28,253</u> | |
| | | 38,128 |
| School Lunch | | <u>789,113</u> |
| Total | | <u>\$1,528,548</u> |

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - NONCASH PROGRAMS

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

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following page is a report on internal control and compliance with laws and regulations required by Government Auditing Standards issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented general-purpose financial statements and presents, where applicable, compliance matters that would be material to the presented general-purpose financial statements.

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Ernest L. Allen, CPA
a Partner
Member/CAIA

Tim Green, CPA

Margie Williams, CPA

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

Board Members

West Carroll Parish School Board
Oak Grove, Louisiana

We have audited the financial statements of West Carroll Parish School Board, Oak Grove, Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated November 20, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West Carroll Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed an immaterial instance of noncompliance that is described in Item 93-1 of the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Carroll Parish School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters relating to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-2.

Board Members
West Carroll Parish School Board
Oak Grove, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We noted other matters involving the internal control over financial reporting that we have reported to the management of West Carroll Parish School Board in a separate letter dated November 23, 1997.

This report is intended for the information of the Board, management, and fiscal auditing agencies and persons through entities. However, this report is a matter of public record and its distribution is not limited.

Allen Green + Company
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 20, 1997

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET FORM-CIRCULAR A-133

The following pages contain information on internal control and compliance with laws, regulations, contracts and grants required by OMB Circular A-133. The report on internal controls relates to matters that would be significant and/or material to federal awards programs. The report on compliance with laws, regulations, contracts and grants is, likewise, related to such of compliance with laws, regulations, contracts and grants relating to federal awards programs.

Board Members
West Carroll Parish School Board
Oak Grove, Louisiana

We noted one matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect West Carroll Parish School Board's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 97-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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

Allen Green & Company
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 20, 1997

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

The reportable condition disclosed was not considered a material weakness as defined by the Government Auditing Standards.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There was a reportable condition required to be disclosed by OMB Circular No. A-133.

The reportable condition disclosed was not considered a material weakness as defined by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance of major federal awards was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section 318(a).
- vii. The major federal awards are:

| | | |
|--------------|------------|--|
| CFDA #84.010 | CFDA Title | Title I Programs - Local Education Agencies |
| | | Cluster (as defined by OMB Circular No. A-133 Provisional Compliance Supplement) |
| CFDA #90.553 | CFDA Title | School Breakfast Program |
| #90.553 | | National School Lunch Program |
- viii. The dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular No. A-133, Section 320(b) was \$200,000.
- ix. The auditor does not qualify as a low-risk auditor under OMB Circular No. A-133, Section 320.

WEST CARROLL PARISH SCHOOL BOARD
Orak Green, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

PART II - Findings which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Finding Reference # and Title: 97-1

Bid Law Failure to Advertise

Condition: The Board voted to advertise the bids for installation of a new gym floor at one of the schools. Due to an oversight, the advertisement was not made in the local newspaper, but the board did receive three out of seven bids and accepted the lowest bid.

The Louisiana Public Bid Law requires that public works exceeding \$50,000 be advertised for bids.

Recommendation: The School Board should follow up on advertisements authorized by the Board to ensure compliance with the Public Bid Law.

Management's Corrective Action Plan:

Planned corrective action: Management will follow up on advertisements authorized by the Board to ensure compliance with the Public Bid Law.

Person responsible for corrective action:
Mr. Donald R. Grin, Superintendent
West Carroll Parish School Board
P. O. Drawer 1118
Orak Green, Louisiana 71263

Telephone: (318) 428-2178
Fax: (318) 428-2715

Anticipated completion date: Immediately

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

PART II - Findings which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Finding Reference # and Title 60-2

**Incompatible Accounting Functions
Performed by Accounting Personnel**

Condition: The accounting for several of the federal programs is decentralized and done by one bookkeeper. This bookkeeper prepares checks for payment of vendor invoices, posts the books and maintains the bank statement. The books are a manual set of books. At the end of the year, the balances are entered on the system used by all other funds of the School Board.

Recommendation: The bank reconciliation should be performed by someone independent of the check preparation process of a fund. The bank statements and related canceled checks should be received unopened by the person doing the reconciliation. These federal funds should use the same accounting system used by all other funds of the School Board to provide a detailed set of books.

Management's Corrective Action Plan:

Planned corrective action: The bank statements for these federal programs will be reconciled by someone independent of the check preparation process. Federal funds will be integrated into the general accounting system of the School Board.

Person responsible for corrective action:

Mr. Donald S. Guin, Superintendent
West Carroll Parish School Board
P. O. Drawer 1118
Oak Grove, Louisiana 71363

Telephone: (518) 428-3778
Fax: (518) 428-3773

Anticipated completion date: Immediately

WEST CARROLL PARISH SCHOOL BOARD
 Oak Grove, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

PART III - Findings) and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .518(a)

Finding Reference # and Title: 97-3

Inapplicable Accounting Function
 Enforced by Accounting Personnel

I. Federal program and specific federal award identification:

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME | CFDA Number | Pass Through Grantor No. |
|---|----------------|-----------------------------|
| Passed through Louisiana Department of Education: | | |
| Title I Grants to Local Educational Agencies | 84.018 | 97-LASA-02 |
| Title IV (Safe and Drug-Free Schools) | 84.196 | 97-LASA-02-IV |
| Discretionary Professional Development | | |
| State Grants - Title II | 84.201 | 97-LASA-02-II |
| Innovative Education Program Strategies - Title VI | 84.298 | 97-LASA-02-VI |
| Migrant Education - Basic State Grant Program | 84.911 | N/A |

Comment: See Finding 97-2 under Part II of this Schedule of Findings and Questioned Costs.

WEST CARROLL PARISH SCHOOL BOARD
Oak Grove, Louisiana

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

Management has included corrective action plans for all findings in the Schedule of Findings and Questioned Costs which precedes this schedule in this audit report. The corrective action plans are located at the end of each finding.

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a Partner
Accounting Firm

Tim Green, CPA

Marge Williamson, CPA

Management Letter

Board Members
West Carroll Parish School Board
Oak Grove, Louisiana

Dear Board:

In planning and performing our audit of the general-purpose financial statements of West Carroll Parish School Board for the year ended June 30, 1997, we considered the School Board's internal control to plan our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on internal control.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 26, 1997 on the general-purpose financial statements of West Carroll Parish School Board. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

I. Fixed Assets

Condition: The School Board acquired new computer software to account for its fixed assets and converted from an older, inadequate system. Errors noted during the conversion were corrected including a change in the beginning balance of furniture and fixtures. In addition, we tested the amounts by tracing items from the fixed asset listing to the asset itself and from the asset to the fixed asset listing. Several inconsistencies were noted.

Recommendation: We suggest that the principals conduct a complete physical inventory each year and compare the physical count with the computer listing. All differences should be reconciled. In addition, when items are disposed, sold or otherwise removed from the premises, the principals should inform the School Board office personnel with a description of the asset and/or its number so that accurate records can be maintained.

It is our understanding that careful attention is being paid to the items classified as additions to fixed assets in the general ledgers. It is anticipated that all items appearing as "capital items" in the general ledgers will be added to the fixed asset listing. We encourage you to continue your efforts in this area.

2. **Voiding Checks**

Condition: Two voided checks were not deleted.

Recommendation: Extreme care should be taken to delete checks by crossing out the signature line.

3. **Average Meal Costs**

Condition: Average meal costs at Oak Grove High School exceed the average meal costs at the other schools.

Recommendation: We suggest that month-to-date and year-to-date statistics of the average meal costs be reviewed on a monthly basis. Unusual variations in the meal costs should be reviewed in order to determine the underlying reasons, or reasons, for the variations.

The following items are matters we believe you should be aware of that could assist in the operations of the School Board. The inclusion of items are informational and does not indicate that the situation exists at the School Board.

OMB Circular A-121

All School Boards become subject to U. S. Office of Management and Budget (OMB) Circular A-121 and OMB Circular A-123 Provisional Compliance Supplement for the first time for the fiscal year that recently ended. As part of these audit regulations which resulted from the passage of the Single Audit Act Amendments of 1996, there is a De Facto incentive to the School Board. More audits took will be required annually in the federal program area for a government that falls outside the low-risk audit classification as defined by OMB. Items that prevent a School Board from being treated as a low-risk auditor are: if the School Board had reportable conditions (internal control weaknesses) that were considered material weaknesses and material compliance (violations of laws, regulations, contract provisions, etc.) findings. It will be to the School Board's benefit to correct the current-year findings reflected in the Schedule of Findings and Questioned Costs included in the single audit report, particularly any finding that is considered a material weakness.

Another issue resulting from the change in audit regulations from OMB Circular A-128 (old audit regulations) to OMB Circular A-121 is the establishment of a \$10,000 threshold for reporting questioned costs. Previously there was no minimum requirements which resulted in some findings being reported that were insignificant to the School Board's operation. The establishment of the \$10,000 threshold will result in fewer findings in the single audit reports. That is the good news! The bad news is that the findings that are included in the report will take on increased importance. There will be more interaction among the federal agency that provided the finding for the federal program, the School Board, and the auditor. In fact, the new Data Collection Form (transmittal form that is submitted with all single audit reports) will include name, address, telephone and E-mail addresses for both the School Board and the auditor. Included with each finding in the single audit report is this same information for the person assigned responsibility for the corrective action planned for each finding.

Finally, the Single Audit Act Amendments of 1996 requires the federal agency to have access to the auditor's work paper in order to resolve audit findings. Previously, auditors may have been reluctant to release audit work papers that could be used by the federal agency in matters involving questioned costs charged to a federal program. However, now there is no choice by the auditor. The federal agency has access as per federal law.

Year 2000 Compliance

The turn of the century will be an exciting time for many, but could turn into a disaster unless plans are made concerning year 2000 compliance for many School Board's computer systems. The basic problem lies in the way most computer software, both operating systems and application programs, calculate dates. Most programs use two digits to represent the last two years of the 1952 date. Therefore, the programs are designed to expect data between the year 1990 and 1999. If data for the year 2000 are entered into these noncompliant programs, the programs will assume the year 2000 to be the year 1900. Many arithmetic calculations, such as due dates and interest calculations, will therefore be incorrect. The impact of this problem, if not corrected, could be that the entire computing system would cease to function. This would obviously cause tremendous problems in important areas such as accounts payable and payroll, just to name a few.

Year 2000 Compliance (Continued)

Software and even hardware vendors should be contacted immediately to determine the requirements of making the computer system Year 2000 compliant. Plans should be drawn up with the assistance of vendors and/or a consultant, in Year 2000 compliance and closely monitored to assure that the School Board's systems will not suffer a crisis. We would suggest that agreements or assurances be obtained from the software/hardware vendors regarding their ability to make their systems Year 2000 compliant.

Retirees Returning to Work

The most severe penalty that we have noticed during our firm's career in auditing School Boards is the penalty imposed by the Treasury Retirement System of Louisiana (TRS) upon School Boards for their failure to report TRS retirees working at the School Board. The penalty is figured as though the employee is subject to paying net income, resulting in the School Board having to pay the amount that would have been withheld for a regular employee plus for employer's portion. The penalty works out to be approximately 30% of the retirees' wages and is paid entirely by the School Board. The TRS will assess the penalty for however many years the annual reports were not filed. You should assure that annual reports were filed and are being filed.

Employees Being Treated as Contract Labor

Frequently, employees are paid amounts outside of the salary schedule for extra duties, attending after-hours seminars, etc. Sometimes these amounts are paid by a vendor check which are not subjected to payroll taxes and related regulations. Only in very rare instances can an employee of the School Board be treated as an independent contractor without general tax discussions. We suggest you check with us or the Internal Revenue Service before treating an employee as an independent contractor.

Documentation to Support Extra Pay

If the time is outside the work day, then some type of time records (time sheets, attendance log, etc.) should be in the vendor file indicating dates, the time of day, the work performed and the approval by some person in the School Board above the level of the person receiving the check.

Also, documentation for key employees pay that is outside the salary schedule should meet at least the minimum required by the School Board's policy or position required of non-key employees. Key employees are in a position to make decisions, and could, if they so choose, manipulate situations to their favor. Therefore, documentation for key employees should be stronger than for a non-key employee.

We did not note any problems in this area during our audit testing. However, we believe you should be kept aware of potential problems in this area.

Section 403(b) Tax-Sheltered Annuities

Certain governmental entities offer Section 403(b) tax-sheltered annuities to their employees. The IRS has developed an examination program for employers who offer these annuities. To date, examinations have uncovered many deficiencies in employer plans. These deficiencies have included exceeding the various contribution limits, noncompliance with distribution requirements, inadequate salary reduction agreements, and failure to offer universal availability of salary reduction programs (due to impermissible eligibility restrictions, mandatory contributions, and participant exclusions). Suitable assessments against these employers have been initiated as a remedy to prevent the programs from being declared taxable.

The IRS's Tax-Sheltered Annuity Voluntary Correction (TVC) program, which began in 1995, gives plan sponsors of Section 403(b) annuity plans the opportunity to voluntarily correct any plan defects. The program was scheduled to conclude October 1998. However, the IRS has recently announced that the program has been extended until December 31, 1998. Use of the TVC program may result in significantly reduced settlements with the IRS, compared to assessments based on deficiencies discovered during audits performed by the IRS.

IRC Section 457 Deferred Compensation Plans

Many state and local governments have established deferred compensation plans for their employees under the provisions of IRC Section 457. The recently passed Small Business Job Protection Act of 1996 includes a provision that will require these plans to hold all assets in trust for the exclusive benefit of participants and their beneficiaries. This new requirement generally is effective for assets and income held by IRC Section 457 plans on or after August 20, 1996. However, for plans in existence before August 20, 1996, a trust need not be established before January 1, 1999. Before this new legislation, the amounts deferred under an IRC Section 457 plan were, much to the dismay of the employees, legally the property of the governmental employer.

Again, the above items are matters we believe you should be aware of that could exist in the operations of the School Board. The inclusion of items are informational, and does not indicate that the situation exists at the School Board.

We hope the suggestions on the previous pages are useful to you.

This report is intended solely for the use of the Board Members, management, Louisiana Department of Education, U. S. Department of Education and other applicable federal agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


ALLEN, GREEN & COMPANY, L.L.P.