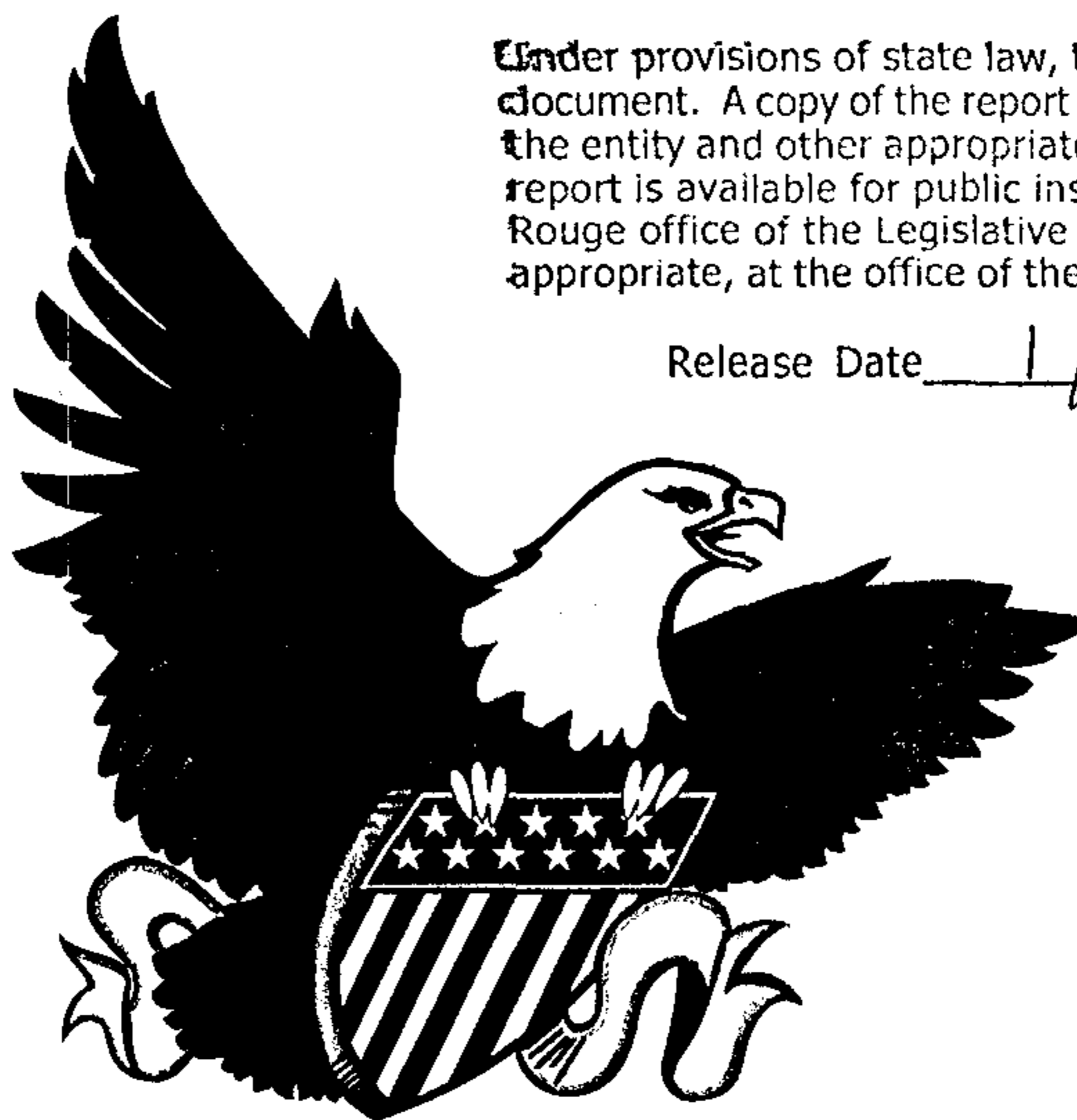


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Comprehensive Annual Financial Report of the DeSoto Parish School Board Mansfield, Louisiana

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

Release Date 1/2/02



For The Year Ended June 30, 2001

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

**DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana**

For the Year Ended June 30, 2001

**Mr. Johnny Haynes
President**

**Mr. Walter C. Lee
Superintendent**

**Mr. Steven Stanfield
Director of Business Services**

Prepared by the Business Department

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

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Mansfield, Louisiana

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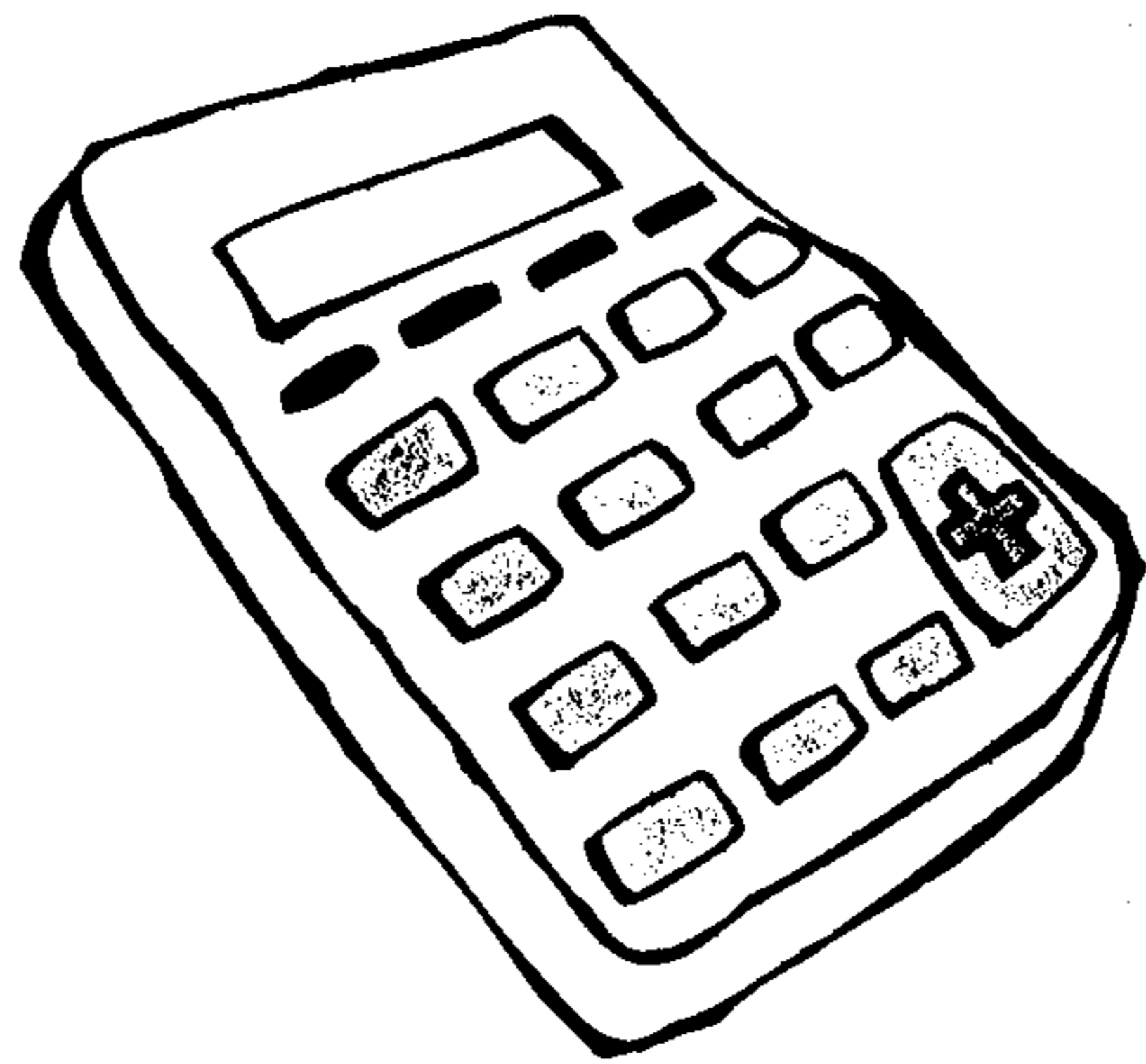
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Mansfield, Louisiana

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Fiscal Year Ended June 30, 2001

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- **SELECTED ADMINISTRATIVE OFFICIALS**



DeSoto Parish School Board

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



WALTER C. LEE
Superintendent

September 28, 2001

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

RE: Financial Statement Transmittal Letter
for the Fiscal Year Ended June 30, 2001

Dear Board Members:

Louisiana law requires that an annual sworn financial statement to be furnished to the Legislative Auditor within six months of the close of each fiscal year in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the DeSoto Parish School Board for the year ended June 30, 2001.

This report consists of management's representations concerning the finances of the DeSoto Parish School Board. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the DeSoto Parish School Board has established a comprehensive internal control framework that is designed both to protect the School Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the DeSoto Parish School Board's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the DeSoto Parish School Board's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

KPMG LLP, a firm of licensed certified public accountants, has audited the DeSoto Parish School Board's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the DeSoto Parish School Board for the fiscal year ended June 30, 2001 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the DeSoto Parish School Board's financial statements for the fiscal year ended June 30, 2001 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the DeSoto Parish School Board was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the

fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the DeSoto Parish School Board's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The DeSoto Parish School Board's MD&A can be found immediately preceding the report of the independent auditors.

PROFILE OF THE DESOTO PARISH SCHOOL BOARD

The DeSoto Parish School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 to provide public education for the children within DeSoto Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of 11 members who are elected from 11 districts for terms of four years.

The School Board operates 12 schools within the parish, employs more than 770 teachers and other school workers, and has a total enrollment exceeding 4,990 pupils. In conjunction with the regular educational programs, some of these schools offer pre-kindergarten, special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

The Superintendent submits an annual operating budget to the School Board at its regular meeting in June of each year. The operating budget serves as the foundation for the DeSoto Parish School Board's financial planning and control. The proposed budget is made available for public inspection at least 15 days prior to the date of a public hearing and at least one public hearing is held, as required by Louisiana law, prior to its adoption by the School Board. Budget-to-actual comparisons are provided in this report for the General Fund and each individual Special Revenue Fund.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the DeSoto Parish School Board operates.

Local economy. DeSoto Parish is located in the northwest corner of Louisiana. It has a land area of 879 square miles and is approximately 43 miles in length and 39 miles in width. Interstate 49 runs north and south through the parish and the northern boundary of DeSoto Parish is approximately 10 miles south of Shreveport, the largest metropolitan area of the region. The parish's economy is balanced among agriculture, mining, timber, and manufacturing. Consistently low wealth and income levels, roughly 70% of the national averages, and high, yet declining, unemployment rate of 6.4% coincide with the School Board's shallow economic base.

Student enrollment (at October 1st of each year) since 1995 continues to decline in DeSoto Parish and as a result, the largest source of funding for general operations, commonly known as the Minimum Foundation Program (MFP), is impacted adversely.

DeSoto Parish School Board Members
September 28, 2001

The property tax base in DeSoto Parish has increased 65% since 1997, due mostly to the inclusion of a power plant in the tax rolls. The tax base for the entire school district is concentrated. The leading 10 taxpayers account for more than 59.6% of the total assessed value, consisting mostly of timber products and utility companies. International Paper Company, Central Louisiana Electric Company, and Southwestern Electric Power Company account for nearly 51% of the School Board's assessed value.

The total sales and use tax collections for all taxing bodies in DeSoto Parish exceeded \$8.4 million for fiscal year 2000-01. This was a .8% decline from the prior year. The top 5 categories—industry, vehicle sales, retail sales, grocery sales, and oil and gas—account for more than 54% of the total collections. Industry collections dropped 16.6%, motor vehicle sales dropped 3%, general retail dropped 8.9%, grocery dropped 8.9%, and oil and gas increased 31.4%. All other collections grew 10.3%.

Long-term financial planning. The 2000-01 school year marked the second year of growth using School Performance Scores of Louisiana's Public Education Accountability System. This system is based on the concept that every school can improve and is expected to show continuous academic growth. It is also intended to drive improvement of student achievement.

Students in the 4th and 8th grades were given Louisiana Educational Assessment Program (LEAP) tests in the Spring of 2001 in the areas of language arts, mathematics, social studies and science. The language arts and mathematics sections were considered high stakes for students. Those failing either or both of the tests were invited (1) to attend a summer remediation session, and (2) to take the tests again. Students who failed the tests and the re-tests were not promoted to the next grade.

In the 1998-99 school year, individual schools were also assessed and assigned School Performance Scores with a majority of the weight coming from the LEAP high stakes testing for 4th and 8th grade students. Growth targets were established and schools were expected to meet or exceed these standards by the end of the 2000-01 school year.

| Schools | School Performance Score | | Growth Target | | | | |
|-----------------------------|---|---------|---------------|----------|---|------|--------------|
| | 1998-99 | 2000-01 | Actual | Expected | | | |
| Logansport Elementary | 70.2 | 78.8 | + | 8.6 | + | 5.7 | Exceeded |
| Logansport High | 79.1 | 79.0 | - | 0.1 | + | 5.0 | Did not meet |
| Mansfield Elementary PreK-2 | 48.3 | 67.7 | + | 19.4 | + | 10.0 | Exceeded |
| Mansfield Elementary 3-5 | 48.3 | 67.7 | + | 19.4 | + | 10.0 | Exceeded |
| Mansfield Middle | 59.3 | 63.0 | + | 3.7 | + | 7.8 | Did not meet |
| North DeSoto Elementary | 74.7 | 85.4 | + | 10.7 | + | 5.0 | Exceeded |
| North DeSoto Middle | 74.6 | 83.2 | + | 8.6 | + | 5.0 | Exceeded |
| Pelican All-Saints High | 48.6 | 47.5 | - | 1.1 | + | 9.9 | Did not meet |
| Stanley High | 73.7 | 85.4 | + | 11.7 | + | 5.1 | Exceeded |
| Mansfield High | School Performance Scores were set at the end of FY 2000-01 | | | | | | |
| North DeSoto High | School Performance Scores were set at the end of FY 2000-01 | | | | | | |

The school year 2000-01 marked the end of the first three-year cycle of growth for the individual schools in DeSoto Parish. As shown in the chart above, three schools did not meet their growth target and fell into Corrective Action - Level 1. Assistance must be given to schools not meeting their growth targets and sanctions can be imposed if school performance scores are not met. Complete results of the tests may be viewed at the State Department of Education's web site <http://www.doe.state.la.us/DOE/asps/home.asp>

As a result, these state standards and the School Board's accountability program will certainly increase the financial costs of the school system (1) for remedial programs, (2) for alternative educational programs, (3) for teacher professional development, etc.

Cash management policies and practices. All cash receipts of the DeSoto Parish School Board are deposited on a daily basis in interest bearing checking accounts and secured by the bank against loss. The banks pledge securities to the School Board in excess of federal deposit insurance. These securities are held by a third party bank, are released by the School Board by written request only, and must equal or exceed 110% of the balance on deposit.

All monies not immediately needed are invested in certificates of deposit (CD). The maturities of these CDs range from 30 days to 1 year, with an average maturity of 95 days. An average yield of 5.61% was achieved during the 2000-01 fiscal year.

Risk management. The DeSoto Parish School Board recognizes that there are certain risks or liabilities that could be costly. Risk management is merely deciding how to best deal with those risks and to manage the problem accordingly. Insurance and designated reserves are a couple of ways to deal with those risks.

The School Board lowers its potential risks by purchasing insurance policies for (1) property and casualty, (2) errors and omissions, (3) general liability, (4) automobile liability, (5) employee fidelity, and (6) worker's compensation from A+ rated companies that are approved by the Commissioner of Insurance for the State of Louisiana. The total costs for such coverage for the year ended June 30, 2001 was \$206,424.

The School Board also designated \$5,136,939 (66%) of its General Fund – Fund Balance for future claims and contingencies, equipment replacement, and specific projects. The majority of the designated fund balance is set aside for the partially self-funded medical insurance plan of all employees and retirees (\$2,621,000), and for the School Board's worker's compensation program (\$320,000). Another \$220,000 was designated for property and casualty losses.

Pension and other post employment benefits. The School Board provides a defined benefit pension plan for its employees through two cost-sharing multiple-employer statewide plans. The School Board has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plan.

The School Board also provides post-retirement medical and life insurance benefits for its retired employees. As of the end of the current fiscal year, there were 291 retired employees receiving these benefits, which are financed on a pay-as-you-go basis.

Additional information on the School Board's pension arrangements and postemployment benefits can be found in notes 7 and 8 in the notes to the basic financial statements.

AWARDS

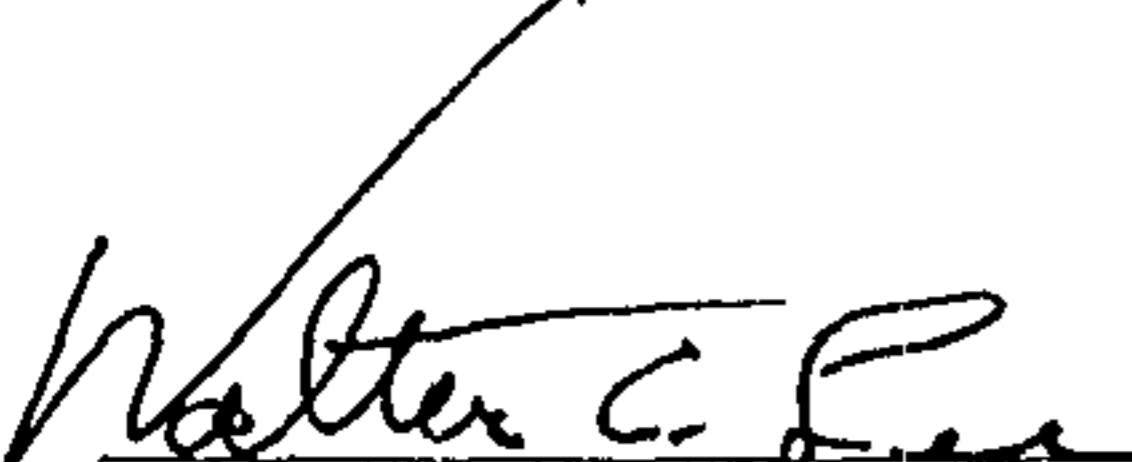
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. This was the tenth consecutive year that the DeSoto Parish School Board has received this prestigious award. In order to be awarded a Certificate of Achievement, the School Board published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting Award for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. This was the tenth consecutive year that the DeSoto Parish School Board has received this prestigious award. The award represents a significant achievement by the School Board and reflects our commitment to the highest standards of school system financial reporting.

The Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. We believe that our current CAFR continues to meet the certificate requirements, and we are submitting it to both GFOA and ASBO to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Business Department. We want to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given the Superintendent and the School Board Members for their unfailing support for maintaining the highest standards of professionalism in the management of the DeSoto Parish School Board's finances.



Walter C. Lee, Superintendent
DeSoto Parish Schools



Steven Stanfield, Director of Business
Services

DE SOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Certificate of Achievement for Excellence in Financial Reporting

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

DeSoto Parish School
Board, Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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



Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

DE SOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Certificate of Excellence in Financial Reporting

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

DeSOTO PARISH SCHOOL BOARD

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2000

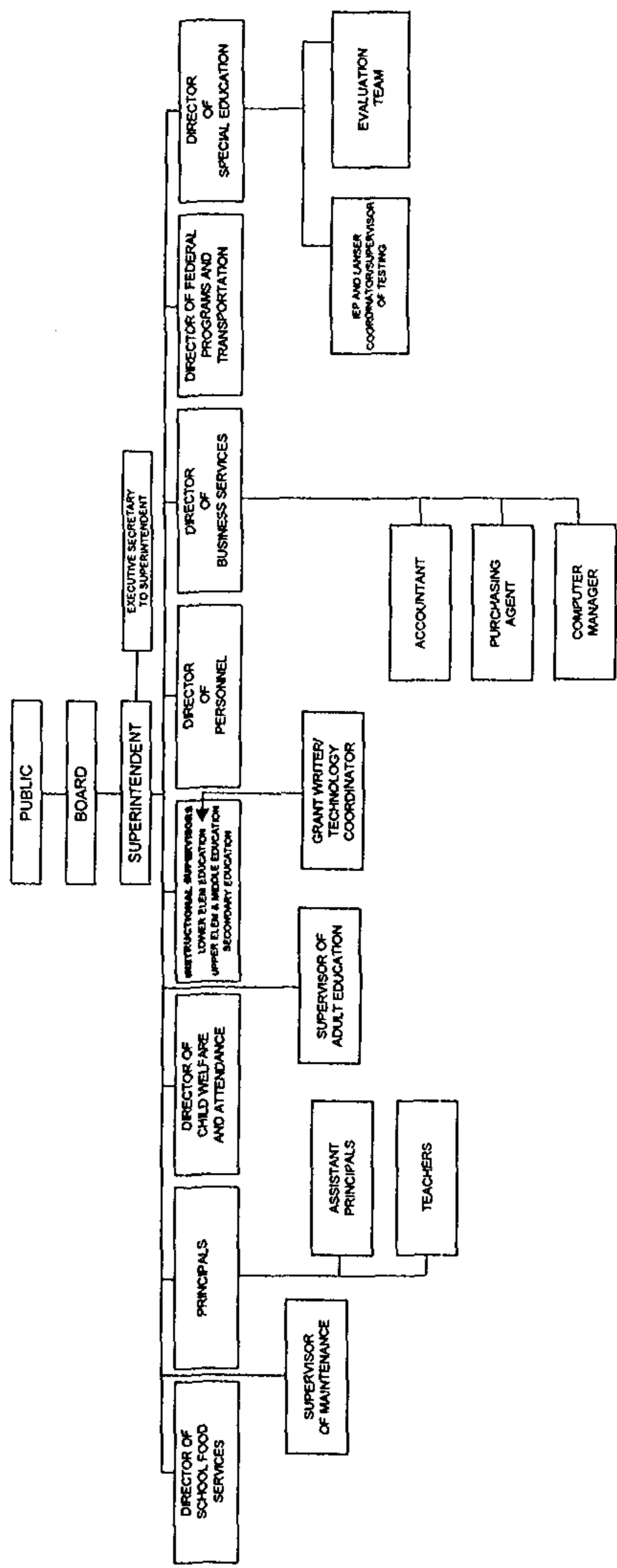
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Linda White
President

Don L. Hargis
Executive Director

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

ORGANIZATIONAL STRUCTURE



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Elected Officials

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Selected Administrative Officials

| | | <u>Began in this position</u> |
|------------------------|--|-----------------------------------|
| Mr. Walter C. Lee | Superintendent | 02/99 |
| Ms. Sherry Brokenberry | Supervisor of School Food Services | 10/01 |
| Mrs. Lynda Binning | Supervisor of Instruction | 07/96 |
| Mrs. Ruth Fields | Supervisor of Instruction | 07/99 |
| Ms. Gail Garcia | Director of Personnel | 07/96 |
| Mr. James V. Grice | Supervisor of Maintenance | 11/85 |
| Mrs. Paulette Janivich | Supervisor of Instruction | 07/99 |
| Mr. Willie Jones | Director of Federal Programs and Transportation | 07/96 |
| Ms. Kathy Jordan | Director of Accountability | 07/99 |
| Mr. Ronnie Land | Director of Child Welfare and Attendance | 10/88 |
| Mr. Todd Lintzen | Director of Instruction | 07/99 |
| Mrs. Joyce B. Smelley | Director of Special Education | 10/88 |
| Mr. Steven Stanfield | Director of Business Services | 01/85 |
| Mr. A. J. Williams | Supervisor of Adult Education | 09/76 |
| Mrs. Dorett Williams | Supervisor of Instruction | 07/94 |

FINANCIAL SECTION

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- **INDEPENDENT AUDITORS' REPORT**
- **BASIC FINANCIAL STATEMENTS - GWFS AND FFS**
- **REQUIRED SUPPLEMENTAL INFORMATION (PART B)**
- **SUPPLEMENTAL INFORMATION - COMBINING,
INDIVIDUAL FUND, AND ACCOUNT GROUP
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DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

REQUIRED SUPPLEMENTAL INFORMATION
(PART A)

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2001

We offer readers of the DeSoto Parish School Board's financial statements this narrative overview and analysis of the financial activities of the DeSoto Parish School Board for the fiscal year ended June 30, 2001. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the School Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for the 2000-01 fiscal year include the following:

- Statement of Net Assets - The assets of the DeSoto Parish School Board exceeded its liabilities at the close of the most recent fiscal year by \$24,476,557 (net assets). Of this amount, approximately \$8 million (unrestricted net assets) may be used to meet government's obligations to citizens and creditors.
- Statement of Activities - The total net assets of the DeSoto Parish School Board increased by \$2,909,318 for the year ended June 30, 2001. Approximately \$1.6 million of this increase came from the State of Louisiana for teacher pay increases.
- Governmental Funds Balance Sheet - As of the close of the current fiscal year, the DeSoto Parish School Board's governmental funds reported combined ending fund balance of \$11,628,074, an increase of \$1,441,763 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately (1) \$7.8 million which is available for spending within the General Fund, (2) \$1.7 million which is reserved for the payment of outstanding bond issues within the Debt Service Funds, and (3) \$1.1 million which is designated for specific projects within the Capital Projects Funds.
- Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances - Total revenues for the year ended June 30, 2001 for the governmental funds of the DeSoto Parish School Board amounted to \$39,182,547. Approximately 83% of this amount is received from three major revenue sources: (1) \$17.4 million from Louisiana's State Equalization, (2) \$10 million from local ad valorem taxes, and (3) \$4.9 million from local sales and use taxes.
- General Fund's Ending Fund Balance - At the end of the current fiscal year, unreserved fund balance for the General Fund, a major fund, was \$7,778,346, or 28.7% of total General Fund expenditures. Approximately \$5.1 million (designated) is set aside for future claims and contingencies, equipment replacement, and specific projects, while \$2.6 million (undesignated) is available for spending at the Board's discretion.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2001

- Capital Assets - Total capital assets (net of depreciation) were \$36,487,191 or 70.4% of the total assets. The School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Debt - The DeSoto Parish School Board's total debt decreased \$2,170,904 (8.5%) during the current fiscal year.

Overview of the Financial Statements

This management discussion and analysis are intended to serve as an introduction to the DeSoto Parish School Board's basic financial statements. The School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the DeSoto Parish School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the DeSoto Parish School Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the DeSoto Parish School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The DeSoto Parish School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DeSoto Parish School Board can be divided into two categories: governmental funds and fiduciary funds.

- Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the DeSoto Parish School Board near-term financing requirements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The DeSoto Parish School Board maintains thirty-one individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Title I, and School Lunch, all of which are considered to be major funds. Data for the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The DeSoto Parish School Board adopts an annual appropriated budget for its General Fund and each individual Special Revenue Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the DeSoto Parish School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the DeSoto Parish School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Agency Fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the DeSoto Parish School Board, assets exceed liabilities by \$24,476,557 at the close of the most recent fiscal year.

DESOTO PARISH SCHOOL BOARD
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The largest portion of the DeSoto Parish School Board's net assets totaling more than \$14.8 million (60.4%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the DeSoto Parish School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DeSoto Parish School Board's Net Assets

| | June 30, 2001 |
|---|----------------------|
| Current and other assets | \$ 15,366,149 |
| Capital assets | 36,487,191 |
| Total assets | <u>51,853,340</u> |
| Current and other liabilities | 4,043,819 |
| Long-term liabilities | 23,332,964 |
| Total liabilities | <u>27,376,783</u> |
| Net assets: | |
| Invested in capital assets, net of related debt | 14,777,191 |
| Restricted | 1,660,858 |
| Unrestricted | 8,038,508 |
| Total net assets | \$ <u>24,476,557</u> |

Restricted Net Assets of \$1,660,858 are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for 100% of that total.

The remaining balance of Unrestricted Net Assets of \$8,038,508 is used to meet the School Board's ongoing obligations to citizens and creditors.

Governmental Activities increased the DeSoto Parish School Board's net assets by \$2,909,318, which was a 13.5% growth in the net assets. Key elements of this increase are as follows:

DESOTO PARISH SCHOOL BOARD
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Management's Discussion and Analysis

June 30, 2001

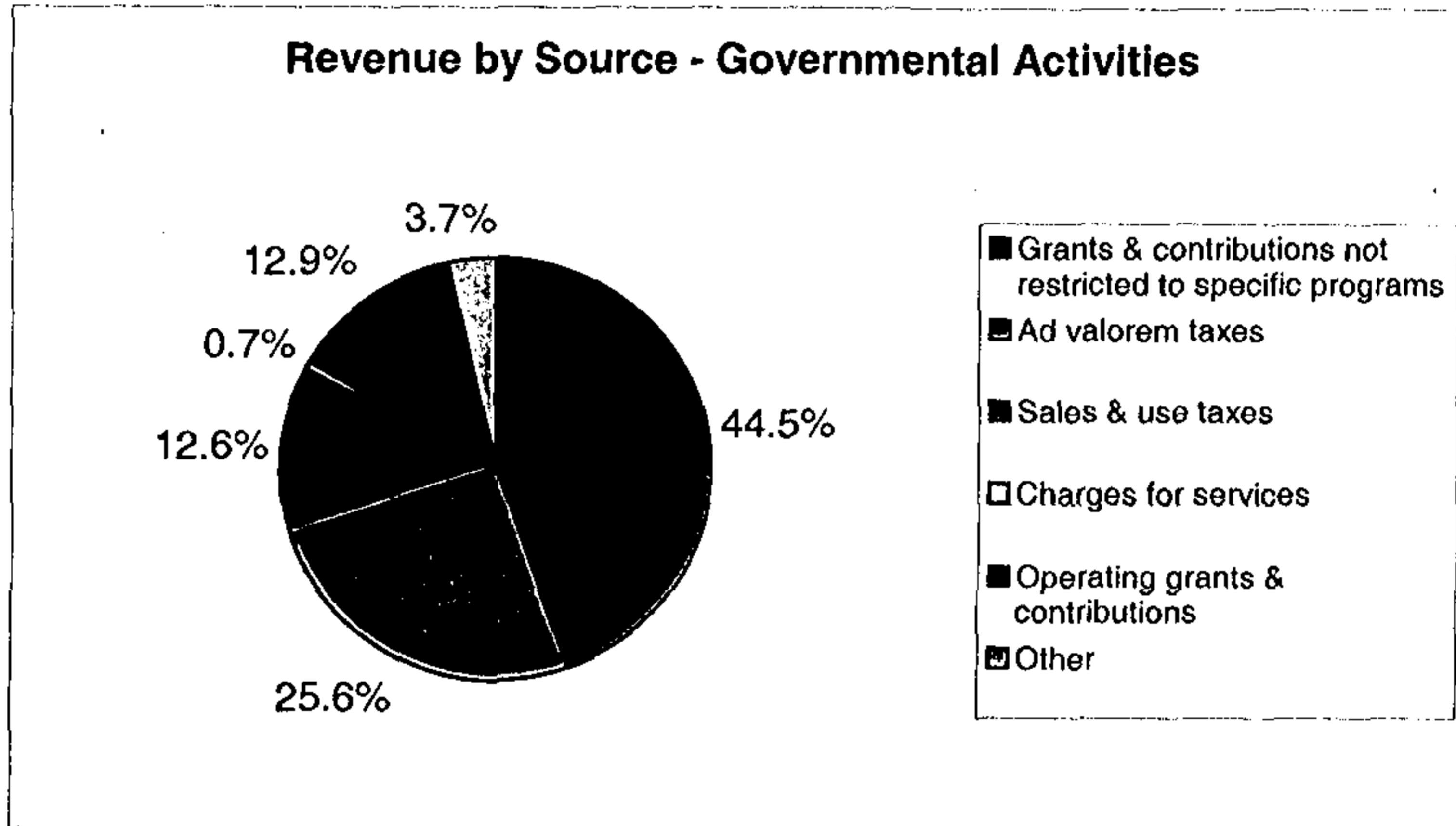
DeSoto Parish School Board's Changes in Net Assets

| | <u>Year ended June 30, 2001</u> |
|--|-------------------------------------|
| Revenues: | |
| Program revenues: | |
| Charges for services | \$ 255,834 |
| State grants and entitlements | 740,847 |
| Federal grants | 4,325,404 |
| General revenues: | |
| Ad valorem taxes | 10,033,493 |
| Sales taxes | 4,955,074 |
| Minimum Foundation Program | 17,445,447 |
| Interest on investments | 695,705 |
| Other general revenues | 730,743 |
| Total revenues | <u>39,182,547</u> |
| Expenses: | |
| Instruction: | |
| Regular programs | 11,858,980 |
| Special programs | 6,909,465 |
| Adult/continuing education | 209,246 |
| Support services: | |
| Pupil support services | 1,061,700 |
| Instructional staff support services | 2,077,959 |
| General administration | 982,673 |
| School administration | 1,844,141 |
| Business services | 443,409 |
| Plant services, including unallocated depreciation | 4,584,882 |
| Student transportation services | 2,570,419 |
| Central services | 115,457 |
| Food services operations | 2,443,189 |
| Debt service - interest on long-term obligations | 1,171,709 |
| Total expenses | <u>36,273,229</u> |
| Increase in net assets | 2,909,318 |
| Net assets at beginning of year | 21,567,239 |
| Net assets at end of year | <u>\$ 24,476,557</u> |

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2001



Revenues by Source – Governmental Activities

- Grants and Contributions Not Restricted To Specific Programs: The single largest source of revenue to the DeSoto Parish School Board for grants and contributions not restricted to a specific program is the State Equalization or commonly called the Minimum Foundation Program (MFP). The MFP is a distribution of approximately \$2.3 billion to 66 public school systems by the State of Louisiana for salaries and general operations. The State does not provide money for building schools or retiring debt. The distribution is based on a formula adopted by the Louisiana Board of Elementary and Secondary Education and approved by the Louisiana Legislature. The chart below lists the actual increases or decreases in MFP funds for the past 3 years.

| <u>Fiscal Year</u> | <u>General Fund</u> | <u>School Lunch Fund</u> | <u>Total MFP</u> | <u>Increase (Decrease)</u> | |
|--------------------|---------------------|--------------------------|------------------|----------------------------|--------|
| 1998-1999 | \$ 15,685,527 | 467,329 | 16,152,856 | 99,800 | 0.6% |
| 1999-2000 | 15,387,252 | 458,448 | 15,845,700 | (307,156) | (1.9)% |
| 2000-2001 | 16,878,470 | 566,977 | 17,445,447 | 1,599,747 | 10.1% |

In FY 2000-01, the School Board received \$17,445,447 or 44.5% of its total revenues from the MFP. These revenues are deposited in the General Fund and the School Lunch Fund only. Most of the \$1,599,747 or 10.1% increase was used for teacher pay increases.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Management's Discussion and Analysis

June 30, 2001

- **Ad Valorem Tax Revenues:** Ad valorem tax revenues, also called property tax revenues, are the second largest source of revenue for the School Board. Ad valorem collections are based upon the number of mills (approved annually by the School Board) and the taxable assessed value (established by the DeSoto Parish Tax Assessor), subject to the limitations approved by the voters and the Louisiana Legislature. The chart below lists the ad valorem tax deposits for the past 3 years.

| <u>Fiscal Year</u> | <u>General Fund</u> | <u>Nonmajor Special Revenue Funds</u> | <u>Nonmajor Debt Service Funds</u> | <u>Total Ad Valorem Taxes</u> | <u>Increase (Decrease)</u> | |
|--------------------|---------------------|---------------------------------------|------------------------------------|-------------------------------|----------------------------|--------|
| 1998-1999 | \$ 5,787,752 | 901,567 | 2,093,445 | 8,782,764 | (596,626) | (6.4)% |
| 1999-2000 | 6,567,973 | 1,198,246 | 2,095,124 | 9,861,343 | 1,078,580 | 12.3% |
| 2000-2001 | 6,965,853 | 1,184,550 | 1,883,090 | 10,033,493 | 172,150 | 1.7% |

In FY 2000-01, the School Board deposited \$10,033,493 of ad valorem tax revenues into the General Fund, 7-Mill Maintenance Tax Fund, and the Debt Service Funds. This represents 25.6% of the total revenues received. Because of a decrease in sales and use tax collections in the prior fiscal year, the School Board approved a 3-mill increase in the property tax rate and as a result the General Fund received an increase of \$397,880. In the Debt Service Funds, the Board dropped the property tax rates in 2 of the 5 school districts and collected \$212,034 less in ad valorem tax revenues.

- **Operating Grants and Contributions:** Operating grants and contributions are the third largest source of revenues for the School Board. This revenue type is primarily comprised of Federal grants with some state grants included. These grants and contributions are specifically restricted to certain programs, and therefore, are netted against the costs of these programs to show a true net cost. The chart below shows the operating grants and contributions by fund source.

| <u>Fiscal Year</u> | <u>General Fund</u> | <u>School Lunch Fund</u> | <u>Title I</u> | <u>Nonmajor Special Revenue Funds</u> | <u>Total</u> | <u>Increase (Decrease)</u> |
|--------------------|---------------------|--------------------------|----------------|---------------------------------------|--------------|----------------------------|
| 1998-1999 | \$ 1,353,461 | 1,477,963 | 1,382,215 | 893,570 | 5,107,209 | 9.6% |
| 1999-2000 | 1,016,668 | 1,383,245 | 1,320,984 | 1,237,972 | 4,958,869 | (2.9)% |
| 2000-2001 | 743,898 | 1,338,916 | 1,447,534 | 1,535,903 | 5,066,251 | 2.2% |

DESOTO PARISH SCHOOL BOARD
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In FY 2000-01, the School Board received 14.6% of its operating grants and contributions in the General Fund as compared to 20.5% and 26.5% in 1999-00 and 1998-99, respectively. This decrease is the result of a decline in the number of competitive state grants awarded to the School Board by the State Department of Education.

- **Sales and Use Tax Revenues:** Sales and use tax revenues are the fourth largest source of revenues for the DeSoto Parish School Board. A 2% sales tax rate is levied upon the sale and consumption of goods and services within the parish. The chart below lists the sales and use tax revenues for the past 3 years.

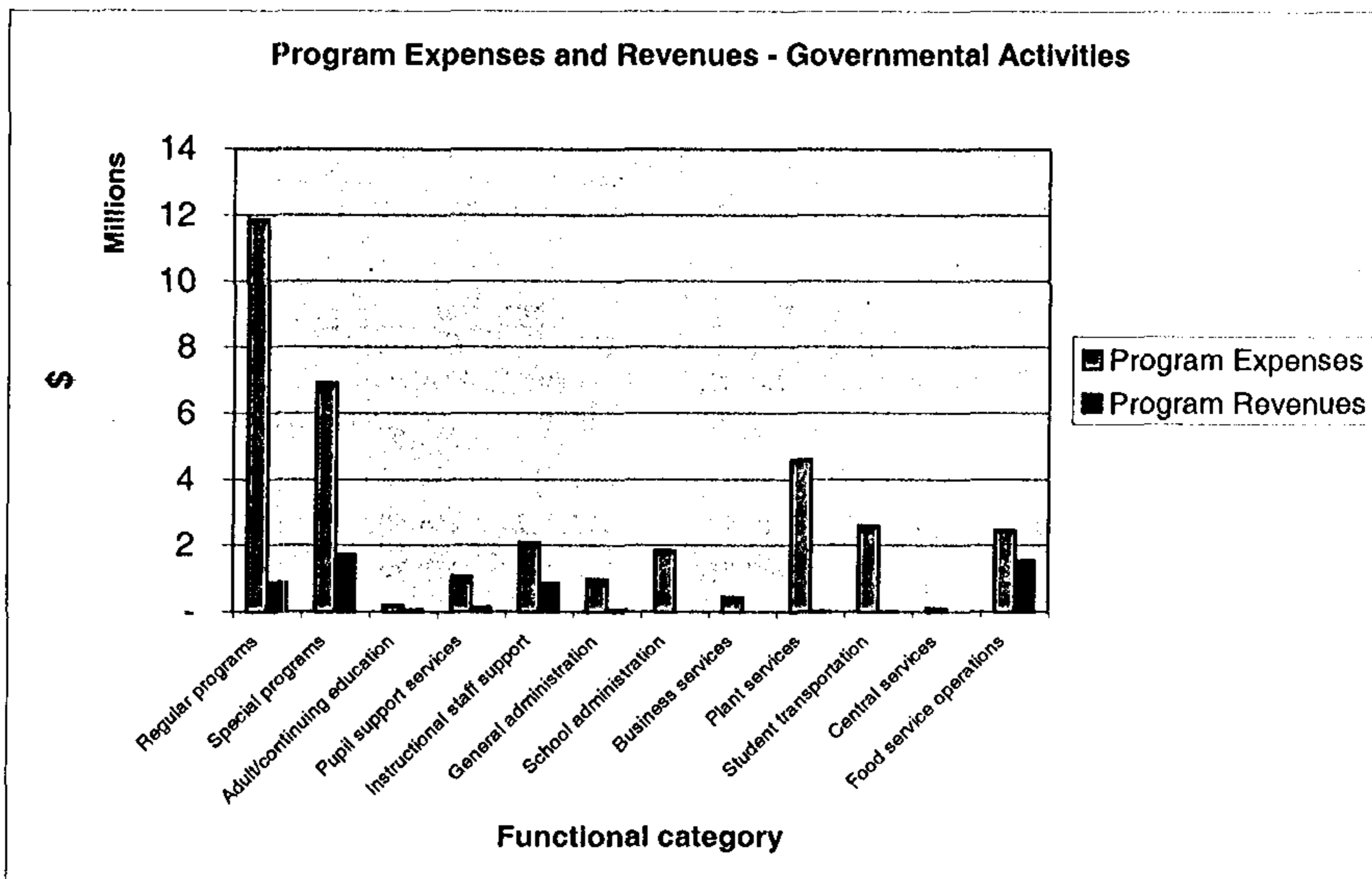
| <u>Fiscal Year</u> | <u>General Fund</u> | <u>School Lunch Fund</u> | <u>Nonmajor</u> | | <u>Total Collections</u> | <u>Increase (Decrease)</u> |
|--------------------|---------------------|--------------------------|---------------------------|-------------------------------|--------------------------|----------------------------|
| | | | <u>Debt Service Funds</u> | <u>Capital Projects Funds</u> | | |
| 1998-1999 | \$ 3,900,507 | 278,608 | 861,615 | 531,423 | 5,572,153 | 5.7% |
| 1999-2000 | 3,478,763 | 248,483 | 976,912 | 265,503 | 4,969,661 | (10.8)% |
| 2000-2001 | 3,468,552 | 247,754 | 1,020,423 | 218,345 | 4,955,074 | (0.3)% |

In FY 2000-01, the School Board deposited \$4,955,074 of sales and use tax revenues into the General Fund, School Lunch Fund, Debt Service Funds, and Capital Projects Funds. This represents 12.6% of the total revenues received.

DESOTO PARISH SCHOOL BOARD
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Management's Discussion and Analysis

June 30, 2001



Program Expenses and Revenues – Governmental Activities

Expenses are classified by functions/programs. The related revenues are comprised of specific charges for the services and operating grants and contributions received to offset the expenses for the specific program.

Expenses for regular programs, special programs and adult/continuing education are considered instructional services and relate to direct expenses of providing instruction to students. Instruction services for fiscal 2001 totaled \$18,977,691, 52.3% of total expenditures. The remaining captions above are considered support services and relate to those functions that support the instructional services provided, such as administration, transportation, food services, and plant services. Support services for fiscal 2001 totaled \$16,123,829, 44.5% of total expenditures.

DESOTO PARISH SCHOOL BOARD
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The remaining expenditures of \$1,171,709, 3.2% of total expenditures consists of interest expense on long-term obligations.

The program revenues for fiscal 2001 directly related to these expenses totaled \$5,322,085 which resulted in net program expenses of \$30,951,144. These net program expenses are funded by general revenues of the School Board.

Financial Analysis of Governmental Funds

As noted earlier, the DeSoto Parish School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the DeSoto Parish School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the DeSoto Parish School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the DeSoto Parish School Board's governmental funds reported a combined ending fund balance of \$11,628,074, an increase of \$1,441,763 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately (1) \$7.8 million available for spending within the General Fund, (2) \$1.7 million reserved for the payment of outstanding bond issues within the Debt Service Funds, and (3) \$1.1 million designated for specific projects within the Capital Projects Funds.
- The General Fund is the chief operating fund of the DeSoto Parish School Board. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,778,346. The School Board has designated 66% of that fund balance for future claims and contingencies, equipment replacement, and specific projects. The remaining 34% or \$2,641,407 (undesignated) is available for spending at the Board's discretion.
- The Debt Service Funds have a total fund balance of \$1,660,858, all of which is reserved for the payment of debt service. A net decrease of \$488,638 occurred during the current fiscal year as a result of the School Board's reserve policy to have at least 40%, but not greater than 75%, of next year's principal and interest payments in reserve. This percent was 48.5% at June 30, 2001.
- The Capital Projects Funds have a total fund balance of \$1,167,252, all of which is designated for capital improvements. A net decrease of \$322,131 occurred during the current fiscal year largely due to expansion of the basketball gym at Mansfield High School. This project added \$315,979 to the Capital Assets.

General Fund Budgetary Highlights

The DeSoto Parish School Board recognizes the importance of sound fiscal planning, as well as, the technical relationship of the financial structure to the teaching of students. Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the School Board complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S. 39:1301 et seq.).

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The original budget for the School Board was adopted on June 8, 2000, and the final budget amendment was adopted on June 19, 2001. Differences between the original budget and the final amended budget of the General Fund and Special Revenue Funds are as follows:

General Fund

Revenues

- Ad Valorem Taxes were estimated at a lower millage rate when the budget was first submitted to the Board in June 2000. Three months later on September 9, 2000, the School Board voted a 3-mill increase in the property tax rate to help lower the projected \$1.1 million deficit. This added approximately \$456,000 to the budget and lowered the projected deficit by one-half.
- Sales and Use Tax revenues were estimated to grow 3.3% based on estimates from the DeSoto Parish Sales and Use Tax Commission. The budget had to be reduced \$175,270 after collections for the first six months of the fiscal year showed a 5.3% decline.
- State Equalization was estimated at \$3,110 per student. However, when the final appropriation was received from the State Department of Education in March 2001, the amount had risen to \$3,495 per student. This was an increase of \$385 per student when past history has shown an average increase of \$98 per student. Since this is the largest source of revenue and because of a projected loss in students, the budget was not increased \$1,720,982 until the final appropriation was received.

Expenditures

- Regular and special education programs reduced staff by 15 positions saving an estimated \$475,000 to the budget. These reductions were recommended and agreed to by the Board before school opened in August 2000.
- All functional areas of the budget for Instruction and Support Services were increased \$800,000 when the Board approved a 4% one-time salary supplement.
- Student transportation services were increased \$320,000 when the Board approved purchasing 6 school buses in May 2001.
- All functional areas of the budget for Instruction and Support Services were increased \$108,000 when the State of Louisiana approved and sent the funds to pay all support workers (aides, secretaries, custodians, maintenance, bus drivers, etc.) a \$321 one-time salary supplement. Budget approval was given by the Board in June 2001.

Excess (Deficiency) of Revenues and other financing sources over (under) expenditures and other financing uses

- The original budget projected a deficit of \$1,183,396 and was later amended and projected to have an excess of \$352,360. This \$1.5 million change is largely due to an increase in State Equalization funds.

DESOTO PARISH SCHOOL BOARD
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June 30, 2001

Special Revenue Funds

- The Educational Consolidation and Improvement Act Title I (a major fund) budget was amended twice during the FY 2000-01. Total revenues and expenditures were increased \$158,906 in September 2000 and October 2000 after the State Department of Education allocated additional monies to the DeSoto Parish School Board.
- The School Lunch Fund (a major fund) budget for revenues and expenditures were revised \$78,161 in April 2001. The number of students receiving free and reduced lunches had declined.
- The IDEA Part B (a non-major fund) budget for special education was amended \$83,299 in October 2001 when additional monies were awarded to the DeSoto Parish School Board.
- The Title III Literacy Challenge budget—a non-major fund that brings technology to the classroom—was amended \$190,000 after the original budget was adopted. A competitive grant was awarded in November 2000 to the School Board to help train teachers to integrate technology into learning.

Capital Assets and Debt Administration

Capital Assets: The DeSoto Parish School Board's investment in capital assets as of June 30, 2001, amounts to \$36,487,191 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of each fiscal year.

**DeSoto Parish School Board 's Capital Assets
(net of depreciation)**

| | 2001 | 2000 |
|--|---------------|------------|
| Land | \$ 1,210,645 | 1,210,645 |
| Buildings, building improvements and land improvements | 33,984,148 | 34,889,937 |
| Furniture and equipment | 1,286,525 | 1,115,669 |
| Construction in progress - buildings | 5,873 | — |
| Total | \$ 36,487,191 | 37,216,251 |

Major capital asset events during the fiscal year included the following:

- The expansion of the basketball gym at Mansfield High School added \$315,979 to the building improvements.
- The softball field at North DeSoto High school added \$143,343 to land improvements.
- Six school buses and one maintenance truck were purchased in FY 2000-01 totaling \$363,828.

DESOTO PARISH SCHOOL BOARD
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Management's Discussion and Analysis

June 30, 2001

- Depreciation expense for the year (1) lowered buildings, building improvements, and land improvements values \$1,365,112 and (2) reduced furniture and equipment values \$219,029.

Long-term debt: At the end of the current fiscal year, the DeSoto Parish School Board had total bonded debt outstanding of \$21,710,000. Of this amount, \$18,420,000 comprises debt backed by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2001 and 2000.

**DeSoto Parish School Board's
Outstanding Debt**

| | <u>2001</u> | <u>2000</u> |
|------------------------------|----------------------|-------------------|
| General Obligation Bonds | \$ 18,420,000 | 20,055,000 |
| Sales Tax Bonds | 185,000 | 198,000 |
| Certificates of Indebtedness | <u>3,105,000</u> | <u>3,645,000</u> |
| Total | <u>\$ 21,710,000</u> | <u>23,898,000</u> |

Long-term debt issues for FY 2000-01 fiscal year include the following:

- Total outstanding debt decreased \$2,188,000 during the fiscal year.
- The DeSoto Parish School maintains a bond rating of "Baa" from Moody's for School District No. 2 while the remaining four districts received a "BBB" from Standard & Poor's for its general obligation bonds.
- Louisiana statutes limit the amount of general obligation debt the School Board may issue to 35% of its total assessed valuation. The current debt limitation for the DeSoto Parish School Board is \$68.9 million dollars, which is significantly higher than the \$18.4 million outstanding at June 30, 2001.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for FY 2001-02 was presented to the Board:

- Enrollment forecasts prepared by the School Board indicate that 100 fewer students will enter school in DeSoto Parish next year. This will affect the amount of money that is received from the State of Louisiana.
- Information from the DeSoto Parish Sales Tax Assessor shows property tax assessments will remain the same at \$168.9 million. The land use of the parish is balanced among agriculture, mining, timber, and manufacturing. In fact, the top 10 principal taxpayers represent 59% of the total taxable value.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

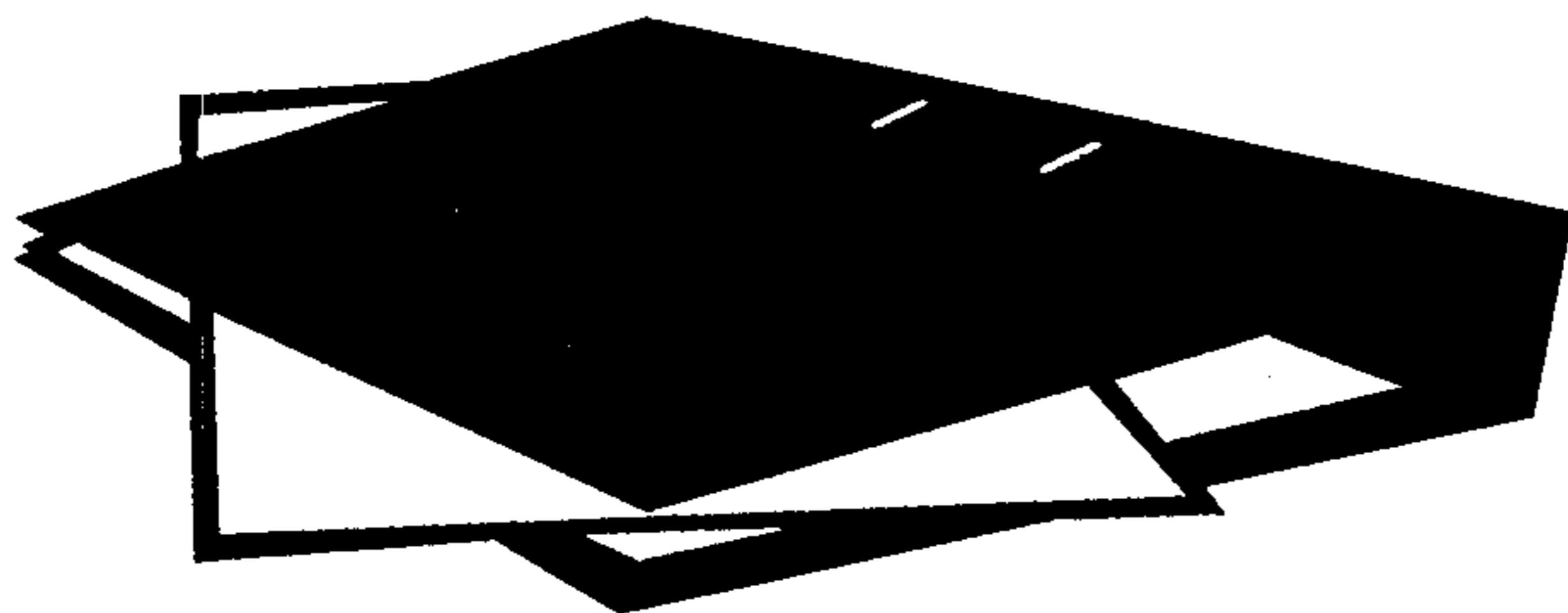
Management's Discussion and Analysis

June 30, 2001

- Sales and use tax collections for each of the last two fiscal years were \$4.9 million and it is currently budgeted that collections will decline 1.7%. However, an additional ½ cent sales tax rate was approved on April 7, 2001 by the voters in DeSoto Parish. This is budgeted to add an estimated \$1.2 million to the budget and will be used for salary increases for teachers and support workers.
- The unemployment rate in DeSoto Parish is presently at 6.6%. This rate has been between 6% and 7% for the past four years.
- No increases are being projected in the amount of debt that is outstanding. It should be noted that a significant decrease in the amount of outstanding bonds will occur in FY 2009-10 when principal and interest payments will decrease from \$3 million per year to \$580 thousand per year.

Requests for Information

This financial report is designed to provide a general overview of the DeSoto Parish School Board's finances for all those with an interest in the School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Business Services of the DeSoto Parish School Board, 201 Crosby Street, Mansfield, LA 71052-2637, or by calling (318) 872-2836.





333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

Independent Auditors' Report

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

We have audited the basic financial statements of the DeSoto Parish School Board (School Board) as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the School Board as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2 to the basic financial statements, the School Board adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments: Omnibus*; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* during the fiscal year ended June 30, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2001 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and Budget Comparison Schedules listed as Required Supplemental Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining, individual fund statements and schedules listed in the accompanying table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the School Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

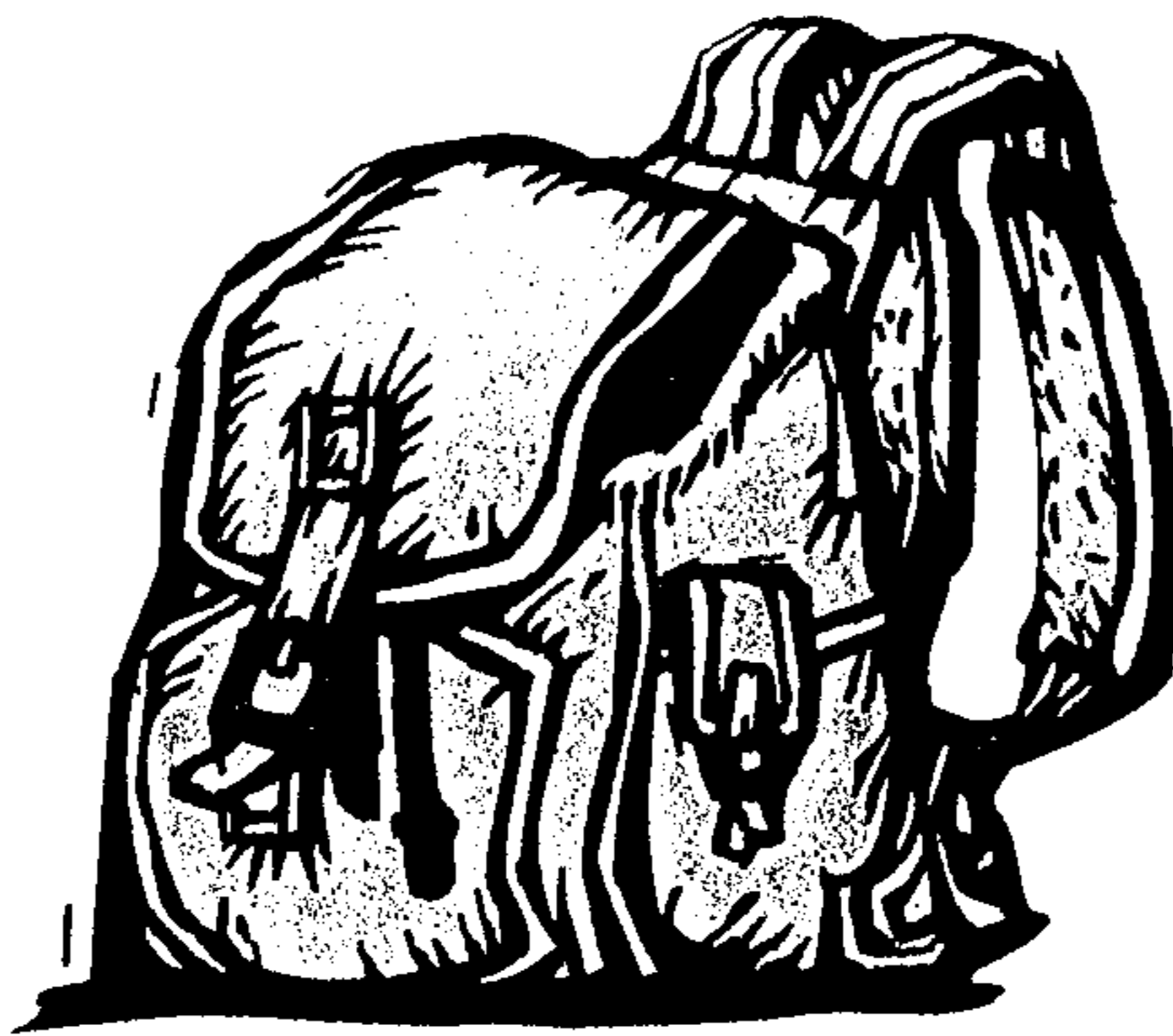
KPMG LLP

September 28, 2001

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

BASIC FINANCIAL STATEMENTS



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Statement of Net Assets
Governmental Activities

June 30, 2001

Assets

| | |
|--|-------------------|
| Cash and cash equivalents | \$ 4,240,927 |
| Investments | 9,918,719 |
| Receivables | 1,172,887 |
| Inventory | 23,905 |
| Prepaid expenses | 9,711 |
| Capital assets , net of accumulated depreciation | <u>36,487,191</u> |
| Total assets | <u>51,853,340</u> |

Liabilities

| | |
|-----------------------------------|-------------------|
| Accounts payable | 270,720 |
| Salaries and wages payable | 2,527,024 |
| Claims liability - self insurance | 940,331 |
| Interest payable - bonds | 305,744 |
| Long-term liabilities: | |
| Due within one year | 1,985,000 |
| Due in more than one year | <u>21,347,964</u> |
| Total liabilities | <u>27,376,783</u> |

Net Assets

| | |
|---|----------------------|
| Invested in capital assets, net of related debt | 14,777,191 |
| Restricted for debt service | 1,660,858 |
| Unrestricted | <u>8,038,508</u> |
| Total net assets | <u>\$ 24,476,557</u> |

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana
Statement of Activities
Governmental Activities
Fiscal Year Ended June 30, 2001

| | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---|----------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Functions/programs: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular programs | \$ 11,858,980 | — | 890,255 | (10,968,725) |
| Special programs | 6,909,465 | 38,055 | 1,679,249 | (5,192,161) |
| Adult/continuing education | 209,246 | — | 76,067 | (133,179) |
| Support services: | | | | |
| Pupil support services | 1,061,700 | — | 138,051 | (923,649) |
| Instructional staff support services | 2,077,959 | — | 868,804 | (1,209,155) |
| General administration | 982,673 | — | 65,730 | (916,943) |
| School administration | 1,844,141 | — | — | (1,844,141) |
| Business services | 443,409 | — | 813 | (442,596) |
| Plant services, including unallocated depreciation | 4,584,882 | — | 16,307 | (4,568,575) |
| Student transportation services | 2,570,419 | — | 5,934 | (2,564,485) |
| Central services | 115,457 | — | — | (115,457) |
| Food service operations | 2,443,189 | 217,779 | 1,325,041 | (900,369) |
| Debt service - interest on long-term obligations, unallocated | 1,171,709 | — | — | (1,171,709) |
| Total governmental activities | <u>\$ 36,273,229</u> | <u>255,834</u> | <u>5,066,251</u> | <u>(30,951,144)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Ad valorem taxes levied for general purposes | | | | 8,150,403 |
| Ad valorem taxes levied for debt service purposes | | | | 1,883,090 |
| Sales taxes levied for capital improvements | | | | 1,238,768 |
| Sales taxes levied for salaries, benefits, and general purposes | | | | 3,716,306 |
| State revenue sharing | | | | 320,500 |
| Grants and contributions not restricted to specific programs - Minimum Foundation Program | | | | 17,445,447 |
| Interest and investment earnings | | | | 695,705 |
| Other | | | | 410,243 |
| Total general revenues | | | | <u>33,860,462</u> |
| Changes in net assets | | | | 2,909,318 |
| Net assets at beginning of year | | | | <u>21,567,239</u> |
| Net assets at end of year | | | | <u>24,476,557</u> |

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

**Governmental Funds
Balance Sheet**

June 30, 2001

| Assets | General Fund | Special Revenue Funds | | Other Governmental Funds | Totals |
|--|----------------------|--------------------------|-----------------|--------------------------------|-------------------|
| | | Title I | School Lunch | | |
| | | | | | |
| Assets: | | | | | |
| Cash | \$ 2,052,090 | — | 357,505 | 1,831,332 | 4,240,927 |
| Investments - certificates of deposit | 8,091,000 | — | 349,219 | 1,478,500 | 9,918,719 |
| Receivables | 495,427 | 283,136 | 37,681 | 356,643 | 1,172,887 |
| Due from other funds | 440,423 | — | — | — | 440,423 |
| Inventories | — | — | 23,905 | — | 23,905 |
| Prepaid expenses | 9,711 | — | — | — | 9,711 |
| Total assets | \$ 11,088,651 | 283,136 | 768,310 | 3,666,475 | 15,806,572 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts and claims payable | \$ 1,134,270 | 3,287 | 10,890 | 62,604 | 1,211,051 |
| Salaries and wages payable | 2,176,035 | 105,427 | 163,845 | 81,717 | 2,527,024 |
| Due to other funds | — | 174,422 | — | 266,001 | 440,423 |
| Total liabilities | 3,310,305 | 283,136 | 174,735 | 410,322 | 4,178,498 |
| Fund balances: | | | | | |
| Reserved for encumbrances | — | — | — | 24,032 | 24,032 |
| Reserved for debt service | — | — | — | 1,660,858 | 1,660,858 |
| Unreserved: | | | | | |
| Designated for future claims and contingencies | 3,761,000 | — | — | — | 3,761,000 |
| Designated for equipment replacement | 758,022 | — | — | — | 758,022 |
| Designated for specific projects | 617,917 | — | — | 1,143,220 | 1,761,137 |
| Undesignated | 2,641,407 | — | 593,575 | 428,043 | 3,663,025 |
| Total fund balances | 7,778,346 | — | 593,575 | 3,256,153 | 11,628,074 |
| Total liabilities and fund balances | \$ 11,088,651 | 283,136 | 768,310 | 3,666,475 | 15,806,572 |

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets

June 30, 2001

Total fund balances - governmental funds at June 30, 2001 \$ 11,628,074

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets allocated over their estimated useful lives (as depreciation expense) to the various programs is reported as governmental activities in the statement of activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

| | | |
|--|---------------------|---------------------------------|
| Cost of capital assets | \$ 56,381,468 | |
| Accumulated depreciation | <u>(19,894,277)</u> | 36,487,191 |
| Elimination of interfund assets and liabilities | | |
| Interfund assets | 440,223 | |
| Interfund liabilities | <u>(440,223)</u> | — |
| Long term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long term—are reported in the statement of net assets. | | |
| Balances at June 30, 2001 are: | | |
| Long-term liabilities: | | |
| Compensated absences payable | (1,622,964) | |
| General obligation bonds payable | (18,420,000) | |
| Revenue bonds payable | (3,290,000) | |
| Interest payable | <u>(305,744)</u> | <u>(23,638,708)</u> |
| Net assets at June 30, 2001 | | \$ <u><u>24,476,557</u></u> |

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

Fiscal Year Ended June 30, 2001

| | General Fund | Title I | School Lunch | Other Governmental Funds | Totals |
|---|---------------------|------------------|------------------|--------------------------------|-------------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 6,965,853 | — | — | 3,067,640 | 10,033,493 |
| Sales and use | 3,468,552 | — | 247,754 | 1,238,768 | 4,955,074 |
| Interest earnings | 499,300 | — | 35,570 | 160,835 | 695,705 |
| Other | 267,376 | — | 224,795 | — | 492,171 |
| State sources: | | | | | |
| State equalization | 16,878,470 | — | 566,977 | — | 17,445,447 |
| Other | 1,147,824 | — | 23,909 | 62,733 | 1,234,466 |
| Federal and other sources | 3,838 | 1,447,534 | 1,338,916 | 1,535,903 | 4,326,191 |
| Total revenues | 29,231,213 | 1,447,534 | 2,437,921 | 6,065,879 | 39,182,547 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular programs | 11,687,992 | — | — | — | 11,687,992 |
| Special programs | 5,263,912 | 802,241 | — | 784,225 | 6,850,378 |
| Adult and continuing education programs | 57,499 | — | — | 150,432 | 207,931 |
| Support services: | | | | | |
| Student services | 925,897 | 69,576 | — | 68,470 | 1,063,943 |
| Instructional staff support | 1,179,783 | 410,184 | — | 477,040 | 2,067,007 |
| General administration | 758,607 | 1,656 | — | 219,997 | 980,260 |
| School administration | 1,855,898 | — | — | — | 1,855,898 |
| Business services | 436,518 | — | — | 1,895 | 438,413 |
| Plant services | 1,984,696 | 94,917 | — | 1,121,838 | 3,201,451 |
| Student transportation services | 2,859,802 | — | — | 5,940 | 2,865,742 |
| Food services | — | — | 2,424,045 | — | 2,424,045 |
| Central services | 114,432 | — | — | — | 114,432 |
| Capital outlay - facilities acquisition and construction | — | — | — | 597,872 | 597,872 |
| Debt service: | | | | | |
| Principal retirement | — | — | — | 2,188,000 | 2,188,000 |
| Interest | — | — | — | 1,197,420 | 1,197,420 |
| Total expenditures | 27,125,036 | 1,378,574 | 2,424,045 | 6,813,129 | 37,740,784 |
| Excess (deficiency) of revenues over (under) expenditures | 2,106,177 | 68,960 | 13,876 | (747,250) | 1,441,763 |
| Other financing sources (uses): | | | | | |
| Operating transfers in | 118,763 | — | — | — | 118,763 |
| Operating transfers out | — | (68,960) | — | (49,803) | (118,763) |
| Total other financing sources (uses) | 118,763 | (68,960) | — | (49,803) | — |
| Net change in fund balances | 2,224,940 | — | 13,876 | (797,053) | 1,441,763 |
| Fund balances at beginning of year | 5,553,406 | — | 579,699 | 4,053,206 | 10,186,311 |
| Fund balances at end of year | \$ 7,778,346 | — | 593,575 | 3,256,153 | 11,628,074 |

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

Fiscal Year Ended June 30, 2001

Total net change in fund balances - governmental funds \$ 1,441,763

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

| | | | |
|--------------------------|----|--------------------|-----------|
| Capital outlay additions | \$ | 855,081 | |
| Depreciation expense | | <u>(1,584,141)</u> | (729,060) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,188,000

In the statement of activities, certain operating expenses—compensated absences (vacations and sick leave)—are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned exceeded the amounts used by \$17,096. (17,096)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 25,711

Change in net assets of governmental activities \$ 2,909,318

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Statement of Fiduciary Net Assets - Agency Fund

June 30, 2001 and 2000

| Assets | <u>2001</u> | <u>2000</u> |
|---------------------------------------|-------------------|----------------|
| Cash | \$ 264,514 | 253,368 |
| Investments - certificates of deposit | <u>25,000</u> | <u>25,000</u> |
| Total assets | <u>\$ 289,514</u> | <u>278,368</u> |
| Liabilities | | |
| Accounts payable | \$ 23,249 | 13,495 |
| Deposits due others | <u>266,265</u> | <u>264,873</u> |
| Total liabilities | <u>\$ 289,514</u> | <u>278,368</u> |

See accompanying notes to basic financial statements.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

(1) Summary of Significant Accounting Policies

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

The School Board operates 12 schools within the parish with a total enrollment exceeding 4,990 pupils. In conjunction with the regular education programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

(a) Reporting Entity

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

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

Jointly Governed Organization

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

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

(b) Basis of Presentation

Government-wide and Fund Financial Statements

During the current year, the School Board adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. See note 2 for additional information.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School Board. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense which can be specifically identified by function is included in the direct expense of each function. Some depreciation remains unallocated and is included in plant services. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Major funds include the General Fund, Title I, and School Lunch Funds.

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

Governmental Funds

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

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

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

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

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

Fiduciary Fund

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

(c) Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The School Board maintains a threshold level of the following: \$1 (land and CIP), \$5,000 (machinery and vehicles), \$25,000 (building and land improvements), and \$50,000 (building) for capitalizing capital assets.

Capital assets are reported in the GWFS, but not reported in the FFS.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is calculated based on the following estimated useful lives:

| | |
|-------------------------|-------------|
| Buildings | 25-45 years |
| Land improvements | 10-25 years |
| Building improvements | 20 years |
| Furniture and equipment | 5-15 years |
| Vehicles | 5-8 years |

The School Board does not possess any material amounts of infrastructure capital assets, such as roads and bridges.

(d) Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source net of the applicable premium or discount in the FFS. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

(e) *Basis of Accounting/Measurement Focus*

Government-Wide Financial Statement (GWFS)

The statement of net assets and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, which was adopted in the current fiscal year.

Fund Financial Statements (FFS)

Governmental Funds

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

Fund financial statements report detailed information about the School Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. As mentioned before, the Fiduciary Fund includes only the agency fund representing the School Activity Funds.

Governmental and agency funds are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable and are recognized in the year for which they are levied. Sales and use taxes are considered measurable and available when collected by the vendors. Revenue from state and federal grants are recorded when the reimbursable expenditures have been incurred. For these purposes, the School Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

The governmental funds use the following practices in recording revenues and expenditures:

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

Revenues

State entitlements (which include state equalization [Minimum Foundation Program]) are recorded as unrestricted grants-in-aid when available and measurable. Expenditure-driven federal and state grants are recorded as restricted grants-in-aid when the reimbursable expenditures have been incurred.

Ad valorem taxes are recorded in the year the taxes are due and payable and are remitted on a monthly basis by the DeSoto Parish Sales and Use Tax Commission. Interest earnings are recorded when the investments have matured and the interest is available. Sales and use tax revenues are recorded in the month collected by the vendors. Revenues from rentals, leases, and oil royalties are recorded when earned. Charges for services are recorded when earned. Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned. Nine-month employee salaries are earned over a nine-month period, but are paid over a twelve-month period. Compensated absences are recognized as expenditures when leave is earned or when employees (or heirs) are paid for accrued leave upon retirement or death. Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Increases (or decreases) in net current assets arising from sources other than revenues (or expenditures) are accounted for as other financing sources (uses). Such transactions may include interfund transfers, proceeds of general long-term debt, capital lease arrangements, and sales of fixed assets. These other financing sources (uses) are recognized at the time the underlying events occur.

(f) Budget Practices

The School Board utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) By May 15, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and sources of funding.
- (2) Proposed budgets are then made available for public inspection, and after proper official journal notification, a public hearing is held to obtain taxpayer comments.
- (3) The School Board is legally required to prepare annual operating budgets on the General Fund and Special Revenue Funds. Budgets are formally adopted by the School Board before July 1 of each year for the General Fund and Special Revenue Funds.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

- (4) The budgets are prepared on the modified accrual basis of accounting. The budget document is structured such that revenues are budgeted by source and appropriations by function. School Board policy and the legal requirements, which prescribe that the legal level of control for the General Fund and Special Revenue Funds is at the fund level, provide that expenditures may not exceed appropriations in excess of five percent of the budgeted expenditures of the fund. All appropriations which are not expended lapse at year end.
- (5) Formal budgetary integration (within the accounting records) is employed as a management control device for selected funds. The Superintendent of schools is authorized to transfer amounts between line items within any fund and may amend the budget within each fund, without seeking approval of the School Board, provided that actual revenues or expenditures within the fund do not fail to meet or exceed budgeted revenues or expenditures by five percent or more. However, as is consistent with the legal requirements, when actual revenues within a fund fail to meet budgeted revenues by five percent or more and/or actual expenditures within a fund exceed budgeted expenditures by five percent or more, a budget amendment is adopted by the School Board in an open meeting. Amendments to the budget were made and adopted by the School Board during the year ended June 30, 2001. Budget amounts included in the accompanying financial statements include the original adopted budget and the final amended budget.
- (6) Comparison of budgeted and actual amounts is included in the Required Supplemental Information section in the accompanying financial reports and includes all funds for which budgets are legally required. The budget and actual comparisons are made by source for revenues and by function for expenditures which is more detailed than the fund level legal requirement. Annual budgets are not required for the Debt Service Funds, the Capital Projects Funds, or the School Activity Agency Fund.

(g) Cash

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

(h) Investments

Investments as of June 30, 2001 are limited to certificates of deposits and are stated at fair value. The School Board maintains investments separately for each fund.

Under state law, the School Board may invest in direct United States Treasury obligations, indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government), indebtedness issued or guaranteed by federally sponsored U.S. government agencies, and may deposit its funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

with state banks organized under Louisiana law and national banks having their principal offices in Louisiana or mutual or trust fund institutions registered with the Securities and Exchange Commission.

(i) *Short-Term Interfund Receivables/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 fund financial statements balance sheet.

(j) *Elimination and Reclassifications*

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

(k) *Inventories*

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

(l) *Compensated Absences*

All School Board employees earn from five to twenty days of vacation leave each year depending upon length of service. Unused vacation leave as of June 30 can be accumulated and carried forward to the succeeding year, up to a maximum of sixty days.

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

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

(m) Sales and Use Tax

The School Board receives a two-cent sales and use tax. For the year ended June 30, 2001, the tax was collected by the DeSoto Parish Sales and Use Tax Commission, forwarded to the School Board, and was dedicated as follows:

- (a) One cent of the sales and use tax, approved March 25, 1968, with no expiration date, is dedicated to supplement other revenues available for salaries of teachers and other personnel and for the operation of public elementary and secondary schools.
- (b) One-half cent of the sales and use tax, approved May 3, 1986, with no expiration date, is dedicated to supplement other revenues for payment of salaries of School Board employees.
- (c) One-half cent of the sales and use tax, approved May 3, 1986, for a period of twenty-five years expiring June 30, 2011, is dedicated for the purpose of air conditioning school buildings, repairing school buildings, and making capital improvements to school buildings and related facilities. The proceeds of this tax may be used to repay bonds issued to pay the cost of air conditioning and capital improvements.

(n) Pension Plans

The School Board participates in three pension plans administered by other governmental entities which cover substantially all employees who meet certain length of service requirements (see note 7 for details of these plans).

(o) Restricted Net Assets

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

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Imposed by law through constitutional provisions or enabling legislation.

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(p) Reserves

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

(q) Designations

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

Designated for Future Claims and Contingencies

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

Designated for Equipment Replacement

This amount has been accumulated to fund the replacement of capital assets.

Designated for Specific Projects

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

(r) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

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(2) Changes in Accounting Principles

For the year ended June 30, 2001, the School Board implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The School Board has elected to early implement GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At June 30, 2000, there was no effect on fund balance as a result of implementation of GASB Statement No. 33 and GASB Interpretation No. 6. GASB Statements No. 37 and 38 resulted in additional disclosures.

GASB Statement No. 34 creates new basic financial statements for reporting on the School Board’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the mode of presentation in previously issued financial statements. Nonmajor funds are presented in total in one column in the fund financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2000 to be restated in terms of “net assets” as follows:

| | | | |
|-------|---|-------------------|----------------------|
| | Total Fund Balances - Governmental Funds - at June 30, 2000 | | \$ 10,186,311 |
| Add: | Cost of capital assets at June 30, 2000 | \$ 55,526,387 | |
| | Less: accumulated depreciation at June 30, 2000 | <u>18,310,136</u> | 37,216,251 |
| Less: | Long-term debt: | | |
| | Bond principal outstanding at June 30, 2000 | 23,898,000 | |
| | Accrued interest payable at June 30, 2000 | 331,455 | |
| | Compensated absences payable at June 30, 2000 | <u>1,605,868</u> | <u>(25,835,323)</u> |
| | Net assets at June 30, 2000 | | \$ <u>21,567,239</u> |

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Notes to Basic Financial Statements

June 30, 2001

(3) Cash and Investments

At June 30, 2001, the carrying amount of the School Board's cash deposits was \$4,505,441 (including Agency Fund) and the bank balance was \$6,148,251. This difference is due to the outstanding checks at June 30, 2001. In addition, at June 30, 2001, the School Board had certificates of deposit carried by the School Board and by the bank at \$9,943,719 (including Agency Fund). These certificates of deposit are reported separately in the accompanying basic financial statements.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. All deposits are insured or collateralized with securities with fair values totaling \$18,261,449 and are categorized below to give an indication of the level of credit risk. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

| | <u>Bank Balance</u> |
|--|-------------------------|
| GASB Category 1 | |
| Deposits insured or collateralized with securities held by the School Board or by its agent in the School Board's name. | \$ 313,334 |
| GASB Category 2 | |
| Deposits collateralized with securities held by the pledging financial institution's trust department or agent in the School Board's name. | <u>15,778,636</u> |
| | <u>\$ 16,091,970</u> |

(4) Levied Taxes

The School Board levies taxes on real and business personal property located within DeSoto Parish's boundaries. Property taxes are levied by the School Board on property values at January 1 assessed by the DeSoto Parish Tax Assessor and approved by the state of Louisiana Tax Commission upon submission of the assessment list (tax roll).

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

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Notes to Basic Financial Statements

June 30, 2001

Property Tax Calendar

| | |
|-------------------------------------|-------------------------------|
| Assessment date | January 1, 2000 |
| Levy date | September 7, 2000 |
| Tax bills mailed | On or about November 15, 2000 |
| Total taxes are due | December 31, 2000 |
| Penalties and interest are added | January 1, 2001 |
| Lien date | January 1, 2001 |
| Tax sale - 2000 delinquent property | May 17, 2001 |

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

All 2000 property taxes that had not been received as of June 30, 2001 were considered uncollectible. Any amounts that might be collected subsequently would not be significant. The tax roll is not prepared by the tax assessor until November of each year; therefore, the amount of 2001 property taxes to be collected within the next year is not known. As a result, no property tax receivable for 2001 taxes is included on the accompanying governmental funds balance sheet.

Assessed values are established by the DeSoto Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value.

| | |
|------------------------------|---|
| 10% land | 15% machinery |
| 10% residential improvements | 15% commercial improvements |
| 15% industrial improvements | 25% public service properties, excluding land |

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2000. Total assessed value was \$197,016,882 and \$197,987,842 in calendar years 2001 and 2000, respectively. Louisiana State law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$28,493,946 and \$27,213,002 of the assessed value in calendar years 2001 and 2000, respectively.

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The distribution of the School Board's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2001 and 2000:

| | 2001 | 2000 |
|---|-------------|-------------|
| General Fund - constitutional | \$ 4.49 | 4.30 |
| General Fund - special maintenance and operations | 43.07 | 40.00 |
| Debt Service Funds: | | |
| District No. 1 - Logansport | 23.50 | 20.00 |
| District No. 2 - North DeSoto | 9.50 | 15.00 |
| District No. 3 - Stanley | 16.50 | 23.00 |
| District No. 4 - Mansfield | 9.00 | 8.00 |
| District No. 5 - Pelican | 35.00 | 33.00 |

(5) Capital Assets

A summary of changes in capital assets is as follows:

| | Balance July 1, 2000 | Additions | Retirements | Balance June 30, 2001 |
|---|-------------------------------------|------------------|--------------------|--------------------------------------|
| Governmental assets: | | | | |
| Land | \$ 1,210,645 | — | — | 1,210,645 |
| Buildings, building improvements, and land improvements | 52,182,571 | 459,323 | — | 52,641,894 |
| Furniture and equipment | 1,083,126 | 26,057 | — | 1,109,183 |
| Transportation equipment | 1,050,045 | 363,828 | — | 1,413,873 |
| Construction in progress | — | 5,873 | — | 5,873 |
| | <u>55,526,387</u> | <u>855,081</u> | <u>—</u> | <u>56,381,468</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 17,292,634 | 1,365,112 | — | 18,657,746 |
| Furniture and equipment | 1,017,502 | 219,029 | — | 1,236,531 |
| Total accumulated depreciation | <u>18,310,136</u> | <u>1,584,141</u> | <u>—</u> | <u>19,894,277</u> |
| Capital assets, net | <u>\$ 37,216,251</u> | <u>(729,060)</u> | <u>—</u> | <u>36,487,191</u> |

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Depreciation expense was charged to governmental activities as follows:

| | | | |
|--|----|------------------|--|
| Instructional services: | | | |
| Regular programs | \$ | 33,738 | |
| Special programs | | 58,997 | |
| Adult/continuing education | | 1,684 | |
| Support services: | | | |
| Instructional staff support services | | 9,733 | |
| Business services | | 7,269 | |
| Plant services, including unallocated depreciation | | 1,414,860 | |
| Student transportation services | | 40,604 | |
| School administration | | 2,575 | |
| Non-instructional services – food service operations | | <u>14,681</u> | |
| Total depreciation expense | \$ | <u>1,584,141</u> | |

(6) Receivables

The receivables of \$1,172,887 at June 30, 2001 consist of the following:

| Class of Receivable | General Fund | Special Revenue Fund | Debt Service Funds | Total |
|------------------------|-------------------|----------------------------|--------------------------|------------------|
| Grants: | | | | |
| Federal | \$ 1,216 | 639,836 | — | 641,052 |
| State | 462,641 | 29,402 | — | 492,043 |
| Other | <u>31,570</u> | <u>3,794</u> | 4,428 | <u>39,792</u> |
| Total | \$ <u>495,427</u> | <u>673,032</u> | <u>4,428</u> | <u>1,172,887</u> |

(7) Defined Benefit Pension Plans

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

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

Plan Description

All teachers and administrative employees are members of this cost-sharing multiple-employer statewide plan. Benefit provisions are established in accordance with Louisiana state statute. The Teachers' Plan issues a publicly available financial report that includes financial statements and

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Notes to Basic Financial Statements

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required supplementary information. That report may be obtained by writing to the Board of Trustees of the Teachers' Retirement System of Louisiana, P. O. Box 94125, Capitol Station, Baton Rouge, Louisiana 70804-9123.

Funding Policy

Covered employees are required to contribute 8% of their salary to the Teachers' Plan. The School Board was required to contribute 14.2%, 15.2% and 16.5% of covered employees' salaries for the years ended June 30, 2001, 2000 and 1999, respectively. The employer and employee contribution obligations are established and may be amended by Louisiana state statute. The School Board's contributions for the years ended June 30, 2001, 2000, and 1999 were \$2,212,433, \$2,324,517, and \$2,440,888, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the School Board did not report a pension liability for the Teachers' Plan.

Deferred Retirement Option Plan

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

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

Plan Description

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

Funding Policy

Covered employees are required to contribute 5% of their salary to Plan B. The School Board was required to contribute 14.2%, 15.2% and 16.5% of covered employees' salaries for the years ended June 30, 2001, 2000 and 1999, respectively. The employer and employee contribution obligations are established and may be amended by Louisiana state statute. The School Board's contributions for the years ended June 30, 2001, 2000, and 1999 were \$115,236, \$117,234, and \$124,482, respectively, equal to the required contributions for each year. In accordance with GASB 27, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the School Board did not report a pension liability for Plan B.

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Deferred Retirement Option Plan

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

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

Plan Description

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

Funding Policy

Covered employees were required to contribute 6.35% of their salary to the School Employees' Plan for 2001, 2000, and 1999. The School Board was required to pay 0% for 2001 and 2000 and 6% for 1999. The employer and employee contribution requirements are established and may be amended by Louisiana state statute. The School Board's contributions for the years ended June 30, 2001, 2000, and 1999 were \$0, \$133, and \$147,837, respectively, equal to the required contributions for each year. In accordance with GASB 27, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the School Board did not report a pension liability for the School Employees' Plan.

(8) Post-Retirement Health Care and Life Insurance Benefits

The School Board has voluntarily elected to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. The monthly premiums for these benefits for retirees and similar benefits for active employees are paid jointly by the employee (17%) and the School Board (83%). The School Board recognizes the cost of providing these benefits (the Board's portion of premiums) as an expenditure when the monthly premiums are due. The School Board's cost of providing these benefits to retirees totaled \$845,621 for 2001 and encompasses 291 former employees qualified to receive such benefits. This expenditure is recorded in the General Fund.

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(9) Deposits Due Others

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

| | School Activity Accounts |
|---|---|
| Agency deposits due others at July 1, 2000 | \$ 264,873 |
| Additions | 933,559 |
| Deductions | 932,167 |
| Agency deposits due others at June 30, 2001 | \$ 266,265 |

(10) Long-Term Obligations

The following is a summary of the long-term obligation activity for the year ended June 30, 2001:

| | Bonded Debt | | | Subtotal | Compensated Absences | Total |
|---|------------------------------------|---|--------------------------------|-----------------|---------------------------------|--------------|
| | General Bonded Debt | Certificates of Indebtedness | Sales Tax Bonds | | | |
| Balances, at July 1, 2000 | \$ 20,055,000 | 3,645,000 | 198,000 | 23,898,000 | 1,605,868 | 25,503,868 |
| Debt additions and increases in compensated absences | — | — | — | — | 70,659 | 70,659 |
| Debt retirements and payments of compensated absences | (1,635,000) | (540,000) | (13,000) | (2,188,000) | (53,563) | (2,241,563) |
| Balances, at June 30, 2001 | \$ 18,420,000 | 3,105,000 | 185,000 | 21,710,000 | 1,622,964 | 23,332,964 |

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2001:

| | Bonded Debt | Compensated Absences | Total |
|-------------------|------------------------|---------------------------------|--------------|
| Current portion | \$ 1,935,000 | 50,000 | 1,985,000 |
| Long-term portion | 19,775,000 | 1,572,964 | 21,347,964 |
| Total | \$ 21,710,000 | 1,622,964 | 23,332,964 |

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For the year ended June 30, 2001, the principal payments of \$2,188,000, plus interest and fiscal charges of \$1,197,420, on the obligations were paid from Debt Service Funds. Accrued compensated absences of \$53,563 were paid by those funds and departments with salary costs and are included in payroll costs. Long-term debt at June 30, 2001 is comprised of the following issues:

| <u>Bond Issue</u> | <u>Original Issue</u> | <u>Interest Rates</u> | <u>Final Payment Due</u> | <u>Interest to Maturity</u> | <u>Principal Outstanding</u> |
|--------------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|------------------------------|
| General Obligation Bonds: | | | | | |
| School District No. 1: | | | | | |
| Dated 12-1-93 | \$ 4,180,000 | 3.6-5.7% | 1/1/09 | \$ 864,278 | 3,280,000 |
| School District No. 2: | | | | | |
| Dated 1-1-80 | 1,170,000 | 5.5-7.0% | 1/1/05 | 12,950 | 90,000 |
| Dated 10-8-96 | 1,330,000 | 4.15%-5.4% | 8/1/07 | 203,829 | 1,045,000 |
| Dated 9-1-97 | 2,360,000 | 4.75-8.0% | 3/1/17 | 1,101,448 | 2,140,000 |
| School District No. 3: | | | | | |
| Dated 7-1-94 | 1,785,000 | 4.5-5.85% | 12/1/08 | 346,494 | 1,415,000 |
| Dated 9-1-94 | 300,000 | 5.3-9.0% | 12/1/13 | 105,421 | 245,000 |
| School District No. 4: | | | | | |
| Dated 12-1-93 | 4,575,000 | 3.55-5.7% | 10/1/08 | 1,517,109 | 4,260,000 |
| Dated 2-1-94 | 6,825,000 | 3.6-5.3% | 10/1/05 | 612,540 | 4,720,000 |
| School District No. 5: | | | | | |
| Dated 5-20-96 | 1,480,000 | 5.53% | 10/1/08 | 297,099 | 1,225,000 |
| Sales Tax Bonds - Parishwide: | | | | | |
| Dated 12-16-98 | 191,000 | 4.5-7.2% | 9/1/10 | 45,113 | 185,000 |
| Certificates of Indebtedness - | | | | | |
| School District No. 2: | | | | | |
| Dated 7-1-92 | 4,000,000 | 5.1-8.0% | 12/1/02 | 21,173 | 350,000 |
| Dated 11-12-98 | 2,795,000 | 4.5% | 12/1/12 | 898,313 | 2,755,000 |
| Total | | | | <u>\$ 6,025,767</u> | <u>21,710,000</u> |

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish and a sales tax. At June 30, 2001, the School Board has accumulated \$1,660,858 in the Debt Service Funds for future debt requirements.

During 1993, the School Board issued \$4,180,000 in General Obligation School Refunding Bonds, Series 1993, with interest rates ranging from 3.6% to 5.7% to refund \$3,590,000 of the outstanding General Obligation School Bonds, Series 1989, with interest rates ranging from 7.6% to 8.0%. The net proceeds of the issue plus additional existing funds were used to purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1989 bonds. As of June 30, 2001, \$3,080,000 of the 1989 bonds due in the period 2001 to 2009 remain outstanding but are considered to be defeased.

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During 1993, the School Board issued \$4,575,000 in General Obligation School Refunding Bonds, Series 1993, with interest rates ranging from 3.55% to 5.7% to refund \$3,910,000 of the outstanding General Obligation School Bonds, Series 1988, with interest rates of 7.7%. The net proceeds of the issue were used to purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 2001, \$3,910,000 of the 1988 bonds due in the period 2006 to 2008 remain outstanding but are considered to be defeased.

During 1994, the School Board issued \$6,825,000 in General Obligation School Refunding Bonds, Series 1994, with interest rates ranging from 3.6% to 5.3% to refund \$5,880,000 of the outstanding General Obligation School Bonds, Series 1988, with interest rates ranging from 7.20% to 7.65%. The net proceeds of the issue plus additional existing funds were used to purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 2001, \$4,560,000 of the 1988 bonds due in the period 2001 to 2005 remain outstanding but are considered to be defeased.

On July 1, 1994, the School Board issued \$1,785,000 of General Obligation School Refunding Bonds, Series 1994, with interest rates ranging from 4.5% to 5.85% and maturities from 1994 to 2008 to refund \$1,560,000 of the outstanding General Obligation School Bonds, Series 1988 with interest rates ranging from 7.6% to 8.0%. The net proceeds of the issue plus additional existing funds were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 2001, \$1,340,000 of the 1988 bonds due in the period 2001 to 2008 remain outstanding but are considered to be defeased.

On May 20, 1996, the School Board issued \$1,480,000 of General Obligation School Refunding Bonds, Series 1996, with an interest rate of 5.53% and maturities from 1996 to 2008 to refund \$1,380,000 of the outstanding General Obligation School Bonds, Series 1988 with interest rates ranging from 7.7 to 8.0%. The net proceeds of the issue plus additional existing funds were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1988 bonds. As of June 30, 2001, \$1,195,000 of the 1988 bonds due in the period 2001 to 2008 remain outstanding but are considered to be defeased.

On October 8, 1996, the School Board issued \$1,330,000 of General Obligation School Refunding Bonds, Series 1996, with interest rates ranging from 4.15% to 5.4% and maturities from 1997 to 2007 to refund \$1,195,000 of the outstanding General Obligation School Bonds, Series 1987 with an interest rate of 8.0%. The net proceeds of the issue were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security, plus an initial cash deposit, was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1987 bonds. As of June 30, 2001, \$1,000,000 of the 1987 bonds due in the period 2001 to 2007 remain outstanding but are considered to be defeased.

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On December 16, 1998, the School Board issued \$191,000 of Refunding Sales Tax School Bonds, Series 1998, with interest rates ranging from 4.5% to 7.20% and maturities from 1999 to 2011 to refund \$172,000 of the outstanding Sales Tax School Bonds, Series 1990 with an interest rate of 7.0%. The net proceeds plus existing funds were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1990 bonds. As of June 30, 2001, \$160,000 of the 1990 bonds due in the period 2001 to 2010 remain outstanding but are considered to be defeased.

On November 12, 1998, the School Board issued \$2,795,000 of Refunding Certificates of Indebtedness, Series 1998A, with an interest rate of 4.5% and maturities from 1999 to 2013 to refund \$2,565,000 of the outstanding Certificates of Indebtedness, Series 1992A, with interest rates ranging from 6.10% to 6.5%. The net proceeds plus existing funds were used to make an initial deposit in the escrow fund and purchase a U.S. government security. This security was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1992 certificates. As of June 30, 2001, \$2,565,000 of the 1992 certificates due in the period 2003 to 2012 remain outstanding but are considered to be defeased.

The annual requirements to amortize all debt outstanding as of June 30, 2001 are as follows:

| <u>Year Ending June 30,</u> | <u>Principal Payments</u> | | | <u>Interest Payments</u> | <u>Total</u> |
|---------------------------------|---|---|------------------|------------------------------|--------------|
| | <u>General Obligation Bonds</u> | <u>Certificates of Indebtedness and Sales Tax Bonds</u> | | | |
| 2002 | \$ 1,725,000 | 210,000 | 1,089,501 | 3,024,501 | |
| 2003 | 1,825,000 | 220,000 | 993,392 | 3,038,392 | |
| 2004 | 1,930,000 | 236,000 | 890,899 | 3,056,899 | |
| 2005 | 2,040,000 | 247,000 | 781,736 | 3,068,736 | |
| 2006 | 2,155,000 | 258,000 | 660,781 | 3,073,781 | |
| 2007-2011 | 7,620,000 | 1,479,000 | 1,368,014 | 10,467,014 | |
| 2012-2016 | 925,000 | 640,000 | 230,741 | 1,795,741 | |
| 2017-2018 | 200,000 | — | 10,700 | 210,700 | |
| Total | <u>\$ 18,420,000</u> | <u>3,290,000</u> | <u>6,025,764</u> | <u>27,735,764</u> | |

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property. At June 30, 2001, the statutory limit was \$68,955,909, the outstanding bonded debt net of applicable debt service funds totaled \$16,759,142, and the legal debt margin was \$52,196,767.

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(11) Lease Commitments

The School Board has a commitment under an operating lease agreement for the Superintendent's car. This agreement is a three-year lease. Total rental expenditures under the operating lease were approximately \$9,673 during the year ended June 30, 2001.

The School Board is also a lessor in a lease/purchase agreement with some of its bus drivers. Certain buses were purchased by the School Board and leased to the bus drivers, with title to the bus passing to the driver at the end of the lease term. Total rental income under the lease was approximately \$103,000 during the year ended June 30, 2001. Future lease income is as follows:

| Year Ending June 30, | |
|----------------------|-----------|
| 2002 | \$ 73,043 |
| 2003 | 45,480 |
| 2004 | 29,508 |
| 2005 | 32,464 |
| 2006 | 32,464 |

(12) Other Required Individual Fund Disclosures

(a) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2001 were as follows:

| | Due From Other Funds | Due To Other Funds |
|--|-------------------------|-----------------------|
| Major Funds: | | |
| General Fund | \$ 440,423 | — |
| Special Revenue Funds - Title I | — | 174,422 |
| Nonmajor Funds - Special Revenue Funds | — | 266,001 |
| Total | \$ 440,423 | 440,423 |

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

(b) Operating Transfers

A reconciliation of operating transfers for the year ended June 30, 2001 follows:

| | In | Out |
|--|------------|---------|
| Major Funds: | | |
| General Fund | \$ 118,763 | — |
| Special Revenue Fund – Educational Consolidation and Improvement Act - Title I | — | 68,960 |
| Nonmajor Funds - Special Revenue Funds | — | 49,803 |
| Total | \$ 118,763 | 118,763 |

(13) Commitments and Contingencies

Litigation

At June 30, 2001, the School Board is involved in various litigation. It is the opinion of the legal advisor for the School Board that the ultimate resolution of these lawsuits will not materially affect the basic financial statements.

Risk Management

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

The School Board is partially self-insured for health and workers' compensation insurance coverage. Claims are funded through operating funds of the School Board. The School Board maintains stop-loss coverage with an insurance company under its health plan for individual claims in excess of \$150,000 and for total annual claims in excess of \$2,600,000. The School Board maintains stop-loss coverage with an insurance company under its workers' compensation plan for individual claims in excess of \$175,000 and for total claims that exceed \$790,000 in a three-year period.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Basic Financial Statements

June 30, 2001

All known claims filed and an estimate of incurred but not reported claims based on experience of the School Board are made and accrued as necessary in the General Fund. At June 30, 2001, the amount of these liabilities was \$940,331. This liability is the School Board's best estimate based on available information. Changes in the reported liability since June 30, 1999 resulted from the following:

| | <u>Beginning of Fiscal-Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Balance at Fiscal Year End</u> |
|-----------|---|---|---------------------------|---|
| 1999-2000 | \$ 954,345 | 4,236,715 | 4,145,952 | 1,045,108 |
| 2000-2001 | 1,045,108 | 4,255,077 | 4,359,854 | 940,331 |

As of June 30, 2001, \$2,145,031 and \$320,000 of the General Fund fund balance has been designated for payment of future claims of the health plan and workers' compensation plan, respectively. In addition to these items, \$100,000 has been designated within the General Fund for contingencies.

Grant Audits

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

(14) Subsequent Events

Beginning July 1, 2001, the levy of a sales and use tax for salaries and benefits for teachers and other employees and operating and maintaining public schools in the parish will go into effect.



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

REQUIRED SUPPLEMENTAL INFORMATION
(PART B)

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

General Fund

Budgetary Comparison Schedule

Fiscal Year Ended June 30, 2001

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|----------------------------------|----------------------------|-------------------------|---|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues: | | | | |
| Local sources: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 6,463,064 | 6,919,500 | 6,965,853 | 46,353 |
| Sales and use | 3,570,000 | 3,394,730 | 3,468,552 | 73,822 |
| Interest earnings | 415,257 | 399,257 | 499,300 | 100,043 |
| Other: | | | | |
| Tuition | 40,956 | 41,000 | 38,055 | (2,945) |
| Rentals, leases, and royalties | 40,058 | 129,590 | 124,030 | (5,560) |
| Other | 117,118 | 117,443 | 105,291 | (12,152) |
| Total other | <u>198,132</u> | <u>288,033</u> | <u>267,376</u> | <u>(20,657)</u> |
| Total local sources | <u>10,646,453</u> | <u>11,001,520</u> | <u>11,201,081</u> | <u>199,561</u> |
| State sources: | | | | |
| State equalization | 15,157,488 | 16,878,470 | 16,878,470 | — |
| Other state programs: | | | | |
| Revenue sharing | 223,309 | 257,769 | 257,767 | (2) |
| Professional improvement program | 187,049 | 144,653 | 146,202 | 1,549 |
| Other | 450,028 | 729,808 | 743,855 | 14,047 |
| Total other state programs | <u>860,386</u> | <u>1,132,230</u> | <u>1,147,824</u> | <u>15,594</u> |
| Total state sources | <u>16,017,874</u> | <u>18,010,700</u> | <u>18,026,294</u> | <u>15,594</u> |
| Federal and other sources | <u>6,400</u> | <u>6,400</u> | <u>3,838</u> | <u>(2,562)</u> |
| Total revenues | <u>26,670,727</u> | <u>29,018,620</u> | <u>29,231,213</u> | <u>212,593</u> |

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

General Fund

Budgetary Comparison Schedule

Fiscal Year Ended June 30, 2001

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|---|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | \$ 12,160,061 | 12,283,289 | 11,687,992 | 595,297 |
| Special programs | 5,421,228 | 5,687,410 | 5,263,912 | 423,498 |
| Adult and continuing education programs | 56,539 | 63,688 | 57,499 | 6,189 |
| Support services: | | | | |
| Student services | 956,733 | 990,655 | 925,897 | 64,758 |
| Instructional staff support | 1,322,092 | 1,251,986 | 1,179,783 | 72,203 |
| General administration | 787,063 | 809,456 | 758,607 | 50,849 |
| School administration | 1,852,022 | 1,936,256 | 1,855,898 | 80,358 |
| Business services | 417,929 | 463,696 | 436,518 | 27,178 |
| Plant services | 2,250,665 | 2,221,317 | 1,984,696 | 236,621 |
| Student transportation services | 2,683,017 | 2,970,676 | 2,859,802 | 110,874 |
| Central services | 115,480 | 122,163 | 114,432 | 7,731 |
| Total expenditures | <u>28,022,829</u> | <u>28,800,592</u> | <u>27,125,036</u> | <u>1,675,556</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,352,102) | 218,028 | 2,106,177 | (1,888,149) |
| Other financing sources - operating transfers in | <u>168,706</u> | <u>134,332</u> | <u>118,763</u> | <u>(15,569)</u> |
| Total other financing sources (uses) | <u>168,706</u> | <u>134,332</u> | <u>118,763</u> | <u>(15,569)</u> |
| Net change in fund balances | (1,183,396) | 352,360 | 2,224,940 | (1,872,580) |
| Fund balance at beginning of year | <u>5,553,406</u> | <u>5,553,406</u> | <u>5,553,406</u> | <u>—</u> |
| Fund balance at end of year | <u>\$ 4,370,010</u> | <u>5,905,766</u> | <u>7,778,346</u> | <u>(1,872,580)</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Special Revenue Fund

Educational Consolidation and Improvement Act - Title I

Budgetary Comparison Schedule

Fiscal Year Ended June 30, 2001

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|------------------|---|
| Revenues - federal sources | \$ <u>1,520,609</u> | <u>1,679,515</u> | <u>1,447,534</u> | <u>(231,981)</u> |
| Expenditures - current: | | | | |
| Instruction - special programs | 851,310 | 857,221 | 802,241 | 54,980 |
| Support services: | | | | |
| Student services | 78,586 | 79,525 | 69,576 | 9,949 |
| Instructional staff support | 381,371 | 511,726 | 410,184 | 101,542 |
| General administration | 13,500 | 13,500 | 1,656 | 11,844 |
| Plant services | <u>155,521</u> | <u>140,682</u> | <u>94,917</u> | <u>45,765</u> |
| Total expenditures | <u>1,480,288</u> | <u>1,602,654</u> | <u>1,378,574</u> | <u>224,080</u> |
| Excess of revenues over expenditures | 40,321 | 76,861 | 68,960 | 7,901 |
| Total other financing uses - operating transfers out | <u>(40,321)</u> | <u>(76,861)</u> | <u>(68,960)</u> | <u>(7,901)</u> |
| Net change in fund balance | — | — | — | — |
| Fund balance at beginning of year | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balance at end of year | <u>\$ —</u> | <u>—</u> | <u>—</u> | <u>—</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Special Revenue Fund

School Lunch Fund

Budgetary Comparison Schedule

Fiscal Year Ended June 30, 2001

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|------------------|---|
| Revenues: | | | | |
| Local sources: | | | | |
| Sales and use tax | \$ 255,000 | 243,625 | 247,754 | 4,129 |
| Food sales | 248,286 | 218,150 | 217,779 | (371) |
| Interest earnings | 30,000 | 30,000 | 35,570 | 5,570 |
| Other | 9,000 | 9,000 | 7,016 | (1,984) |
| State sources: | | | | |
| State equalization | 451,602 | 566,977 | 566,977 | — |
| Other | — | — | 23,909 | 23,909 |
| Federal sources | <u>1,499,269</u> | <u>1,347,244</u> | <u>1,338,916</u> | <u>(8,328)</u> |
| Total revenues | <u>2,493,157</u> | <u>2,414,996</u> | <u>2,437,921</u> | <u>22,925</u> |
| Expenditures - current - food services: | | | | |
| Food costs | 837,000 | 797,000 | 777,161 | 19,839 |
| Salaries and related benefits | 1,476,904 | 1,427,391 | 1,466,357 | (38,966) |
| Materials and supplies | 70,000 | 60,000 | 62,035 | (2,035) |
| Equipment | 24,400 | 20,126 | 18,244 | 1,882 |
| Other | <u>84,853</u> | <u>91,170</u> | <u>100,248</u> | <u>(9,078)</u> |
| Total expenditures | <u>2,493,157</u> | <u>2,395,687</u> | <u>2,424,045</u> | <u>(28,358)</u> |
| Excess (deficiency) of revenues over (under) expenditures | — | 19,309 | 13,876 | (5,433) |
| Fund balance at beginning of year | <u>579,699</u> | <u>579,699</u> | <u>579,699</u> | — |
| Fund balance at end of year | <u>\$ 579,699</u> | <u>599,008</u> | <u>593,575</u> | <u>(5,433)</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Budgetary Comparison Schedules

Fiscal Year Ended June 30, 2001

Budget and Budgetary Accounting

The School Board utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (a) In May, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund, the Special Revenue Funds, the Capital Projects Funds, and the Debt Service Funds for the fiscal year commencing July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the school year, when deemed appropriate, but a balanced budget is always approved.
- (b) Appropriations in the General Fund and Special Revenue Funds lapse at the end of the fiscal year whereas encumbered appropriations are carried forward to the following year. Budgeted amounts are as originally adopted or as amended by the School Board.
- (c) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board resolution. The effects of budget revisions passed during the year were insignificant to the budgets as originally approved.

Reconciliation of the Budgetary Basis and the GAAP Basis

The School Board approves formal budgets for the General Fund and Special Revenue Funds. All budgets are prepared on the GAAP basis. For financial reporting purposes, expenditures are recognized as incurred and encumbrances are not reported as resources used. At June 30, 2001 and 2000, there were no encumbrances in the General Fund and Special Revenue Funds and, therefore, no differences between actual amounts and actual amounts on a budgetary basis for fiscal 2001.

Excess of Expenditures Over Budget – Major Funds

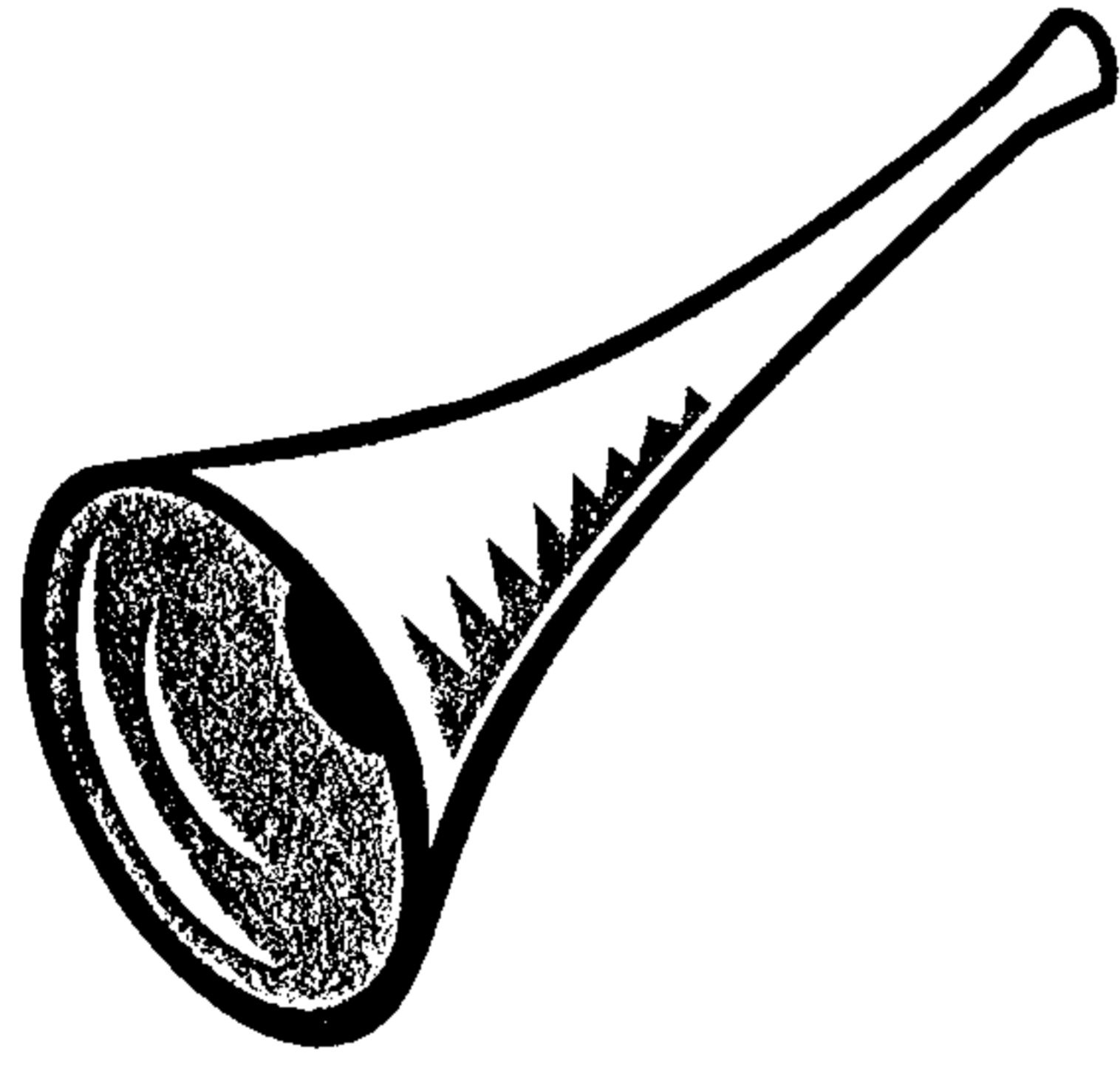
For the year ended June 30, 2001, the actual expenditures in the following fund exceeded budgeted appropriations:

| | |
|--------------|----------|
| School Lunch | \$28,358 |
|--------------|----------|

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

SUPPLEMENTAL INFORMATION



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

**COMBINING NONMAJOR GOVERNMENTAL FUNDS –
BY FUND TYPE**

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Governmental Funds
Combining Balance Sheet - By Fund Type
Governmental Activities

June 30, 2001

| Assets | <u>Special Revenue Funds</u> | <u>Debt Service Funds</u> | <u>Capital Project Funds</u> | <u>Total</u> |
|---|--------------------------------------|-----------------------------------|--------------------------------------|------------------|
| Cash | \$ 475,782 | 908,793 | 446,757 | 1,831,332 |
| Certificates of deposit | — | 748,500 | 730,000 | 1,478,500 |
| Receivables | <u>352,215</u> | <u>4,428</u> | <u>—</u> | <u>356,643</u> |
| Total assets | <u>\$ 827,997</u> | <u>1,661,721</u> | <u>1,176,757</u> | <u>3,666,475</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 52,236 | 863 | 9,505 | 62,604 |
| Salaries and wages payable | 81,717 | — | — | 81,717 |
| Due to other funds | <u>266,001</u> | <u>—</u> | <u>—</u> | <u>266,001</u> |
| Total liabilities | <u>399,954</u> | <u>863</u> | <u>9,505</u> | <u>410,322</u> |
| Fund balances: | | | | |
| Reserved for encumbrances | — | — | 24,032 | 24,032 |
| Reserved for debt service | — | 1,660,858 | — | 1,660,858 |
| Unreserved - designated for specific projects | — | — | 1,143,220 | 1,143,220 |
| Unreserved - undesignated | <u>428,043</u> | <u>—</u> | <u>—</u> | <u>428,043</u> |
| Total fund balances | <u>428,043</u> | <u>1,660,858</u> | <u>1,167,252</u> | <u>3,256,153</u> |
| Total liabilities and fund balances | <u>\$ 827,997</u> | <u>1,661,721</u> | <u>1,176,757</u> | <u>3,666,475</u> |

See accompanying independent auditors' report.

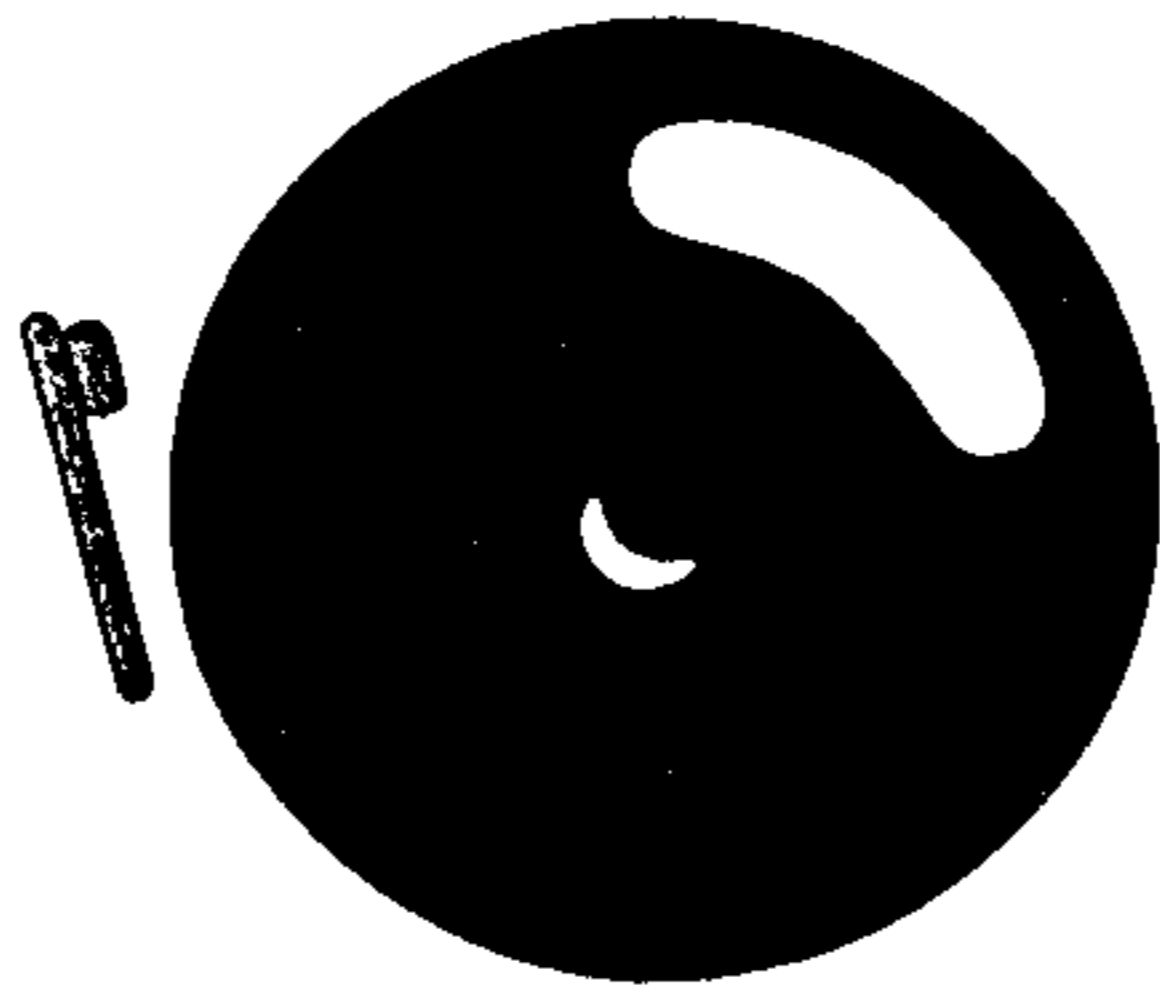
DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - By Fund Type
Governmental Activities

Fiscal Year Ended June 30, 2001

| | <u>Special Revenue Funds</u> | <u>Debt Service Funds</u> | <u>Capital Project Funds</u> | <u>Total</u> |
|---|--------------------------------------|-----------------------------------|--------------------------------------|------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Ad valorem taxes | \$ 1,184,550 | 1,883,090 | — | 3,067,640 |
| Sales and use tax | — | 1,020,423 | 218,345 | 1,238,768 |
| Interest earnings | 15,898 | 79,198 | 65,739 | 160,835 |
| State sources - other | 45,009 | 17,724 | — | 62,733 |
| Federal and other sources | <u>1,535,903</u> | <u>—</u> | <u>—</u> | <u>1,535,903</u> |
| Total revenues | <u>2,781,360</u> | <u>3,000,435</u> | <u>284,084</u> | <u>6,065,879</u> |
| Expenditures - current: | | | | |
| Instruction: | | | | |
| Special programs | 784,225 | — | — | 784,225 |
| Adult and continuing education programs | 150,432 | — | — | 150,432 |
| Support services: | | | | |
| Student services | 68,470 | — | — | 68,470 |
| Instructional staff support | 477,040 | — | — | 477,040 |
| General administration | 109,083 | 103,653 | 7,261 | 219,997 |
| Business services | 813 | — | 1,082 | 1,895 |
| Plant services | 1,121,838 | — | — | 1,121,838 |
| Student transportation services | 5,940 | — | — | 5,940 |
| Debt service: | | | | |
| Principal retirement | — | 2,188,000 | — | 2,188,000 |
| Interest and bank charges | — | 1,197,420 | — | 1,197,420 |
| Capital outlay - facilities acquisition and construction | <u>—</u> | <u>—</u> | <u>597,872</u> | <u>597,872</u> |
| Total expenditures | <u>2,717,841</u> | <u>3,489,073</u> | <u>606,215</u> | <u>6,813,129</u> |
| Excess (deficiency) of revenues over (under) expenditures | 63,519 | (488,638) | (322,131) | (747,250) |
| Other financing uses - operating transfers out | <u>(49,803)</u> | <u>—</u> | <u>—</u> | <u>(49,803)</u> |
| Net change in fund balances | 13,716 | (488,638) | (322,131) | (797,053) |
| Fund balances at beginning of year | <u>414,327</u> | <u>2,149,496</u> | <u>1,489,383</u> | <u>4,053,206</u> |
| Fund balances at end of year | <u>\$ 428,043</u> | <u>1,660,858</u> | <u>1,167,252</u> | <u>3,256,153</u> |

See accompanying independent auditors' report.



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

(Continued)

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

Learn for the 21st Century - Learn for the 21st Century is a federally funded program that attempts to build community support and a true community partnership to (1) restructure the local educational system, (2) engage in long term systemic change to better address the individual needs of students, teachers, administrators, parents, employers, and citizens within its community, and (3) address the National Educational Goals, especially goals related to high academic achievement for all children.

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

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

Comprehensive School Reform - Comprehensive School Reform is a federal program that aims to enable all children in the school served, particularly low-achieving children, to meet challenging state content and student performance standards.

Advanced Placement - Advanced Placement is a federal program that awards grants to states to cover part or all of the cost of advanced placement test fees to low income individuals who (1) are enrolled in an advanced placement class; and (2) plan to take an advancement placement test.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2001

| Assets | Educational Consolidation and Improvement Act Title VI | Education for Economic Security Act Title II | 7 Mill Maintenance Tax | Special Education | Head Start | Adult Basic Education | Vocational Education | Starting Points | Learn for the 21st Century | Literacy Challenge | America Reads | Comprehensive School Reform | Advanced Placement | Total |
|---|--|--|------------------------|-------------------|------------|-----------------------|----------------------|-----------------|----------------------------|--------------------|---------------|-----------------------------|--------------------|------------|
| | | | | | | | | | | | | | | |
| Cash | — | — | 473,608 | — | — | — | — | — | — | — | — | 2,174 | — | 475,782 |
| Receivables | 47,546 | 8,769 | 3,195 | 71,400 | 26,919 | 8,552 | 75,280 | 8,791 | 34,613 | 59,628 | 5,151 | 1,693 | 678 | 352,215 |
| Total assets | \$ 47,546 | \$ 8,769 | \$ 476,803 | \$ 71,400 | \$ 26,919 | \$ 8,552 | \$ 75,280 | \$ 8,791 | \$ 34,613 | \$ 59,628 | \$ 5,151 | \$ 3,867 | \$ 678 | \$ 827,997 |
| Liabilities and Fund Balances | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts payable | — | — | 48,760 | 90 | — | — | 3,386 | — | — | — | — | — | — | 52,236 |
| Salaries and wages payable | 28,061 | 667 | — | 20,815 | 7,351 | 2,455 | — | 7,604 | 9,733 | — | 3,419 | 1,612 | — | 81,717 |
| Due to other funds | 19,485 | 8,102 | — | 50,495 | 19,568 | 6,097 | 71,894 | 1,187 | 24,880 | 59,628 | 1,732 | 2,255 | 678 | 266,001 |
| Total liabilities | 47,546 | 8,769 | 48,760 | 71,400 | 26,919 | 8,552 | 75,280 | 8,791 | 34,613 | 59,628 | 5,151 | 3,867 | 678 | 399,954 |
| Fund balances - unreserved - undesignated | — | — | 428,043 | — | — | — | — | — | — | — | — | — | — | 428,043 |
| Total liabilities and fund balances | \$ 47,546 | \$ 8,769 | \$ 476,803 | \$ 71,400 | \$ 26,919 | \$ 8,552 | \$ 75,280 | \$ 8,791 | \$ 34,613 | \$ 59,628 | \$ 5,151 | \$ 3,867 | \$ 678 | \$ 827,997 |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2001

| | Educational Consolidation and Improvement Act Title VI | Education for Economic Security Act Title II | 7 Mill Maintenance Tax | Special Education | Head Start | Adult Basic Education | Vocational Education | Starting Points | Learn for the 21st Century | Literacy Challenge | America Reads | Comprehensive School Reform | Advanced Placement | Total |
|--|--|--|------------------------|-------------------|------------|-----------------------|----------------------|-----------------|----------------------------|--------------------|---------------|-----------------------------|--------------------|-----------|
| | | | | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | | | |
| Local sources: | | | | | | | | | | | | | | |
| Ad valorem taxes | — | — | 1,184,550 | — | — | — | — | — | — | — | — | — | — | 1,184,550 |
| Interest earnings | — | — | 15,898 | — | — | — | — | — | — | — | — | — | — | 15,898 |
| State sources - other | — | — | 45,009 | — | — | — | — | — | — | — | — | — | — | 45,009 |
| Federal and other sources | 288,687 | 39,454 | — | 532,043 | 58,061 | 79,046 | 90,268 | 51,215 | 122,259 | 198,047 | 19,364 | 48,971 | 8,488 | 1,535,903 |
| Total revenues | 288,687 | 39,454 | 1,245,457 | 532,043 | 58,061 | 79,046 | 90,268 | 51,215 | 122,259 | 198,047 | 19,364 | 48,971 | 8,488 | 2,781,360 |
| Expenditures - current: | | | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | | | |
| Special programs | 252,133 | — | — | 291,724 | 58,061 | — | — | 48,767 | 58,891 | — | 19,364 | 46,797 | 8,488 | 784,225 |
| Adult and continuing education programs | — | — | — | — | — | 76,067 | 74,365 | — | — | — | — | — | — | 150,432 |
| Support services: | | | | | | | | | | | | | | |
| Student services | 24,751 | — | — | 43,719 | — | — | — | — | — | — | — | — | — | 68,470 |
| Instructional staff support | 2,226 | 37,697 | 5,885 | 165,940 | — | — | 14,988 | — | 58,505 | 191,799 | — | — | — | 477,040 |
| General administration | — | — | 109,083 | — | — | — | — | — | — | — | — | — | — | 109,083 |
| Business services | — | — | 813 | — | — | — | — | — | — | — | — | — | — | 813 |
| Plant services | — | — | 1,111,719 | 10,119 | — | — | — | — | — | — | — | — | — | 1,121,838 |
| Student transportation services | — | — | 4,241 | 1,699 | — | — | — | — | — | — | — | — | — | 5,940 |
| Total expenditures | 279,110 | 37,697 | 1,231,741 | 513,201 | 58,061 | 76,067 | 89,353 | 48,767 | 117,396 | 191,799 | 19,364 | 46,797 | 8,488 | 2,717,841 |
| Excess of revenues over expenditures | 9,577 | 1,757 | 13,716 | 18,842 | — | 2,979 | 915 | 2,448 | 4,863 | 6,248 | — | 2,174 | — | 63,519 |
| Other financing sources (uses) - operating transfers out | (9,577) | (1,757) | — | (18,842) | — | (2,979) | (915) | (2,448) | (4,863) | (6,248) | — | (2,174) | — | (49,803) |
| Net change in fund balances | — | — | 13,716 | — | — | — | — | — | — | — | — | — | — | 13,716 |
| Fund balances at beginning of year | — | — | 414,327 | — | — | — | — | — | — | — | — | — | — | 414,327 |
| Fund balances at end of year | — | — | 428,043 | — | — | — | — | — | — | — | — | — | — | 428,043 |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Nonmajor Special Revenue Fund

Educational Consolidation and Improvement Act

Title VI

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------|----------------|---|
| Revenues - federal sources | \$ 362,009 | 288,687 | (73,322) |
| Expenditures - current: | | | |
| Instruction - special programs | 317,367 | 252,133 | 65,234 |
| Support services: | | | |
| Student services | 29,339 | 24,751 | 4,588 |
| Instructional staff support | 3,895 | 2,226 | 1,669 |
| Total expenditures | <u>350,601</u> | <u>279,110</u> | <u>71,491</u> |
| Excess of revenues over expenditures | 11,408 | 9,577 | (1,831) |
| Other financing uses - operating transfers out | <u>(11,408)</u> | <u>(9,577)</u> | <u>1,831</u> |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balance at end of year | <u>\$ —</u> | <u>—</u> | <u>—</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

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

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|---------------|---|
| Revenues - federal sources | \$ 46,533 | 39,454 | (7,079) |
| Expenditures - current - support services - instructional staff support | 44,595 | 37,697 | 6,898 |
| Excess of revenues over expenditures | 1,938 | 1,757 | (181) |
| Other financing uses - operating transfers out | (1,938) | (1,757) | 181 |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

7 Mill Maintenance Tax

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

Fiscal Year Ended June 30, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|------------------|--|
| Revenues: | | | |
| Local sources: | | | |
| Ad valorem tax | \$ 1,176,360 | 1,184,550 | 8,190 |
| Interest earnings | 15,200 | 15,898 | 698 |
| State sources - revenue sharing | 45,009 | 45,009 | — |
| Total revenues | 1,236,569 | 1,245,457 | 8,888 |
| Expenditures - current - support services: | | | |
| Instructional programs | 5,885 | 5,885 | — |
| General administration | 109,084 | 109,083 | 1 |
| Business services | 576 | 813 | (237) |
| Student transportation | 2,552 | 4,241 | (1,689) |
| Plant services | 1,214,844 | 1,111,719 | 103,125 |
| Total expenditures | 1,332,941 | 1,231,741 | 101,200 |
| Excess (deficiency) of revenues over (under) expenditures | (96,372) | 13,716 | 110,088 |
| Fund balance at beginning of year | 414,327 | 414,327 | — |
| Fund balance at end of year | \$ 317,955 | 428,043 | 110,088 |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

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

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

Fiscal Year Ended June 30, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|------------|----------|--|
| Revenues - federal sources | \$ 596,370 | 532,043 | (64,327) |
| Expenditures - current: | | | |
| Instruction - special programs | 332,895 | 291,724 | 41,171 |
| Support services: | | | |
| Student services | 49,435 | 43,719 | 5,716 |
| Instructional staff support | 168,627 | 165,940 | 2,687 |
| General administration | 500 | — | 500 |
| Plant services | 18,440 | 10,119 | 8,321 |
| Student transportation | 2,345 | 1,699 | 646 |
| Total expenditures | 572,242 | 513,201 | 59,041 |
| Excess of revenues over expenditures | 24,128 | 18,842 | (5,286) |
| Other financing uses - operating transfers out | (24,128) | (18,842) | 5,286 |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

Head Start

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|---------------|---|
| Revenues - federal sources | \$ 55,342 | 58,061 | 2,719 |
| Expenditures - current - instruction - special programs | 55,342 | 58,061 | (2,719) |
| Excess of revenues over expenditures | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

Adult Basic Education

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

Fiscal Year Ended June 30, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-----------|---------|--|
| Revenues - federal sources | \$ 79,953 | 79,046 | (907) |
| Expenditures - current - instruction - adult and continuing education programs | 76,830 | 76,067 | 763 |
| Excess of revenues over expenditures | 3,123 | 2,979 | (144) |
| Other financing uses - operating transfers out | (3,123) | (2,979) | 144 |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Nonmajor Special Revenue Fund

Vocational Education

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|---------------|---|
| Revenues - federal sources | \$ 90,383 | 90,268 | (115) |
| Expenditures - current: | | | |
| Instruction - adult and continuing education programs | 74,424 | 74,365 | 59 |
| Support services - instructional staff support | 15,043 | 14,988 | 55 |
| Total expenditures | <u>89,467</u> | <u>89,353</u> | <u>114</u> |
| Excess of revenues over expenditures | 916 | 915 | (1) |
| Other financing uses - operating transfers out | <u>(916)</u> | <u>(915)</u> | <u>1</u> |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balance at end of year | <u>\$ —</u> | <u>—</u> | <u>—</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Nonmajor Special Revenue Fund

Starting Points

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--------------------|-----------------|---|
| Revenues - federal sources | \$ <u>51,215</u> | <u>51,215</u> | <u>—</u> |
| Expenditures - current - instruction - special programs | <u>48,767</u> | <u>48,767</u> | <u>—</u> |
| Excess of revenues over expenditures | 2,448 | 2,448 | — |
| Other financing uses - operating transfers out | <u>(2,448)</u> | <u>(2,448)</u> | <u>—</u> |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balance at end of year | \$ <u><u>—</u></u> | <u><u>—</u></u> | <u><u>—</u></u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

Learn for the 21st Century

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

Fiscal Year Ended June 30, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|------------|---------|--|
| Revenues - federal sources | \$ 150,332 | 122,259 | (28,073) |
| Expenditures - current: | | | |
| Instruction - special programs | 85,625 | 58,891 | 26,734 |
| Support services: | | | |
| Instructional staff support | 59,746 | 58,505 | 1,241 |
| Total expenditures | 145,371 | 117,396 | 27,975 |
| Excess of revenues over expenditures | 4,961 | 4,863 | (98) |
| Other financing uses - operating transfers out | (4,961) | (4,863) | 98 |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Nonmajor Special Revenue Fund

Literacy Challenge

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|---------------|---|
| Revenues - federal sources | \$ 235,023 | 198,047 | (36,976) |
| Expenditures - current - support services - instructional staff support | 227,037 | 191,799 | 35,238 |
| Excess of revenues over expenditures | 7,986 | 6,248 | (1,738) |
| Other financing uses - operating transfers out | (7,986) | (6,248) | 1,738 |
| Net change in fund balance | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Special Revenue Fund

America Reads

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|---------------|---|
| Revenues - federal sources | \$ 26,640 | 19,364 | (7,276) |
| Expenditures - current - instruction - special programs | 26,640 | 19,364 | 7,276 |
| Excess of revenues over expenditures | — | — | — |
| Fund balance at beginning of year | — | — | — |
| Fund balance at end of year | \$ — | — | — |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Nonmajor Special Revenue Fund

Comprehensive School Reform

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------------|-------------------|---|
| Revenues - federal sources | \$ <u>62,318</u> | <u>48,971</u> | <u>(13,347)</u> |
| Expenditures - current - instruction - special programs | <u>59,508</u> | <u>46,797</u> | <u>12,711</u> |
| Excess of revenues over expenditures | 2,810 | 2,174 | (636) |
| Other financing uses - operating transfers out | <u>(2,810)</u> | <u>(2,174)</u> | <u>636</u> |
| Net change in fund balance | --- | --- | --- |
| Fund balance at beginning of year | <u>---</u> | <u>---</u> | <u>---</u> |
| Fund balance at end of year | \$ <u><u>---</u></u> | <u><u>---</u></u> | <u><u>---</u></u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Nonmajor Special Revenue Fund

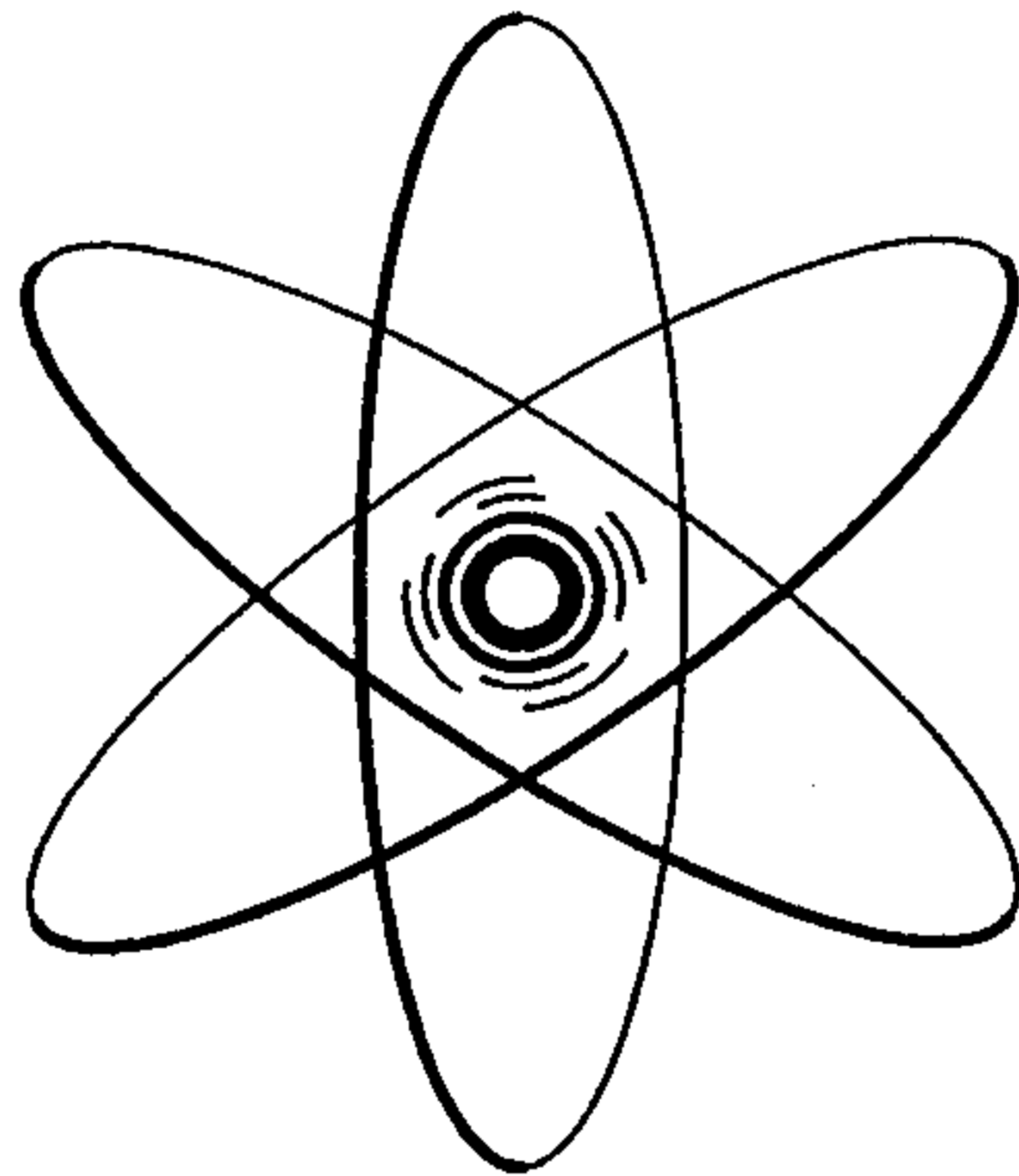
Advanced Placement

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

Fiscal Year Ended June 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--------------------|-----------------|---|
| Revenues - federal sources | \$ <u>8,818</u> | <u>8,488</u> | <u>(330)</u> |
| Expenditures - current - instruction - special programs | <u>8,818</u> | <u>8,488</u> | <u>330</u> |
| Excess of revenues over expenditures | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balance at beginning of year | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balance at end of year | \$ <u><u>—</u></u> | <u><u>—</u></u> | <u><u>—</u></u> |

See accompanying independent auditors' report.



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

NONMAJOR DEBT SERVICE FUNDS

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2001

| Assets | School Districts | | | | | | | | | | Total |
|---|-------------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|------------------|
| | No. 1 | No. 2 1980 | No. 2 1987 | No. 2 1992 | No. 2 1997 | No. 3 1988 | No. 3 1990 | No. 3 1994 | No. 4 | No. 5 | |
| Cash | 251,842 | 17,313 | 33,903 | 174,923 | 84,497 | 45,125 | 12,818 | 14,118 | 222,052 | 52,202 | 908,793 |
| Investments - certificates of deposit | 9,500 | — | 50,000 | 29,000 | — | 80,000 | — | — | 580,000 | — | 748,500 |
| Receivables | 537 | — | — | 709 | 40 | 223 | — | 40 | 2,236 | 643 | 4,428 |
| Total assets | \$ 261,879 | 17,313 | 83,903 | 204,632 | 84,537 | 125,348 | 12,818 | 14,158 | 804,288 | 52,845 | 1,661,721 |
| Liability and Fund Balances | | | | | | | | | | | |
| Liability - accounts payable | 38 | — | — | 787 | — | — | — | — | 38 | — | 863 |
| Fund balances - reserved for debt service | 261,841 | 17,313 | 83,903 | 203,845 | 84,537 | 125,348 | 12,818 | 14,158 | 804,250 | 52,845 | 1,660,858 |
| Total liability and fund balances | \$ 261,879 | 17,313 | 83,903 | 204,632 | 84,537 | 125,348 | 12,818 | 14,158 | 804,288 | 52,845 | 1,661,721 |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Debt Service Funds

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

Fiscal Year Ended June 30, 2001

| | School Districts | | | | | | | | | | Total | |
|---|------------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|------------------|----------------|----------|------------------|
| | No. 1 | No. 2 | | No. 3 | | No. 4 | | No. 5 | | | | |
| | Issue | 1987 | Issue | 1992 | Issue | 1997 | Issue | 1988 | Issue | 1990 | Issue | 1994 |
| Revenues: | | | | | | | | | | | | |
| Local sources: | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Ad valorem | \$ 316,126 | — | — | 427,186 | 123,917 | 23,938 | — | 22,033 | 845,740 | 124,150 | — | 1,883,090 |
| Sales and use | 135,000 | 24,483 | 164,537 | — | 64,700 | 150,825 | 19,000 | — | 400,000 | 61,878 | — | 1,020,423 |
| Interest earnings | 12,733 | 931 | 4,762 | 18,014 | 7,204 | 4,486 | 851 | 829 | 27,999 | 1,389 | — | 79,198 |
| State sources - revenue sharing | — | — | — | 17,724 | — | — | — | — | — | — | — | 17,724 |
| Total revenues | 463,859 | 25,414 | 169,299 | 462,924 | 195,821 | 179,249 | 19,851 | 22,862 | 1,273,739 | 187,417 | — | 3,000,435 |
| Expenditures: | | | | | | | | | | | | |
| Current - support services - | | | | | | | | | | | | |
| general administration | 16,519 | 816 | 5,480 | 15,510 | 6,854 | 5,885 | 633 | 838 | 44,321 | 6,797 | — | 103,653 |
| Debt service: | | | | | | | | | | | | |
| Principal retirement | 325,000 | 25,000 | 120,000 | 540,000 | 140,000 | 75,000 | 13,000 | 10,000 | 830,000 | 110,000 | — | 2,188,000 |
| Interest and bank charges | 189,635 | 7,491 | 56,659 | 161,800 | 83,033 | 119,152 | 9,924 | 15,150 | 483,729 | 70,847 | — | 1,197,420 |
| Total expenditures | 531,154 | 33,307 | 182,139 | 717,310 | 229,887 | 200,037 | 23,557 | 25,988 | 1,358,050 | 187,644 | — | 3,489,073 |
| Deficiency of revenues under expenditures | (67,295) | (7,893) | (12,840) | (254,386) | (34,066) | (20,788) | (3,706) | (3,126) | (84,311) | (227) | — | (488,638) |
| Fund balances at beginning of year | 329,136 | 25,206 | 96,743 | 458,231 | 159,414 | 105,325 | 16,524 | 17,284 | 888,561 | 53,072 | — | 2,149,496 |
| Fund balances at end of year | \$ 261,841 | 17,313 | 83,903 | 203,845 | 125,348 | 84,537 | 12,818 | 14,158 | 804,250 | 52,845 | — | 1,660,858 |

See accompanying independent auditors' report.



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

NONMAJOR CAPITAL PROJECTS FUNDS

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Nonmajor Capital Projects Funds
Combining Balance Sheet

June 30, 2001

| Assets | School Districts | | | | | Total |
|---|------------------|----------------|----------------|----------------|----------------|------------------|
| | No. 1 | No. 2 | No. 3 | No. 4 | No. 5 | |
| Cash | 140,863 | 200,428 | 21,632 | 75,456 | 8,378 | 446,757 |
| Investments - certificates of deposit | — | 100,000 | 80,000 | 400,000 | 150,000 | 730,000 |
| Total assets | <u>140,863</u> | <u>300,428</u> | <u>101,632</u> | <u>475,456</u> | <u>158,378</u> | <u>1,176,757</u> |
| Liability and Fund Balances | | | | | | |
| Liability - accounts payable | — | 2,705 | — | 6,800 | — | 9,505 |
| Fund balances: | | | | | | |
| Reserved for encumbrances | — | — | 2,188 | 21,844 | — | 24,032 |
| Unreserved - designated for specific projects | 140,863 | 297,723 | 99,444 | 446,812 | 158,378 | 1,143,220 |
| Total fund balances | <u>140,863</u> | <u>297,723</u> | <u>101,632</u> | <u>468,656</u> | <u>158,378</u> | <u>1,167,252</u> |
| Total liability and fund balances | <u>140,863</u> | <u>300,428</u> | <u>101,632</u> | <u>475,456</u> | <u>158,378</u> | <u>1,176,757</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

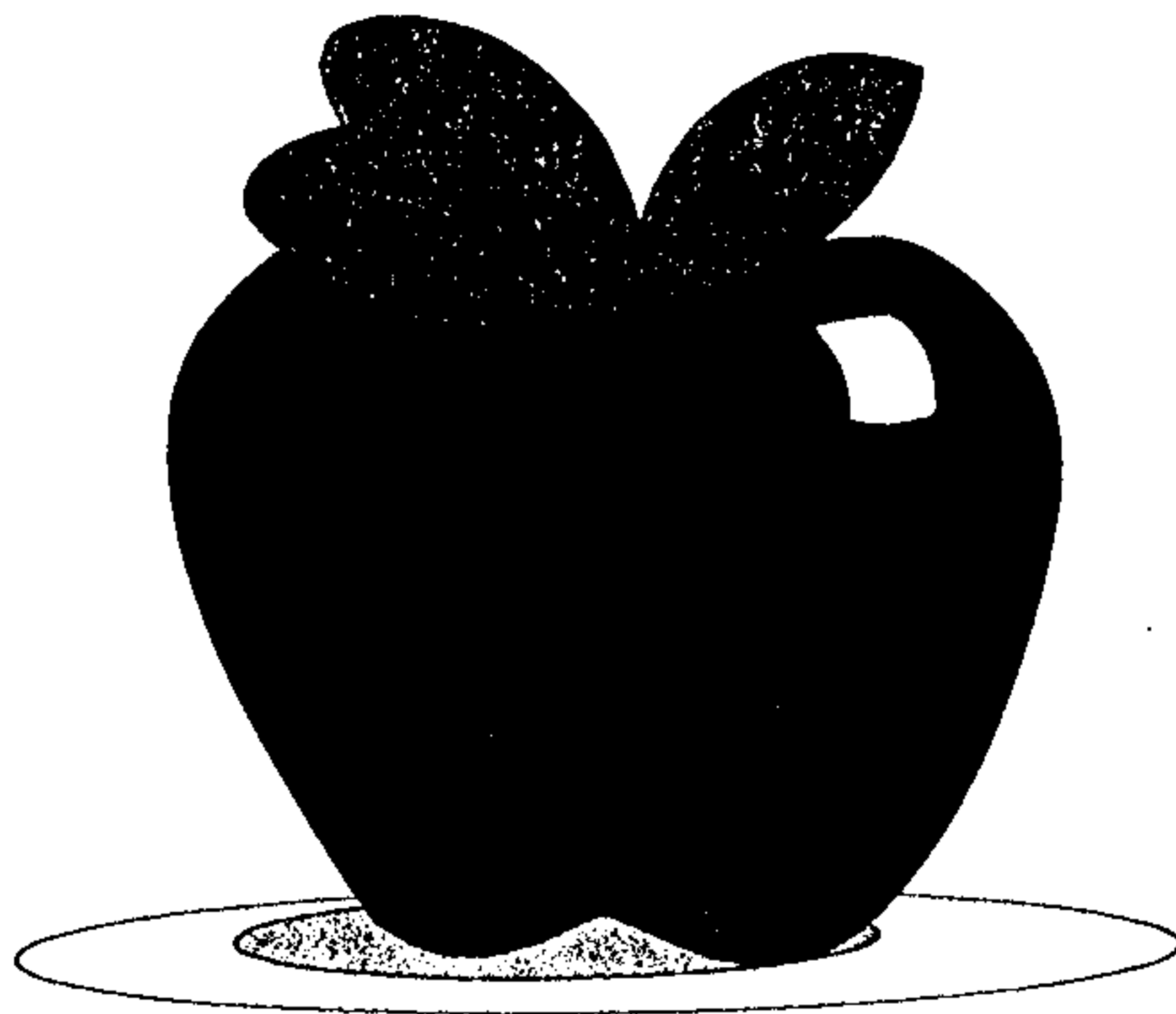
Nonmajor Capital Projects Funds

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

For the Year Ended June 30, 2001

| | School Districts | | | | | Total |
|---|-------------------|----------------|----------------|----------------|----------------|------------------|
| | No. 1 | No. 2 | No. 3 | No. 4 | No. 5 | |
| Revenues - local sources: | | | | | | |
| Sales and use taxes | \$ 57,122 | 3,822 | 9,183 | 147,522 | 696 | 218,345 |
| Interest earnings | <u>5,725</u> | <u>18,026</u> | <u>5,688</u> | <u>26,833</u> | <u>9,467</u> | <u>65,739</u> |
| Total revenues | <u>62,847</u> | <u>21,848</u> | <u>14,871</u> | <u>174,355</u> | <u>10,163</u> | <u>284,084</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General administration | 1,901 | 123 | 305 | 4,910 | 22 | 7,261 |
| Business services | 91 | 740 | 48 | 169 | 34 | 1,082 |
| Capital outlay - facilities acquisition and construction | <u>39,325</u> | <u>154,286</u> | <u>30,497</u> | <u>357,813</u> | <u>15,951</u> | <u>597,872</u> |
| Total expenditures | <u>41,317</u> | <u>155,149</u> | <u>30,850</u> | <u>362,892</u> | <u>16,007</u> | <u>606,215</u> |
| Excess (deficiency) of revenues over (under) expenditures | 21,530 | (133,301) | (15,979) | (188,537) | (5,844) | (322,131) |
| Fund balances at beginning of year | <u>119,333</u> | <u>431,024</u> | <u>117,611</u> | <u>657,193</u> | <u>164,222</u> | <u>1,489,383</u> |
| Fund balances at end of year | <u>\$ 140,863</u> | <u>297,723</u> | <u>101,632</u> | <u>468,656</u> | <u>158,378</u> | <u>1,167,252</u> |

See accompanying independent auditors' report.



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

FIDUCIARY FUND -- SCHOOL ACTIVITY AGENCY FUND

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

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

School Activity Agency Fund

Statement of Changes in Assets and Liabilities

Year ended June 30, 2001

| Assets | Balance July 1, 2000 | Additions | Deductions | Balance June 30, 2001 |
|---------------------------------------|---------------------------------|------------------|-------------------|----------------------------------|
| Cash | \$ 253,368 | 956,808 | 945,662 | 264,514 |
| Investments - certificates of deposit | <u>25,000</u> | <u>—</u> | <u>—</u> | <u>25,000</u> |
| Total assets | <u>\$ 278,368</u> | <u>956,808</u> | <u>945,662</u> | <u>289,514</u> |
| Liabilities | | | | |
| Accounts payable | \$ 13,495 | 23,249 | 13,495 | 23,249 |
| Deposits due others | <u>264,873</u> | <u>933,559</u> | <u>932,167</u> | <u>266,265</u> |
| Total liabilities | <u>\$ 278,368</u> | <u>956,808</u> | <u>945,662</u> | <u>289,514</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Fiscal Year Ended June 30, 2001

CAPITAL ASSETS INFORMATION

The Capital Assets schedule records the fixed assets of the School Board which are used in governmental fund-type operations.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Capital Assets - By Sources

June 30, 2001
(with comparative amounts for June 30, 2000)

| | 2001 | 2000 |
|--|---------------|------------|
| Capital assets: | | |
| Land | \$ 1,210,645 | 1,210,645 |
| Land improvements | 2,463,987 | 2,320,643 |
| Buildings and improvements | 50,177,907 | 49,861,928 |
| Furniture and equipment | 1,109,183 | 1,083,126 |
| Transportation equipment | 1,413,873 | 1,050,045 |
| Construction in progress | 5,873 | — |
| | \$ 56,381,468 | 55,526,387 |
| Investment in general fixed assets: | | |
| Capital Projects Funds | \$ 52,921,829 | 52,456,633 |
| General Fund | 2,748,068 | 2,358,183 |
| School Lunch Fund | 183,858 | 183,858 |
| Federal aid | 279,862 | 279,862 |
| State aid | 5,838 | 5,838 |
| Gifts and donations | 236,947 | 236,947 |
| School Activity Agency Fund | 5,066 | 5,066 |
| | \$ 56,381,468 | 55,526,387 |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Capital Assets - By Function and Activity

June 30, 2001

| Function and Activity | <u>Total</u> | <u>Land and Land Improvements</u> | <u>Buildings and Improvements</u> | <u>Furniture and Equipment</u> | <u>Transportation Equipment</u> |
|---|----------------------|---|---|--|-------------------------------------|
| Instruction: | | | | | |
| High schools | \$ 28,526,032 | 1,886,652 | 26,398,535 | 240,845 | — |
| Middle schools | 19,651,723 | 944,190 | 18,554,615 | 152,918 | — |
| Elementary schools | 3,357,860 | 550,799 | 2,600,266 | 206,795 | — |
| Adult education | <u>157,086</u> | <u>2,362</u> | <u>146,300</u> | <u>8,424</u> | <u>—</u> |
| Total instruction | <u>51,692,701</u> | <u>3,384,003</u> | <u>47,699,716</u> | <u>608,982</u> | <u>—</u> |
| General and school administration | 798,465 | 163,407 | 398,191 | 236,867 | — |
| Plant and maintenance | 2,352,929 | 127,222 | 1,962,373 | 263,334 | — |
| Food service equipment | 123,500 | — | 123,500 | — | — |
| Transportation equipment | <u>1,413,873</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>1,413,873</u> |
| Total capital assets allocated to functions | <u>\$ 56,381,468</u> | <u>3,674,632</u> | <u>50,183,780</u> | <u>1,109,183</u> | <u>1,413,873</u> |

See accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Changes in Capital Assets -
By Function and Activity

Year ended June 30, 2001

| Function and Activity | Balance July 1, 2000 | Additions | Retirements | Balance June 30, 2001 |
|-----------------------------------|-------------------------|----------------|-------------|--------------------------|
| Instruction: | | | | |
| High schools | \$ 28,060,836 | 465,196 | — | 28,526,032 |
| Middle schools | 19,651,723 | — | — | 19,651,723 |
| Elementary schools | 3,348,459 | 9,401 | — | 3,357,860 |
| Adult education | 157,086 | — | — | 157,086 |
| Total instruction | <u>51,218,104</u> | <u>474,597</u> | <u>—</u> | <u>51,692,701</u> |
| General and school administration | 791,766 | 6,699 | — | 798,465 |
| Plant and maintenance | 2,342,972 | 9,957 | — | 2,352,929 |
| Food service equipment | 123,500 | — | — | 123,500 |
| Transportation equipment | <u>1,050,045</u> | <u>363,828</u> | <u>—</u> | <u>1,413,873</u> |
| Total general fixed assets | <u>\$ 55,526,387</u> | <u>855,081</u> | <u>—</u> | <u>56,381,468</u> |

See accompanying independent auditors' report.

**STATISTICAL
SECTION**

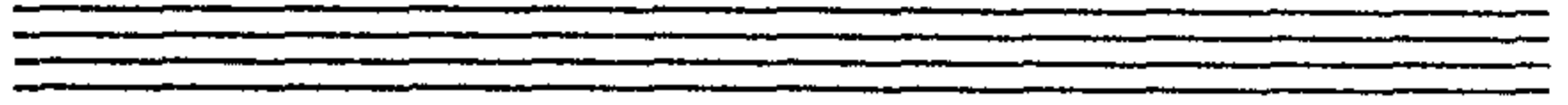


Table 1

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

Fiscal Years Ended June 30, 1992 through June 30, 2001

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operations: | | | | | | | | | | |
| Instruction services | \$ 12,287,669 | 12,986,454 | 13,174,552 | 13,915,833 | 14,828,112 | 16,282,766 | 17,608,820 | 19,322,338 | 19,016,460 | 18,746,301 |
| Support services: | | | | | | | | | | |
| Student services | 688,389 | 769,105 | 784,450 | 934,658 | 915,765 | 945,098 | 1,056,295 | 1,065,527 | 1,035,654 | 1,063,943 |
| Instructional staff support | 978,373 | 1,094,456 | 1,195,530 | 1,221,433 | 1,343,386 | 1,472,172 | 1,758,463 | 1,912,510 | 2,040,958 | 2,067,007 |
| General administration | 653,823 | 676,991 | 708,649 | 723,702 | 720,813 | 747,544 | 870,633 | 898,690 | 954,797 | 980,260 |
| School administration | 1,224,977 | 1,148,965 | 1,133,639 | 1,222,054 | 1,324,920 | 1,529,030 | 1,713,535 | 1,896,516 | 1,773,945 | 1,855,898 |
| Business services | 283,370 | 293,345 | 318,764 | 355,562 | 332,472 | 374,265 | 413,776 | 404,018 | 439,879 | 438,413 |
| Plant services | 1,825,874 | 2,055,899 | 2,097,586 | 2,302,026 | 2,465,109 | 2,844,566 | 3,036,721 | 3,210,512 | 3,083,458 | 3,201,451 |
| Student transportation services | 1,842,992 | 1,986,245 | 1,968,953 | 2,056,127 | 2,456,550 | 2,467,803 | 2,591,082 | 2,925,530 | 2,686,079 | 2,865,742 |
| Food services | 1,827,139 | 2,012,508 | 1,996,969 | 2,108,407 | 2,170,171 | 2,282,209 | 2,367,695 | 2,516,389 | 2,359,759 | 2,424,045 |
| Central services | 132,951 | 102,676 | 97,124 | 97,039 | 98,009 | 84,815 | 80,887 | 86,126 | 109,658 | 114,432 |
| Community service programs | — | 7,819 | — | — | — | — | — | — | — | — |
| Facilities acquisition and construction | 6,858,343 | 7,573,513 | 9,730,358 | 2,618,369 | 956,886 | 674,325 | 2,256,143 | 1,687,488 | 560,090 | 597,872 |
| Debt service: | | | | | | | | | | |
| Advance refunding escrow | — | 32,178 | 184,856 | 6,629 | 15,135 | — | — | 85,490 | — | — |
| Principal retired | 895,000 | 981,000 | 1,111,000 | 1,512,000 | 1,507,000 | 1,573,000 | 1,729,000 | 1,914,000 | 2,069,000 | 2,188,000 |
| Bond issuance cost | — | 54,685 | — | 16,555 | — | — | — | — | — | — |
| Interest and bank charges | 2,258,931 | 2,295,937 | 1,805,014 | 1,872,073 | 1,763,908 | 1,573,068 | 1,521,446 | 1,369,681 | 1,265,549 | 1,197,420 |
| Total expenditures | \$ 31,757,831 | 34,071,776 | 36,307,444 | 30,962,467 | 30,898,236 | 32,850,661 | 37,004,496 | 39,294,815 | 37,395,286 | 37,740,784 |

Notes:

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

Unaudited - see accompanying independent auditors' report.

Table 2

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

Fiscal Years Ended June 30, 1992 through June 30, 2001

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|--------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Local sources: | | | | | | | | | | |
| Ad valorem taxes | \$ 5,082,427 | 6,130,477 | 6,190,940 | 6,528,984 | 6,235,525 | 6,045,141 | 9,379,390 | 8,782,764 | 9,861,342 | 10,033,493 |
| Sales and use taxes | 3,105,528 | 3,277,858 | 3,677,488 | 4,798,005 | 7,137,179 | 4,679,281 | 5,270,947 | 5,572,154 | 4,969,660 | 4,955,074 |
| Interest earnings | 1,147,555 | 693,686 | 479,014 | 508,598 | 572,534 | 557,637 | 649,739 | 647,778 | 674,223 | 695,705 |
| Insurance proceeds | — | — | — | — | — | 13,883 | 10,318 | — | — | — |
| Rentals, leases, and royalties | 2,943 | 6,285 | 6,539 | 17,436 | 10,930 | 88,336 | 877,156 | 120,505 | 655,143 | 124,030 |
| Tuition | 27,456 | 28,630 | 33,510 | 44,406 | 38,979 | 40,400 | 29,829 | 31,990 | 30,452 | 38,055 |
| Food service | 190,355 | 187,973 | 196,300 | 233,993 | 245,432 | 228,858 | 265,120 | 258,636 | 217,487 | 224,795 |
| Other | 64,718 | 16,696 | 52,773 | 45,361 | 42,176 | 30,244 | 29,016 | 192,959 | 118,586 | 105,291 |
| State sources: | | | | | | | | | | |
| State equalization | 12,425,204 | 12,873,766 | 13,276,865 | 13,754,615 | 14,048,389 | 14,621,758 | 16,053,056 | 16,138,415 | 15,845,700 | 17,445,447 |
| Other | 975,187 | 961,910 | 881,256 | 1,363,063 | 1,108,900 | 925,203 | 1,343,511 | 1,581,725 | 1,244,519 | 1,234,466 |
| Federal and other sources | 2,911,420 | 3,134,622 | 3,231,438 | 3,365,320 | 3,496,976 | 3,419,212 | 3,555,321 | 3,763,317 | 3,954,091 | 4,326,191 |
| Judgments | — | — | — | — | — | — | 25,000 | — | — | — |
| Total revenues | \$ 25,932,793 | 27,311,903 | 28,026,123 | 30,659,781 | 32,937,020 | 30,649,953 | 37,488,403 | 37,090,243 | 37,571,203 | 39,182,547 |

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

Unaudited - see accompanying independent auditors' report.

Table 3

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Property Tax Levies and Collections (1)

Fiscal Years Ended June 30, 1992 through June 30, 2001

| Tax Year | School Year Ended June 30, | Net School Board Portion of Total Parish Tax Assessment (2) | Current Tax Collections | Percent of Tax Levy Collected | | Delinquent Taxes Collected | | Total Taxes, Interest, and Penalty Collected | Total Collections as a Percent of Current Tax Levy (3) |
|----------|----------------------------|---|-------------------------|-------------------------------|-----------|----------------------------|----------------------|--|--|
| | | | | Collected | Tax Levy | Delinquent Taxes | Interest and Penalty | | |
| 1991 | 1992 | \$ 5,127,448 | 5,064,005 | 98.76 | \$ 17,477 | 945 | 5,082,427 | 99.12 | |
| 1992 | 1993 | 6,033,146 | 6,021,613 | 99.81 | 15,924 | 3,112 | 6,040,649 | 100.12 | |
| 1993 | 1994 | 6,107,923 | 6,091,424 | 99.73 | 5,801 | 2,639 | 6,099,864 | 99.87 | |
| 1994 | 1995 | 6,416,514 | 6,424,164 | 100.12 | 3,930 | 4,137 | 6,432,231 | 100.24 | |
| 1995 | 1996 | 6,141,301 | 6,132,177 | 99.85 | 8,268 | 7,639 | 6,148,084 | 100.11 | |
| 1996 | 1997 | 5,939,622 | 5,939,050 | 99.99 | 5,652 | 7,804 | 5,952,506 | 100.21 | |
| 1997 | 1998 | 9,139,055 | 8,786,688 | 96.15 | 48,440 | 25,158 | 8,860,286 | 96.95 | |
| 1998 | 1999 | 8,585,441 | 8,258,909 | 96.20 | 10,897 | 19,648 | 8,289,454 | 96.55 | |
| 1999 | 2000 | 9,654,706 | 9,577,462 | 99.20 | 16,343 | 19,561 | 9,613,366 | 99.57 | |
| 2000 | 2001 | 9,942,862 | 9,440,697 | 94.95 | 94,084 | 6,574 | 9,541,355 | 95.96 | |

Notes:

- (1) Information provided by DeSoto Parish Sheriff (ex officio tax collector).
- (2) Includes all adjustments to original levy.
- (3) Percentages collected greater than 100% are due to collection of prior years' taxes.

Unaudited - see accompanying independent auditors' report.

Table 4

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Assessed and Estimated Actual Value of Taxable Property

Fiscal Years Ended June 30, 1992 through June 30, 2001

| <u>Fiscal Year</u> | <u>Assessed Value (2)</u> | <u>Estimated Actual Value</u> | <u>Ratio of Assessed Value to Estimated Actual Value</u> |
|--------------------|---------------------------|-------------------------------|--|
| 1992 | \$ 79,090,964 | 934,482,262 | 8.5% |
| 1993 | 109,239,877 | 1,302,154,294 (3) | 8.4% |
| 1994 | 110,937,587 | 1,336,869,702 | 8.3% |
| 1995 | 112,209,519 | 1,351,921,915 | 8.3% |
| 1996 | 114,436,862 | 1,378,757,373 | 8.3% |
| 1997 | 119,614,363 | 1,000,000,000 | 11.9% |
| 1998 | 191,766,993 | 1,600,000,000 (3) | 12.0% |
| 1999 | 191,126,014 | 1,648,000,000 | 11.6% |
| 2000 | 197,987,842 | 1,643,200,800 | 12.0% |
| 2001 | 197,016,882 | 1,637,822,000 | 12.0% |

Notes:

- (1) Information provided by DeSoto Parish Tax Assessor.
- (2) Assessed values are established by the DeSoto Parish Tax Assessor on January 1st of each year at approximately 10-15% of actual market value, depending upon the property classification. A revaluation of the property is required to be completed no less than every four year. The last revaluation was completed as of January 1, 2000 for the tax roll of 2000. A revaluation will be completed for taxes due 2003.
- (3) Significant increases in the estimated actual value are due to the addition to the tax rolls of previously exempted businesses.

Unaudited - see accompanying independent auditors' report.

Table 5

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

Fiscal Years Ended June 30, 1992 through June 30, 2001

| Fiscal Year | Tax Rates Per \$1,000 of Assessed Value (2) | | | | Tax Levies (3) | | | | Total |
|-------------|---|-------------|--------------|---------|----------------|-------------|------------------|-----------|------------|
| | Assessor | Police Jury | School Board | Sheriff | Assessor | Police Jury | School Board (4) | Sheriff | |
| 1992 | \$ 3.33 | 8.31 | 48.41 | 12.52 | \$ 188,044 | 469,262 | 2,733,690 | 706,999 | 4,097,995 |
| 1993 | 3.45 | 8.61 | 40.41 | 12.97 | 298,706 | 745,465 | 3,498,752 | 1,122,960 | 5,665,883 |
| 1994 | 3.45 | 8.61 | 40.41 | 12.97 | 303,107 | 756,534 | 3,550,296 | 1,139,504 | 5,749,441 |
| 1995 | 3.45 | 9.66 | 44.41 | 12.97 | 306,156 | 857,238 | 3,940,985 | 1,150,970 | 6,255,349 |
| 1996 | 3.45 | 9.66 | 44.41 | 12.97 | 312,225 | 874,231 | 4,019,112 | 1,173,786 | 6,379,354 |
| 1997 | 3.37 | 13.66 | 41.13 | 12.97 | 559,989 | 2,268,000 | 6,833,000 | 2,154,000 | 11,814,989 |
| 1998 | 3.37 | 13.74 | 41.16 | 12.97 | 556,050 | 2,267,100 | 6,567,000 | 2,140,050 | 11,530,200 |
| 1999 | 3.37 | 18.25 | 39.80 | 12.97 | 575,511 | 2,170,547 | 7,565,324 | 2,214,949 | 12,526,331 |
| 2000 | 3.40 | 18.40 | 44.30 | 13.10 | 574,332 | 3,108,150 | 8,033,903 | 2,212,870 | 13,929,255 |
| 2001 | 3.40 | 22.41 | 47.56 | 13.10 | 571,201 | 3,764,883 | 7,990,096 | 2,200,804 | 14,526,984 |

Notes:

- (1) Includes all parishwide property taxes. Does not include property taxes assessed for (a) individual school districts, (b) municipalities, (c) water districts, (d) fire districts, (e) forestry districts, and (f) levee districts.
- (2) Information provided by DeSoto Parish Tax Assessor.
- (3) Per original tax roll as filed by DeSoto Parish Tax Assessor.
- (4) Does not include property tax levies assessed for individual school districts.

Unaudited - see accompanying independent auditors' report.

Table 6

DESOTO PARISH SCHOOL BOARD
 Mansfield, Louisiana
 Sales and Use Tax Levies and Collections - All Governments (1)
 Fiscal Years Ended June 30, 1992 through June 30, 2001

| Fiscal Year | Sales and Use Tax Rates | | | | | | | | | | Tax Collections | | | | |
|-------------|-------------------------|-------------|-------------|-----------|----------------|----------------|-----------|-------|-----------|-------|-----------------|-----------|-------------------|---------|------------|
| | Parishwide | | | | | Municipalities | | | | | Municipalities | | | | |
| | School Board | Police Jury | Police Jury | Other (3) | Total Rate (2) | Mansfield | Mansfield | Other | Mansfield | Other | Mansfield | Other | Total Collections | | |
| 1992 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | \$ | 3,105,528 | 1,552,542 | 527,787 | 167,761 | 5,353,618 |
| 1993 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 3,277,858 | 1,638,972 | 531,670 | 179,405 | 5,627,905 |
| 1994 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 3,677,488 | 1,839,592 | 596,604 | 210,073 | 6,323,757 |
| 1995 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 4,798,005 | 2,225,477 | 631,688 | 212,580 | 7,867,750 |
| 1996 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 7,137,179 | 2,579,834 | 693,659 | 213,426 | 10,624,098 |
| 1997 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 4,679,281 | 2,039,211 | 637,257 | 217,351 | 7,573,100 |
| 1998 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 5,270,947 | 2,591,823 | 721,383 | 235,472 | 8,819,625 |
| 1999 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 5,572,154 | 2,786,415 | 760,193 | 324,501 | 9,443,263 |
| 2000 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 4,969,660 | 2,478,680 | 744,160 | 294,298 | 8,486,798 |
| 2001 | 2% | 1 | 1 | 3 | 4 | 1 | 1 | 3 | 4 | | 4,955,074 | 2,453,442 | 743,018 | 301,348 | 8,452,882 |

Notes:

- (1) Information provided by the DeSoto Parish Sales and Use Tax Commission.
- (2) This rate represents the maximum amount that may be assessed by local taxing authorities. These rates do not include the state sales and use tax rate.
- (3) Includes 1% each for Logansport, South Mansfield, and Stonewall. New sales and use tax levies of 1% each for Grand Cane and Keatchi were effective January 1, 1997.

Unaudited - see accompanying independent auditors' report.

Table 7

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

Fiscal Years Ended June 30, 1992 through June 30, 2001

| Assessment Year | Fiscal Year Ended June 30, | DeSoto Parish Population (1) | Assessed Value (2) | Gross Bonded Debt (3) | Less Debt Service Funds (3) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|-----------------|----------------------------|------------------------------|--------------------|-----------------------|-----------------------------|-----------------|--|----------------------------|
| 1991 | 1992 | 25,473 | \$ 79,090,964 | \$ 26,340,000 | \$ 2,121,260 | \$ 24,218,740 | 0.3062 | \$ 951 |
| 1992 | 1993 | 25,291 | 109,239,877 | 29,505,000 | 2,518,125 | 26,986,875 | 0.2470 | 1067 |
| 1993 | 1994 | 25,134 | 110,937,587 | 30,600,000 | 2,774,900 | 27,825,100 | 0.2508 | 1107 |
| 1994 | 1995 | 25,226 | 112,209,519 | 29,846,000 | 2,906,999 | 26,939,001 | 0.2401 | 1067 |
| 1995 | 1996 | 25,479 | 114,436,862 | 28,439,000 | 3,102,704 | 25,336,296 | 0.2214 | 994 |
| 1996 | 1997 | 25,379 | 119,614,363 | 27,001,000 | 2,798,151 | 24,202,849 | 0.2023 | 954 |
| 1997 | 1998 | 25,406 | 191,766,993 | 27,632,000 | 2,761,828 | 24,870,172 | 0.1297 | 979 |
| 1998 | 1999 | 24,735 | 191,126,014 | 25,967,000 | 2,389,414 | 23,577,586 | 0.1234 | 953 |
| 1999 | 2000 | 25,436 | 197,987,842 | 23,898,000 | 2,149,496 | 21,748,504 | 0.1098 | 855 |
| 2000 | 2001 | 25,494 | 197,016,882 | 21,710,000 | 1,660,858 | 20,049,142 | 0.1018 | 786 |

Notes:

- (1) Information provided by the Research Division of Louisiana Tech University, Ruston, Louisiana.
- (2) Assessed value is the Total Assessed Valuation of all property located in DeSoto Parish. Property was assessed at 10% on land and residential property and 15% on commercial property.
- (3) Includes all general obligation bonds, certificates of indebtedness and sales tax bonds outstanding at June 30, 2001 and the related Debt Service Funds.

Unaudited - see accompanying independent auditors' report.

Table 8

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Direct and Overlapping Bonded Debt

June 30, 2001

| <u>Name of Governmental Unit</u> | <u>Net General Obligation Bonded Debt Outstanding (3)</u> | <u>Percentage Applicable to This Unit</u> | <u>Amount Applicable to School Board (2)</u> |
|-----------------------------------|---|---|--|
| <u>Direct Debt</u> | | | |
| DeSoto Parish School Board | \$ <u>20,049,142</u> | 100% | \$ <u>20,049,142</u> |
| <u>Overlapping Debt</u> | | | |
| DeSoto Parish Police Jury (4) | 4,420,000 | 100% | 4,420,000 |
| City of Mansfield (4) | <u>3,624,000</u> | 100% | <u>3,624,000</u> |
| Total overlapping debt | <u>8,044,000</u> | | <u>8,044,000</u> |
| Total direct and overlapping debt | \$ <u><u>28,093,142</u></u> | | \$ <u><u>28,093,142</u></u> |

Notes:

- (1) Various taxing districts exist within DeSoto Parish that involve a small percentage of parish taxpayers. These districts' debt is not included as the amounts and impact on this schedule is not significant.
- (2) This represents the debt of all the constituents who reside within DeSoto Parish.
- (3) Includes all general bonded debt, certificates of indebtedness and sales tax bonds outstanding at June 30, 2001 less the related Debt Service Funds.
- (4) Financial information extracted from annual financial report of respective governments.

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

June 30, 2001

| | District No. 1 | District No. 2 | District No. 3 | District No. 4 | District No. 5 | Total |
|--|---------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | Logansport | North DeSoto | Stanley | Mansfield | Pelican | |
| Debt limit of school districts: | | | | | | |
| Total assessed valuation at December 2000 | \$ 19,377,832 | 56,034,924 | 11,318,676 | 105,290,876 | 4,994,574 | 197,016,882 |
| Debt limit percentage (2) | <u>35%</u> | <u>35%</u> | <u>35%</u> | <u>35%</u> | <u>35%</u> | <u>35%</u> |
| Debt limit for each school district | 6,782,241 | 19,612,223 | 3,961,537 | 36,851,807 | 1,748,101 | 68,955,909 |
| Debt applicable to limitation: | | | | | | |
| Outstanding general obligation bonds at June 30, 2001 | 3,280,000 | 3,275,000 | 1,660,000 | 8,980,000 | 1,225,000 | 18,420,000 |
| Less: Amount available for repayment of general obligation debt (3) | <u>261,879</u> | <u>185,753</u> | <u>139,506</u> | <u>804,288</u> | <u>52,845</u> | <u>1,660,858</u> |
| Total amount of debt applicable to debt limit | <u>3,018,121</u> | <u>3,089,247</u> | <u>1,520,494</u> | <u>8,175,712</u> | <u>1,172,155</u> | <u>16,759,142</u> |
| Amount of general obligation bonds that could be sold after July 1, 2001 if approved by the public | \$ <u>3,764,120</u> | <u>16,522,976</u> | <u>2,441,043</u> | <u>28,676,095</u> | <u>575,946</u> | <u>52,196,767</u> |

Notes:

- (1) The legal debt limit is calculated by individual school district for general obligation bonds and does not include sales tax bonds or certificates of indebtedness.
- (2) This percentage is in accordance with Act 103 of 1980 Regular Session of the Louisiana Legislature R.S. 39:562(d).
- (3) Includes all Debt Service Funds of the general bonded debt outstanding at June 30, 2001.

Unaudited - see accompanying independent auditors' report.

Table 10

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

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

Fiscal Years Ended June 30, 1992 through June 30, 2001

| <u>Year Ended June 30,</u> | <u>Principal (1)</u> | <u>Debt Service Expenditures Interest and Fiscal Charges (1)</u> | <u>Total</u> | <u>Total General Expenditures (2)</u> | <u>Ratio of Debt Service to General Expenditures (Percent)</u> |
|------------------------------------|----------------------|--|--------------|---|--|
| 1992 | \$ 895,000 | 2,196,252 | 3,091,252 | 31,757,831 | 9.73% |
| 1993 | 981,000 | 2,290,722 | 3,271,722 | 34,071,776 | 9.60% |
| 1994 | 1,111,000 | 1,805,013 | 2,916,013 | 36,307,444 | 8.03% |
| 1995 | 1,512,000 | 1,871,454 | 3,383,454 | 30,962,467 | 10.92% |
| 1996 | 1,507,000 | 1,763,908 | 3,270,908 | 30,898,236 | 10.59% |
| 1997 | 1,573,000 | 1,573,068 | 3,146,068 | 32,850,661 | 9.58% |
| 1998 | 1,729,000 | 1,521,446 | 3,250,446 | 37,004,496 | 8.78% |
| 1999 | 1,914,000 | 1,369,681 | 3,283,681 | 39,294,815 | 8.36% |
| 2000 | 2,069,000 | 1,265,549 | 3,334,549 | 37,395,286 | 8.92% |
| 2001 | 2,188,000 | 1,197,420 | 3,385,420 | 37,740,784 | 8.97% |

Notes:

(1) Includes debt service on general obligation bonds, certificates of indebtedness, and sales tax bonds.

(2) Includes general expenditures for all governmental funds.

Unaudited - see accompanying independent auditors' report.

Table 11

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Demographic Statistics

Fiscal Years Ended June 30, 1992 through June 30, 2001

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>School Enrollment (2)</u> | <u>Average Daily Membership (3)</u> | <u>Unemployment Rate (1)</u> |
|--------------------|-----------------------|------------------------------|-------------------------------------|------------------------------|
| 1992 | 25,473 | 5,191 | 5,226 | 10.7% |
| 1993 | 25,291 | 5,292 | 5,398 | 9.0% |
| 1994 | 25,134 | 5,408 | 5,302 | 9.8% |
| 1995 | 25,226 | 5,470 | 5,342 | 8.9% |
| 1996 | 25,479 | 5,309 | 5,312 | 10.5% |
| 1997 | 25,379 | 5,202 | 5,292 | 9.6% |
| 1998 | 25,406 | 5,171 | 5,257 | 6.2% |
| 1999 | 24,735 | 5,195 | 5,208 | 6.7% |
| 2000 | 25,436 | 5,095 | 5,106 | 6.4% |
| 2001 | 25,494 | 4,992 | 4,949 | 6.6% |

Notes:

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

Unaudited - see accompanying independent auditors' report.

Table 12

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Property Value and Bank Deposits

Fiscal Years Ended June 30, 1992 through June 30, 2001

| <u>Fiscal Year</u> | <u>Property Value (1)</u> | <u>Bank Deposits (000's Omitted) (2)</u> |
|--------------------|---------------------------|--|
| 1992 | \$ 934,482,262 | 153,208 |
| 1993 | 1,302,154,294 | 153,393 |
| 1994 | 1,336,869,702 | 148,174 |
| 1995 | 1,351,921,915 | 148,327 |
| 1996 | 1,378,757,373 | 252,509 |
| 1997 | 1,000,000,000 | 289,560 |
| 1998 | 1,600,000,000 | 297,854 |
| 1999 | 1,648,000,000 | 320,331 |
| 2000 | 1,643,200,800 | 343,466 |
| 2001 | 1,637,822,000 | 368,959 |

Notes:

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

Unaudited - see accompanying independent auditors' report.

Table 13

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Principal Taxpayers

June 30, 2001

| <u>Name</u> | <u>Industry</u> | <u>2000 Assessed Value</u> | <u>Percentage of Total Assessed Valuation</u> |
|-----------------------------------|-----------------|------------------------------------|---|
| Central Louisiana Electric Co. | Public Utility | \$ 36,101,118 | 18.32% |
| International Paper Co. | Timber Products | 34,538,143 | 17.53% |
| Southwestern Electric Co. | Public Utility | 29,280,681 | 14.86% |
| Dolet Hills Mining Venture | Lignite Mining | 4,542,830 | 2.31% |
| Northeast Texas Electric | Public Utility | 2,717,238 | 1.38% |
| Bell South Telecommunications | Public Utility | 2,684,020 | 1.36% |
| El Paso Production | Oil & Gas | 2,159,456 | 1.10% |
| Oklahoma Municipal Power | Public Utility | 2,084,120 | 1.06% |
| Louisiana Pacific | Timber Products | 1,660,617 | 0.84% |
| Southern Natural Gas Co. | Oil and Gas | <u>1,753,800</u> | <u>0.89%</u> |
| Total for ten principal taxpayers | | 117,522,023 | 59.65% |
| Total for remaining taxpayers | | <u>79,494,859</u> | <u>40.35%</u> |
| Total for all taxpayers | | \$ <u><u>197,016,882</u></u> | <u><u>100.00%</u></u> |

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

Unaudited - see accompanying independent auditors' report.

Table 14

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Attendance Data

Fiscal Years Ended June 30, 1992 through June 30, 2001

| Fiscal Year | Number of Graduates | Average Daily Membership (1) | Average Daily Attendance | | |
|----------------|---------------------------|------------------------------------|--------------------------|-------------------|--------------------------|
| | | | Amount (2) | Percent Change | Percent of Membership |
| 1992 | 225 | 5,226 | 4,927 | (1.60) | 94.28% |
| 1993 | 232 | 5,398 | 5,002 | 1.52 | 92.66% |
| 1994 | 256 | 5,302 | 5,015 | 0.26 | 94.59% |
| 1995 | 245 | 5,342 | 5,059 | 0.88 | 94.70% |
| 1996 | 247 | 5,312 | 5,043 | (0.32) | 94.94% |
| 1997 | 292 | 5,292 | 5,026 | (0.34) | 94.97% |
| 1998 | 260 | 5,257 | 5,032 | 0.12 | 95.72% |
| 1999 | 249 | 5,208 | 4,913 | (2.36) | 94.34% |
| 2000 | 281 | 5,106 | 4,859 | (1.10) | 95.16% |
| 2001 | 259 | 4,949 | 4,682 | (3.64) | 94.60% |

Notes:

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

Unaudited - see accompanying independent auditors' report.

Table 15

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Insurance in Force

June 30, 2001

| Type of Coverage/ Name of Company | Policy Number | Policy Period | | Details of Coverage and Coinsurance | Coverage Limits | Premium |
|---|--------------------|---------------|----------|--|--------------------|---------|
| | | From | To | | | |
| Property damage Coregis Insurance Co. | 651-00004866 | 7/1/2000 | 7/1/2002 | Blanket coverage - all property \$100,000 deductible | \$ 68,883,938 | 63,000 |
| Property loss and damage Hartford Steam Boiler Insurance Co. | BMI-HN-73246153-00 | 7/1/2000 | 7/1/2002 | Boilers and electric motors \$1,000 deductible | 6,000,000 | 5,528 |
| General liability Coregis Insurance Co. | 651-00004866 | 7/1/2000 | 7/1/2002 | All property and employees \$2,000 deductible | 1,000,000 | 55,818 |
| Automobile liability Coregis Insurance Co. | 651-00004866 | 7/1/2000 | 7/1/2002 | Specified vehicles No deductible | 1,000,000 | 44,924 |
| Public Employees Blanket Bond Coregis Insurance Co. | 651-00004866 | 7/1/2000 | 7/1/2002 | All School Board employees \$250 deductible | 100,000 | 698 |
| EDP and Musical Instruments Coregis Insurance Co. | 651-00004866 | 7/1/2000 | 7/1/2002 | Blanket coverage - all property \$250 deductible | 1,721,099 | 5,079 |
| Worker's Compensation Midwest Employers Casualty | 0772-SA-LA | 7/1/2000 | 7/1/2002 | Blanket coverage - all employees Self-insured retention \$175,000 | 1,000,000 | 22,396 |
| School Board Legal Liability Coregis Insurance Co. | 651-0004866 | 7/1/2000 | 7/1/2002 | Errors and omissions coverage \$10,000 deductible | 1,000,000 | 8,981 |

Unaudited - see accompanying independent auditors' report.

Table 16

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Miscellaneous Statistical Data

June 30, 2001

Form of Government: Parish School Board

Geographic Area: 879 Square Miles

Population: 25,436

Public School Enrollment: 4,992

Instruction Sites:

| | <u>Constructed</u> | <u>Capacity/Sq. Ft.</u> | <u>Acreage</u> |
|---------------------------------|--------------------|-------------------------|----------------------|
| High Schools: | | | |
| Alternative | 1998 | 16,480 | 4.20 |
| Logansport | 1992 | 120,533 | 53.47 |
| Mansfield | 1959 | 87,406 | 27.34 |
| North DeSoto | 1982 | 143,872 | 37.57 |
| Pelican | 1992 | 48,799 | 42.73 |
| Stanley | 1991 | 62,540 | 40.00 |
| | | <u>479,630</u> | <u>205.31</u> |
| Middle Schools: | | | |
| Mansfield | 1994 | 216,718 | 140.30 |
| North DeSoto | 1994 | 70,078 | 15.00 |
| | | <u>286,796</u> | <u>155.30</u> |
| Elementary School - | | | |
| North DeSoto | 1988 | 63,190 | 20.00 |
| Adult Education - | | | |
| ABE Center | 1975 | 7,200 | 0.50 |
| Total overall instruction sites | | <u><u>836,816</u></u> | <u><u>381.11</u></u> |

Unaudited - see accompanying independent auditors' report.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

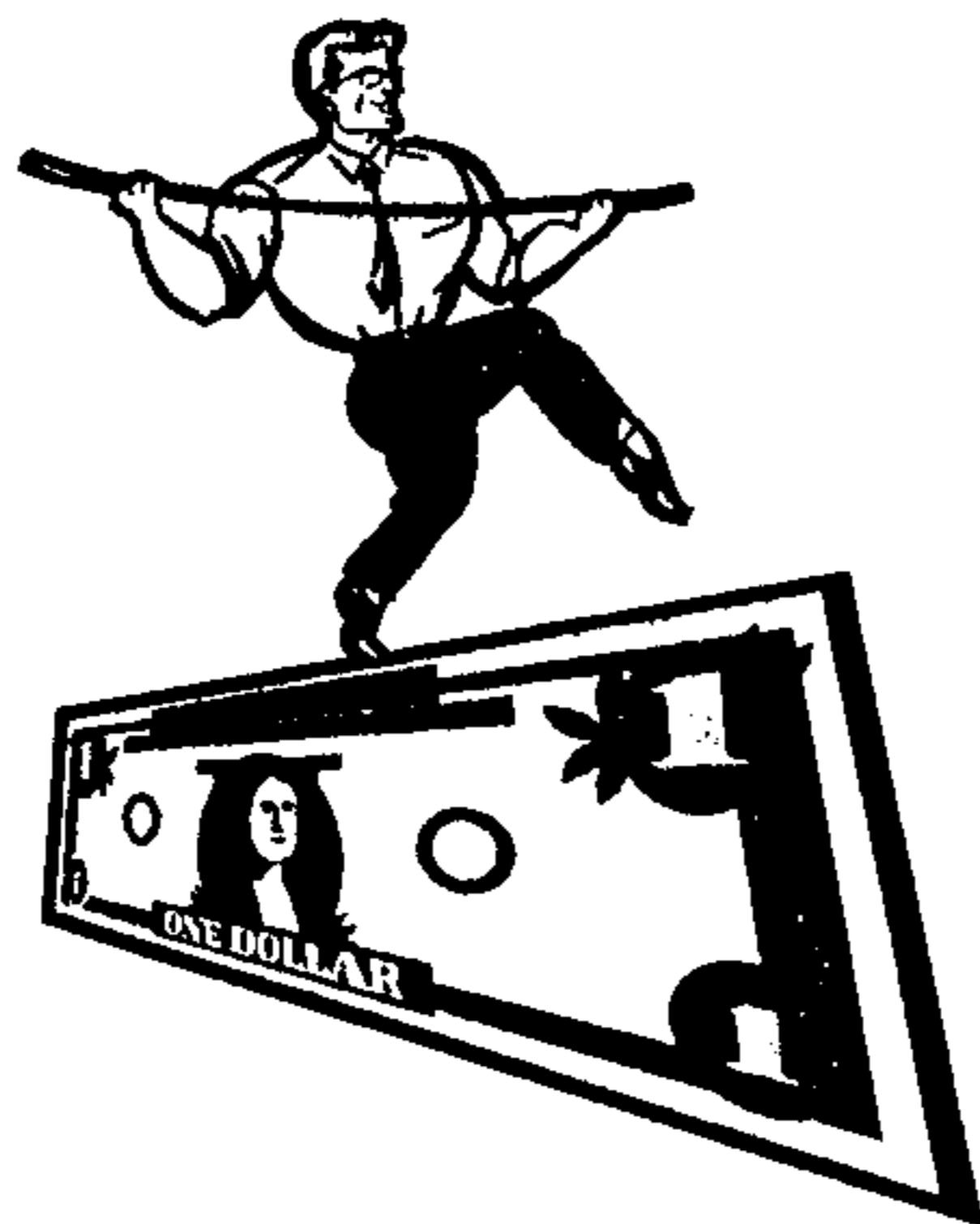
Schedule of Compensation Paid to School Board Members

Fiscal Year Ended June 30, 2001

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 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 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$600 per month. The president receives an additional \$100 per month while the three members of the finance committee receive an additional \$50 per month.

| | |
|--------------------------|------------------|
| Mr. Thomas Craig, Jr. | \$ 7,800 |
| Mr. Dana Deas | 7,200 |
| Mr. Donald B. Dufour | 8,100 |
| Mr. McLawrence Fuller | 7,800 |
| Mr. Dudley Glenn | 7,200 |
| Mrs. Brenda E. Hall | 7,200 |
| Mr. Johnny Haynes | 8,100 |
| Mrs. Patricia Hesser | 7,200 |
| Mr. John Neilson | 7,200 |
| Mr. L.J. Mayweather, Jr. | 7,200 |
| Mr. James Wiggins | <u>7,200</u> |
| Total | <u>\$ 82,200</u> |

Unaudited - see accompanying independent auditors' report.



DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

OMB Circular A-133 Reports

Year ended June 30, 2001

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333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Basic Financial
Statements Performed in Accordance With *Government Auditing Standards***

Members of the DeSoto Parish School Board
Mansfield, Louisiana:

We have audited the basic financial statements of the DeSoto Parish School Board (School Board) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. Our report included an explanatory paragraph stating that the School Board adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School Board's basic 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the School Board in a separate letter dated September 28, 2001.

This report is solely for the information and use of management, members of the DeSoto Parish School Board, the State of Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 28, 2001





333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

Independent Auditors' Report on Compliance With Requirements Applicable to Major Programs and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards

Members of the DeSoto Parish School Board
Mansfield, Louisiana:

Compliance

We have audited the compliance of the DeSoto Parish School Board (School Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 00-1.

Internal Control Over Compliance

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



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses. However, we did note other matters involving the internal control over financial reporting, which we have reported to management of the School Board in a separate letter dated September 28, 2001.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the DeSoto Parish School Board as of and for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. Our report included an explanatory paragraph stating that the School Board adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

This report is solely for the information and use of management, members of the DeSoto Parish School Board, the State of Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities *and is not intended to be and should not be used by anyone other than these specified parties.*

KPMG LLP

September 28, 2001

DESOTO PARISH SCHOOL BOARD

Mansfield, Louisiana

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

| <u>Grant Title</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Expenditures</u> |
|--|------------------------------------|-------------------------|---------------------|
| U.S. Department of Agriculture | | | |
| Pass-through State Department of Education - | | | |
| Child Nutrition Cluster: | | | |
| National School Lunch Program | 10.555 | 01-SFS-LUNCH | \$ 916,822 |
| School Breakfast Program | 10.553 | 01-SFS-BREAKFAST | 342,398 |
| | | | <hr/> |
| Total U.S. Department of Agriculture | | | 1,259,220 |
| U.S. Department of Education | | | |
| Pass-through State Department of Education: | | | |
| Title I Educationally-Deprived Children | 84.010 | 00-T1-16-1 | 264,075 |
| | 84.010 | 00-T1-16-1C | 31,989 |
| | 84.010 | 01-T1-16 | 1,123,374 |
| | | | <hr/> |
| | | | 1,419,438 |
| Title I Migrant Education | 84.011 | 01-M1-35 | 28,096 |
| Title VI Federal, State, and Local Partnerships for Educational Improvement | 84.298 | 00-00-16-6 | 5,081 |
| | 84.298 | 00-00-16-6C | 2,163 |
| | 84.298 | 01-00-16 | 23,579 |
| | | | <hr/> |
| | | | 30,823 |
| Class Size Reduction | 84.340 | 00-01-16-6 | 16,663 |
| | 84.340 | 00-01-16-6C | 4,985 |
| | 84.340 | 01-01-16 | 164,899 |
| | | | <hr/> |
| | | | 186,547 |
| Title II Strengthening the Skills of Teachers | 84.281 | 00-50-16-1 | 3,979 |
| | 84.281 | 00-50-16-1C | 9,786 |
| | 84.281 | 01-50-16 | 25,689 |
| | | | <hr/> |
| | | | 39,454 |
| Vocational Education: | | | |
| Basic Grants to States | 84.048 | SB16/00-01 | 75,280 |
| Teacher Prep | 84.243 | 00-15-4512 | 12,076 |
| | 84.243 | TECH PREP-00 | 2,912 |
| | | | <hr/> |
| | | | 14,988 |
| Special Education Cluster: | | | |
| IDEA Part B | 84.027 | 00-BI-16-S | 60,806 |
| | 84.027 | 01-BI-16 | 425,894 |
| | | | <hr/> |
| | | | 486,700 |
| IDEA Preschool | 84.173 | 01-PI-16 | 42,583 |
| Title IV, Drug-Free Schools and Communities Act | 84.186 | 00-70-16-D | 5,503 |
| | 84.186 | 00-79-16-D | 2,949 |
| | 84.186 | 01-70-16 | 20,371 |
| | 84.186 | 01-79-16 | 42,495 |
| | | | <hr/> |
| | | | 71,318 |
| Adult Education | 84.002 | 280122-16 | 20,825 |
| | 84.002 | 280123-16 | 6,122 |
| | 84.002 | 280144-16 | 52,098 |
| | | | <hr/> |
| | | | 79,045 |

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

| <u>Grant Title</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Expenditures</u> |
|---|------------------------------------|-------------------------|---------------------|
| Comprehensive School Reform | 84.332 | 00-T2-16-C | \$ 42,636 |
| | 84.332 | 99-CSR-16-C | <u>6,335</u> |
| | | | 48,971 |
| Advanced Placement | 84.330 | 280126-16 | 8,488 |
| IDEA - Part H | 84.181 | 01-H3-16 | 2,760 |
| Learn for the 21st Century | 84.276 | 01-LI-16 | 27,594 |
| | 84.276 | 28-00-LI-16-L | 22,350 |
| | 84.276 | 28-01-PD-16 | 61,441 |
| | 84.276 | 28-01-TS-16 | <u>10,872</u> |
| | | | 122,257 |
| Title III - Literacy Challenge Grant | 84.318 | 280049166 | 14,856 |
| | 84.318 | 280146 16 | 56,002 |
| | 84.318 | 280148 16 | 97,310 |
| | 84.318 | 280149 16 | <u>29,878</u> |
| | | | 198,046 |
| Total U.S. Department of Education | | | <u>2,854,794</u> |
| U.S. Department of Health and Human Services | | | |
| Pass-through State Department of Education: | | | |
| Head Start Program | 93.600 | 00-HS-16-NPPJ | 58,061 |
| Starting Points Preschool Program | 93.575 | 280138-16 | <u>51,215</u> |
| Total U.S. Department of Health and Human Services | | | <u>109,276</u> |
| Corporation for National and Community Service | | | |
| Pass-through State Department of Education - | | | |
| America Reads | 94.006 | 00-AR-16-F | 3,941 |
| | 94.006 | 01-AR-16-F | <u>15,423</u> |
| | | | <u>19,364</u> |
| Noncash Federal Awards - U.S. Department of Agriculture | | | |
| Pass-through State Department of Agriculture and Forestry - Food Distribution | | | |
| | 10.550 | 01-SFS-COMMODITIES | <u>82,750</u> |
| Total federal expenditures | | | <u>\$ 4,325,404</u> |

See accompanying notes to schedule of expenditures of federal awards.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2001

(1) General

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

(2) Noncash Programs

Commodities received of \$82,750, which are noncash revenues and expenditures, are valued using prices provided by the United States Department of Agriculture.

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Findings and Questioned Costs

Year ended June 30, 2001

Section 1 - Summary of Auditor's Results

Basic Financial Statements

Type of report issued: unqualified opinion

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.010

United States Department of Education
Title I – Educationally-Deprived Children

10.553 and 10.555

Child Nutrition Cluster:
United States Department of Agriculture -
School Breakfast Program; National School
Lunch Program

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

Auditee qualified as a low-risk auditee? Yes

DESOTO PARISH SCHOOL BOARD
Mansfield, Louisiana

Schedule of Findings and Questioned Costs

Year ended June 30, 2001

Section 2 – Basic Financial Statement Findings and Questioned Costs

None.

Section 3 – Federal Award Findings and Questioned Costs

Item: 00-1

Finding Title: Actual Time Related to Title I not Adequately Reported

Entity-wide or program/department specific: This comment applies to the Title I program.

Criteria or specific requirement: According to OMB Circular A-87, salaries and wages of employees chargeable to more than one grant program or other cost objective should be supported by appropriate time distribution cards. Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee, (b) they must account for the total activity for which each employee is compensated, (c) they must be prepared at least monthly and must coincide with one or more pay periods, and (d) they must be signed by the employee.

Condition Found: Payroll expenses for reimbursement for employees that do not work full time in the Title I program are based on projected time and signed time sheets evidencing actual time spent are not required. This condition applies to three employees.

Questioned Cost: The total salaries for the 3 employees who work on Title I was \$135,435 for the year ended June 30, 2001.

Context: The total number of employees in the Title I program is 40 employees and the total expenditures for Title I were \$1,447,534.

Asserted Effect: Reimbursement for payroll expense may not be accurate.

Cause: The School Board did not require daily timesheets.

Recommendation: Each employee should account for time spent on grant administration separately from other non-grant administration activities to accurately determine the federal portion to be reimbursed using weekly/monthly time reports.



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

SEP 28 2001 15

September 28, 2001

COPIES DESTROYED
DATE: 10/15/01
BY: [illegible]
PLEASE PLACE
BACK IN FILE

Members of the DeSoto Parish School Board
Mansfield, Louisiana

Ladies and Gentlemen:

We have audited the basic financial statements of the DeSoto Parish School Board (School Board) for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. In planning and performing our audit of the financial statements of the School Board, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

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

DISBURSEMENTS

Check request forms and/or electronic funds transfer approval forms are not utilized for disbursements not covered by purchase orders that are under \$50,000.

We recommend the School Board implement additional controls over disbursements not covered by purchase orders that are under \$50,000. For example, require a check request form and/or electronic funds transfer approval form for disbursements not covered by purchase orders that are under \$50,000. Such a requirement will provide additional assurance that cash disbursements are properly authorized and supported. The School Board may wish to establish guidelines which provide limits as to the dollar amount for which approval forms are required. Also, these forms should be initialed by the Director of Business Services or his designee to document such review.

ACCESS TO CHECKS

KPMG noted that blank checks are removed from the vault by box of 1,000. Any unused checks remain in the printer at all times.

We noted the Accounting Department maintains and reviews a check register on a daily basis to ensure all checks are properly accounted for at all times. We recommend that unused checks not remain in the printer when checks are not being printed.



SELF-INSURANCE

Since the School Board has recently switched to partial self-insurance for medical claims for employees and retirees, the amount reserved for future claims and other insurance type matters needs to be carefully monitored and frequently evaluated. Any year in which several large claims occur could cause the existing reserve to be quickly depleted.

* * * * *

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

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

This report is intended solely for the information and use of the members of the DeSoto Parish School Board, management, and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



DeSoto Parish School Board

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



WALTER C. LEE
Superintendent

December 18, 2001

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FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

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

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

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

RE: Administration's Response to the Management
Letter & OMB Circular A-133 Reports

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

Dear Board Members:

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

I have reviewed the Management Letter of October 4, 2001, and the OMB Circular A-133 Reports from the Board's independent auditor and offer the following responses:

Disbursements

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

The DeSoto Parish School Board issues more than 12,000 vendor checks per year. For those checks where we do not issue purchase orders -- bond payments, payroll transfers, certificates of deposits, retirement payments, etc. -- Mr. Wayne Hooper presents a payment voucher to Mrs. Linda Hogan and she issues a check.

McLAWRENCE FULLER
208 Doris Drive
Grand Cane, LA 71032
District 3

The audit recommends Mrs. Hogan should obtain a signature from two people before she issues a check of \$5,000 or more. The individuals authorized are the Director of Business Services, Accountant, Purchasing Agent, or the Superintendent.

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

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

Access to Checks

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

The Payroll Clerk and the Accounts Payable Clerk have printers in their offices to issue payroll checks and vendor checks. Those checks remain in the printer at all times.

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

The audit recommends that un-issued checks be removed from the printer and placed in the vault at the end of the day. We will comply with the recommendations.

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

Self Insurance

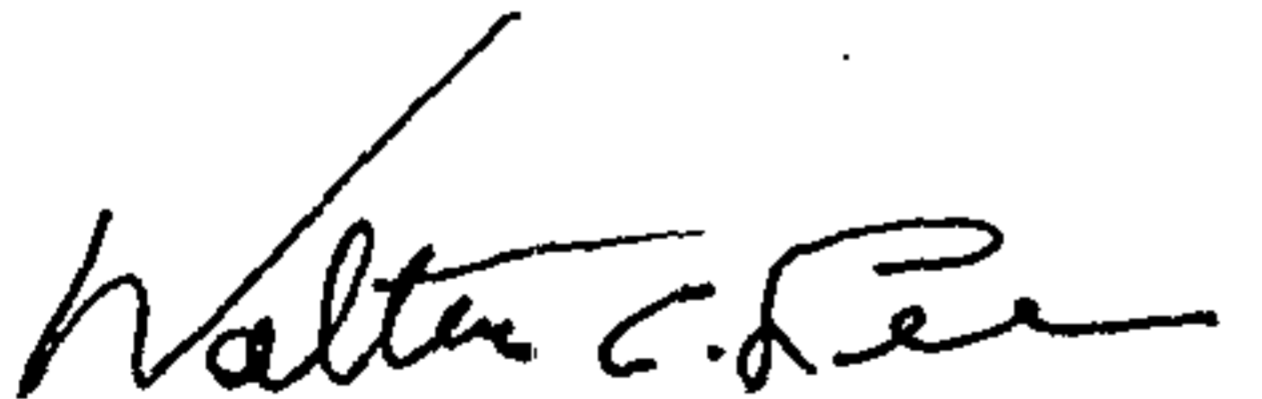
The Finance Committee receives monthly reports on the Group Medical and Life Insurance programs. At June 30, 2001, the DeSoto Parish School Board insured over 525 active employees and 291 retirees at an annual cost of approximately \$4.7 million. The Board also established a reserve for Group Medical and Life Insurance. At June 30, 2001, the reserve was \$2,621,000.

This audit recommends that we continue to monitor the medical and life insurance claims on a monthly basis, and that we continue to evaluate the reserve of the Group Medical and Life Insurance. We will continue to make monthly reports to the Finance Committee, and we will continue to advise the Board and adjust the reserve for losses or rising health care costs.

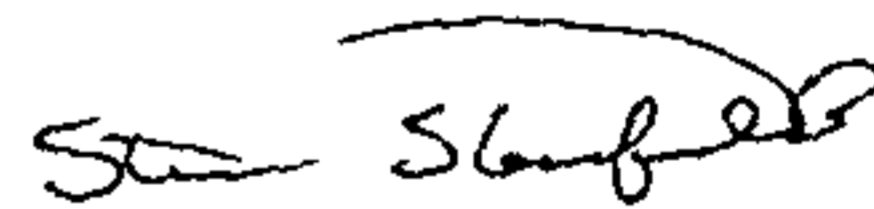
Title I - Payroll Compliance Requirement

The federal Title I grant paid the salaries of 40 employees in fiscal year 2000-01. The majority or 37 employees were 100% funded by Title I, while three employees were partially funded.

The audit recommends that we maintain monthly time sheets for each employee who is partially paid with Title I monies to determine the level of funding that Title I should pay for that salary. The Federal Programs Director has been notified of this requirement and will comply with the recommendation.



Walter C. Lee, Superintendent
DeSoto Parish Schools



Steven Stanfield, Director of
Business Services

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